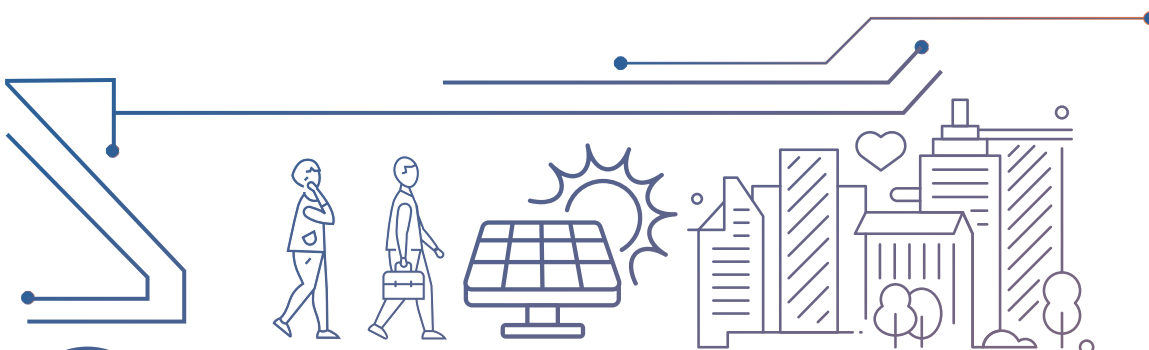
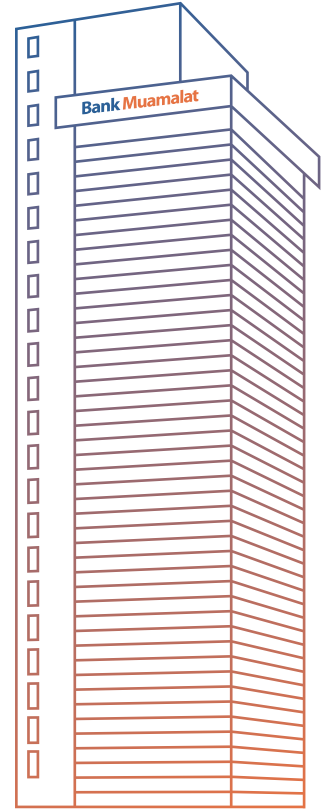




بنك معاملات
Bank Muamalat



TOWARDS A BETTER TOMORROW

ANNUAL REPORT 2021





FINANCIAL STATEMENT

Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

OUR NUMBERS

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DIRECTORS' REPORT

In the name of Allah, The Most Beneficent, The Most Merciful

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in Islamic banking business and the provision of related financial services. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Profit before zakat and taxation	256,576	247,869
Zakat	(6,447)	(6,043)
Taxation	(91,070)	(89,154)
Profit for the year	159,059	152,672

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects of COVID-19 pandemic and related support measures as disclosed in Notes 8(b), 27(ii)(a) and 29(a).

DIVIDEND

No dividend has been paid or declared by the Bank since the end of the previous financial period. The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Bank in office since the beginning of the financial year to the date of this report are:

Tan Sri Tajuddin Atan

Tan Sri Che Khalib Mohamad Noh

Dato' Ibrahim Taib

Iwan Rashman Gulamoydeen

Md. Khairuddin Hj Arshad

Johari Abdul Muid

Mohd Razlan Mohamed

Roshidah Abdullah

Ghazali Hj Darman

(appointed on 1 September 2021)

(appointed on 1 September 2021)

(resigned on 21 July 2021)



DIRECTORS OF THE SUBSIDIARY COMPANIES

The directors of the Bank's subsidiaries who have held in office since the beginning of the financial year to the date of this report are:

Muamalat Invest Sdn Bhd

Khairul Kamarudin
Fakihah Azahari
Dato' Adnan Alias
Mohd Faruk Abdul Karim

Muamalat Venture Sdn Bhd

Khairul Kamarudin
Mohamed Rezwan Abdullah Ismail

Muamalat Nominees (Asing) Sdn Bhd

Khairul Kamarudin
Mohamed Rezwan Abdullah Ismail

Muamalat Nominees (Tempatan) Sdn Bhd

Khairul Kamarudin
Mohamed Rezwan Abdullah Ismail

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Bank and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			As at 31.12.2021
	As at 31.12.2020	Acquired	Disposed	
Interest in DRB-HICOM Berhad, holding company:				
<u>Indirect Interest</u>				
Tan Sri Che Khalib Mohamad Noh	3,500 [^]	-	-	3,500 [^]

[^] Deemed interest in shares in the holding company held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

Other than as disclosed above, none of the directors in office at the end of the financial year ended 31 December 2021 had any interest in shares in the Bank or its related corporations during the financial year.



DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors from or the fixed salary of a full-time employee of the Bank as shown in Note 35 to the financial statements or from related corporations) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

DIRECTORS' INDEMNITY

Directors' liability takaful is in place to protect the directors of the Group and of the Bank against potential costs and liabilities arising from claims brought against the directors. The Bank has maintained a Directors' and Officers' liability takaful up to an aggregate limit of RM 20.0 million against any liability incurred by the Directors and Officers. The gross amount of takaful premium paid by the Bank for the directors and officers of Bank Muamalat Malaysia Berhad ("BMMB") and its subsidiaries for the current financial year was RM84,000.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) As at the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render:
 - (i) the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) As at the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) As at the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Bank.



OTHER STATUTORY INFORMATION (CONT'D.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

COMPLIANCE WITH BANK NEGARA MALAYSIA'S POLICY DOCUMENTS ON FINANCIAL REPORTING

In the preparation of the financial statements, the directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the Bank Negara Malaysia's Policy Documents on Financial Reporting for Islamic Financial Institutions and the Policy Documents on Classification and Impairment Provisions for Financing.

BUSINESS REVIEW 2021

Despite the continuous challenging business environment brought about by Covid-19, the Group posted a record profit before zakat and taxation of RM256.6 million for the financial year ended 31 December 2021, a growth of 46.8% from RM174.8 million registered last year. This has been largely driven by increased total income, strong financing growth and improved asset quality. During the year, the bank's net profit margin grew by 13bps to 2.46% from 2.33%. Total overheads and expenditures also decreased by 1.1% to RM401.3 million during the year from improved cost management. As a result of better asset quality, credit cost reduced by 32.9% or RM26.1 million to RM54.0 million.

Total assets grew by 7.0% to RM27.6 billion as at 31 December 2021 as compared to RM25.8 billion last year. This was mainly contributed by 14.4% growth in total financing to customers from RM18.1 billion to RM20.7 billion as at 31 December 2021. The Group saw strong growth of 18.9% in retail segment, supported by sustained growth from non-retail segments.

Asset quality improved with gross impaired financing stood at 0.83% as at 31 December 2021 as compared to 1.07% registered as at 31 December 2020. In view of the challenging macroeconomic environment, the Group continues to strengthen its financing loss coverage ratio from 101.3% to 135.3%.

The Group's Common Equity Tier-1 Ratio and Total Capital Ratio remain stable, stood at 13.708% and 17.349%, well above the regulatory requirements.

PROSPECTS

Malaysia's economy is expected to continue its recovery, riding on the positive momentum of the country's high vaccination coverage and ongoing booster rollout. With the resumption of domestic and international travel, as well as rising commodity prices and improved labour conditions, the Government expected these conditions will continue to help lift the economy.

The Bank also sees that the economic growth moving forward will be supported by the Malaysian Budget 2022 and the Twelfth Malaysian Plan ("RMK-12"). These plans will not only focus on speeding up the economic recovery but also on rebuilding national resilience and catalysing reform as well as driving socio-economic recovery activities and the national development agenda. With the announcement of Budget 2022, the Government expected the GDP growth to be between 5.5% and 6.5% in 2022¹. In addition, supported by strong capital and liquidity, Malaysian financial sector is expected to remain sound and supportive of the domestic economy development in 2022.

¹ Economic Outlook 2022, Ministry of Finance



DIRECTORS' REPORT

PROSPECTS (CONT'D.)

The Bank will continue to operate efficiently to better manage capital and liquidity by maintaining prudent credit risk management, proactively manage any potential stress in asset quality and implement intensive recovery plan. The Bank will also ensure effective Risk and Compliance Management programmes are in place for a more robust enforcement of regulatory requirements throughout its operation.

Adapting to the vast changes in the business environment, the Bank has placed greater emphasis on strengthening the business through its new 5-Year strategic plan by intensifying digitalization effort, continuous expansion of its customer base and service efficiency. The Bank is committed to a sustainable growth through the continuous adoption of value-based intermediation initiatives in building stakeholders' confidence and value.

Moving forward, underpinned by the positive momentum in 2021 and coupled with digital and technology capabilities, the Bank anticipates a better performance for 2022.

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating Agency	Date	Classification	Rating
RAM Rating Services Berhad	May 2021	Long term	A2
		Short term	P1
		Subordinated Sukuk	A3
		Outlook	Stable
Malaysia Rating Corporation Berhad	December 2021	Long term	A
		Short term	MARC-1
		Senior Sukuk	A
		Outlook	Stable



DISCLOSURE OF SHARIAH COMMITTEE

The Bank's business activities are required to be in full compliance with the Shariah requirements, as governed and guided by the Shariah Committee ("SC") consisting of a minimum of five (5) members appointed by the Board for a specified term. The duties and responsibilities of the Shariah Committee are prescribed by the Policy Document on Shariah Governance ("PDSG") issued by BNM. The key responsibilities of the Shariah Committee are as follows:

- (a) To have a charter that sets out the mandate, responsibilities and procedures of the SC including matters reserved for its decision or advice.
- (b) To provide objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:
 - (i) to provide a decision or advice to the Bank on the application of any rulings of the Shariah Advisory Council ("SAC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Bank;
 - (ii) to provide a decision or advice on matters which require a reference to be made to the SAC;
 - (iii) to provide a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event;
 - (iv) to deliberate and affirm any Shariah non-compliance finding by any relevant functions; and
 - (v) to endorse rectification measure to address any Shariah non-compliance event.
- (c) To be accountable for the quality, accuracy and soundness of its own decision or advice.
- (d) To establish a robust methodology to guide its decision-making process. The SC must take into account relevant business and risk practices in arriving at a decision or advice.
- (e) Where the SC has reason to believe that any Shariah issues or matter may affect the safety and soundness of the Bank, the SC must immediately update the Board of Directors ("BOD") on such matter.
- (f) In cases where the SAC has not made any rulings on a particular matter or the SC is not able to arrive at a decision or advice, the Bank shall refer to the SAC for a ruling in accordance with *Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah*. Any requests for a ruling or advice shall be communicated through the Secretariat of the SAC.
- (g) In the event where the SC decides or advises to place additional restrictions on the operations, business, affairs and activities of the Bank in applying the SAC rulings, the Bank must:
 - (i) document the deliberations and justifications of the SC decision or advice;
 - (ii) ascertain the BOD's views on the decision or advice made by the SC with regards to the SAC ruling; and
 - (iii) Ensure immediate notification to the BNM of such decision or advice.
- (h) The Bank shall ensure that any records of SC's decision or advice to be submitted to BNM, including a rectification plan to address a Shariah non-compliance event (under section 28(3) of the Islamic Financial Services Act ("IFSA") 2013, is supported with key deliberations, rationale and any significant concerns or dissenting views to the decision or advice



DIRECTORS' REPORT

DISCLOSURE OF SHARIAH COMMITTEE (CONT'D.)

- (i) In the event that the SC delegates any of its responsibilities to any persons or functions:
 - (i) The Bank must ensure that the mandate, areas of delegated authority and operating procedures are set out clearly in the SC's charter and the Bank's internal policies;
 - (ii) The Bank must establish reporting arrangements to keep the SC informed of the work, key deliberations and decisions on the delegated matters; and
 - (iii) The SC must remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.
- (j) To exercise objectivity in coming up with his judgment and be free from associations or circumstances that may impair the exercise of his professional objectivity. In fulfilling his responsibility, a SC member must ensure that his judgment in arriving at a Shariah decision or advice is not affected by his other professional commitments.
- (k) To devote sufficient time to prepare for and attend SC meetings.
- (l) To ensure consistency in providing his views and must not act in a manner that would undermine the rulings of the SAC or any decisions of the SC that they represent.
- (m) To disclose the nature and extent of his interest that constitutes or gives rise to a conflict or potential conflict of interest upon the appointment, reappointment or as soon as there is any changes in his circumstances that may affect his status.
- (n) To continuously develop a reasonable understanding of the business and operations of the Bank and keep abreast with relevant market and regulatory developments. The chairman of the SC must lead efforts to manage the SC's developmental plans.

ZAKAT OBLIGATIONS

The Bank pays zakat on its business to the state zakat authorities, based on the growth model method as approved by the Shariah Committee. The Bank does not pay zakat on behalf of the shareholders or depositors, unless upon request by depositors.

For the year ended 31 December 2021, the Group and the Bank have allocated an amount of RM6.43 million and RM6.04 million respectively, as provision for zakat.

AUDITORS AND AUDITORS' REMUNERATION

The auditors' remuneration are disclosed in Note 37 to the financial statements.

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 March 2022.

Tan Sri Tajuddin Atan
Chairman

Kuala Lumpur, Malaysia

Roshidah Abdullah
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the name of Allah, The Most Beneficent, The Most Merciful

We, Tan Sri Tajuddin Atan and Roshidah Abdullah, being two (2) of the directors of Bank Muamalat Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 167 to 349 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and of the results and the cash flows of the Group and of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 March 2022.



Tan Sri Tajuddin Atan
Chairman

Kuala Lumpur, Malaysia



Roshidah Abdullah
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

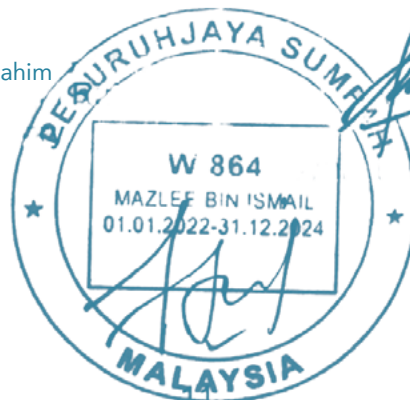
In the name of Allah, The Most Beneficent, The Most Merciful

I, Amirul Nasir Abdul Rahim, being the officer primarily responsible for the financial management of Bank Muamalat Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 167 to 349 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Amirul Nasir Abdul Rahim at Kuala Lumpur in Federal Territory on 28 March 2022.

Before me,

Commissioner for Oaths



Amirul Nasir Abdul Rahim

79-1, First Floor, Sri Bonus,
Off Jalan Masjid India,
50100 Kuala Lumpur



REPORT OF THE SHARIAH COMMITTEE

In the name of Allah, The Most Beneficent, The Most Merciful

In compliance with the letter of appointment, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the year ended 31 December 2021. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The Management of the Bank is primarily responsible to ensure that the Bank conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank and to report to you.

We planned and performed our review by obtaining all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles and to rectify to our reasonable satisfaction the matters that required improvements toward Shariah compliance.

To the best of our knowledge based on the information provided to us and discussions and decisions transpired and made in the meetings of or attended by the Shariah Committee of the Bank as have been detailed out in the relevant minutes of meetings and taking into account the advices and opinions given by the relevant experts, bodies and authorities, we are of the opinion that:

- (a) the contracts, transactions and dealings entered into by the Bank during the year ended 31 December 2021 that we have reviewed are in compliance with the Shariah principles;
- (b) the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
- (c) all earnings that have been realised from sources or by means prohibited by the Shariah principles have been identified and excluded from the Bank's income and were disposed for charitable causes as disclosed in Note 52; and
- (d) the financial statements of the Bank for the year ended 31 December 2021 together with the calculation of zakat disclosed to us are in compliance with Shariah principles.

We, the members of the Shariah Committee of Bank Muamalat Malaysia Berhad, to the best of our knowledge, do hereby confirm that the overall operations, business, affairs and activities of the Bank for the year ended 31 December 2021 are in compliance with Shariah principles but it has come to the Shariah Committee's attention that six (6) Shariah non-compliance events have occurred and have been rectified, detail as follows:

- (i) Delay in allocating the gold in Muamalat Gold-i (Account) due to system error;
- (ii) Indication of repurchase term in the first aqad of Bai' 'inah;
- (iii) Two (2) events related to late payment charges due to system error;
- (iv) Two (2) events related to savings account used by customers for Shariah non-compliance purposes.



REPORT OF THE SHARIAH COMMITTEE (CONT'D.)

We were informed on the causes for the events and noted that the Bank has taken the corrective as well as preventive measures in order to avoid recurring events in the future. We also confirmed that the events together with the rectification plans were presented to us and Board of Directors and reported to BNM in accordance with the reporting requirements by the regulator.

Signed on behalf of the Shariah Committee of Bank Muamalat Malaysia Berhad,

Azizi Che Seman
Chairman of Shariah Committee

Kuala Lumpur, Malaysia
28 March 2022

Dr. Mohd Shahid Mohd Noh
Member of Shariah Committee



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK MUAMALAT MALAYSIA BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bank Muamalat Malaysia Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 167 to 349.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the Directors' Report.

When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANK MUAMALAT MALAYSIA BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chan Hooi Lam
No. 02844/02/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 March 2022



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

	Note	Group	
		31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	4 (a)	1,142,291	2,933,172
Cash and placements with financial institutions	4 (b)	31,184	30,417
Financial investments at fair value through profit or loss	5 (i)	321,276	313,337
Financial investments at fair value through other comprehensive income	5 (ii)	4,866,770	3,798,965
Financial investments at amortised cost	5 (iii)	107,109	105,544
Islamic derivative financial assets	6	5,437	47,820
Financing of customers	7	20,671,306	18,115,817
Other assets	9	33,700	113,171
Statutory deposits with Bank Negara Malaysia	10	130,148	95,255
Investment properties	12	56,564	55,889
Right-of-use assets	15.1 (d)	29,423	37,746
Intangible assets	13	76,671	65,193
Property, plant and equipment	14	52,008	55,191
Deferred tax assets	16	42,504	352
Total assets		27,566,391	25,767,869
LIABILITIES			
Deposits from customers	17	23,113,166	21,501,366
Investment account of customers	18	216,978	-
Deposits and placements of banks and other financial institutions	19	291,866	98,346
Bills and acceptances payable	20	7,755	6,310
Islamic derivative financial liabilities	6	61,543	167,334
Other liabilities	21	156,539	88,541
Lease liabilities	15.1 (a)	31,751	41,641
Provision for zakat and taxation	22	6,664	4,378
Recourse obligation on financing sold to Cagamas	23	427,466	444,141
Deferred tax liabilities	16	-	11,826
Subordinated sukuk	24 (a)	499,876	250,642
Senior sukuk	24 (b)	-	502,692
Total liabilities		24,813,604	23,117,217



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H) (CONT'D)

		Group	
	Note	31 December 2021 RM'000	31 December 2020 RM'000
SHAREHOLDERS' EQUITY			
Share capital	25	1,195,000	1,195,000
Reserves	26	1,557,787	1,455,652
Total shareholders' equity		2,752,787	2,650,652
Total liabilities and shareholders' equity		27,566,391	25,767,869
Restricted investment accounts	18	132	-
Total Islamic banking asset and asset under management		27,566,523	25,767,869
Commitments and contingencies	45	5,291,782	6,917,484
Capital adequacy*	50		
CET 1 capital ratio		13.708%	15.486%
Total capital ratio		17.349%	17.955%

* Capital adequacy ratios are computed after taking into account the credit, market and operational risks.



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

	Note	Bank	
		31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Cash and short-term funds	4 (a)	1,142,291	2,933,172
Cash and placements with financial institutions	4 (b)	31,184	30,417
Financial investments at fair value through profit or loss	5 (i)	321,276	313,337
Financial investments at fair value through other comprehensive income	5 (ii)	4,864,264	3,796,498
Financial investments at amortised cost	5 (iii)	107,109	105,544
Islamic derivative financial assets	6	5,437	47,820
Financing of customers	7	20,661,618	18,110,202
Other assets	9	33,101	112,345
Statutory deposits with Bank Negara Malaysia	10	130,148	95,255
Investment in subsidiaries	11	13,159	13,159
Investment properties	12	56,564	55,889
Intangible assets	13	76,367	64,977
Right-of-use assets	15.1 (d)	29,423	31,588
Property, plant and equipment	14	51,962	55,156
Deferred tax assets	16	42,504	-
Total assets		27,566,407	25,765,359
LIABILITIES			
Deposits from customers	17	23,128,717	21,514,158
Investment account of customers	18	216,978	-
Deposits and placements of banks and other financial institutions	19	291,866	98,346
Bills and acceptances payable	20	7,755	6,310
Islamic derivative financial liabilities	6	61,543	167,334
Other liabilities	21	155,971	89,073
Lease liabilities	15.1 (a)	31,751	34,018
Provision for zakat and taxation	22	6,197	4,280
Recourse obligation on financing sold to Cagamas	23	427,466	444,141
Deferred tax liabilities	16	-	11,826
Subordinated sukuk	24 (a)	499,876	250,642
Senior sukuk	24 (b)	-	502,692
Total liabilities		24,828,120	23,122,820



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

		Bank	
	Note	31 December 2021 RM'000	31 December 2020 RM'000
SHAREHOLDERS' EQUITY			
Share capital	25	1,195,000	1,195,000
Reserves	26	1,543,287	1,447,539
Total shareholders' equity		2,738,287	2,642,539
Total liabilities and shareholders' equity		27,566,407	25,765,359
Restricted investment accounts	18	132	-
Total Islamic banking asset and asset under management		27,566,539	25,765,359
Commitments and contingencies	45	5,291,782	6,917,484
Capital adequacy*	50		
CET 1 capital ratio		13.590%	15.385%
Total capital ratio		17.237%	17.858%

* Capital adequacy ratios are computed after taking into account the credit, market and operational risks.



STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds and others	27	1,116,514	1,134,848	1,116,514	1,134,848
Income derived from investment of investment account funds	28	-	369	-	369
Income derived from investment of shareholders' funds	29	22,424	36,179	11,570	31,275
Allowance for impairment on financing	30	(53,944)	(80,067)	(53,944)	(80,067)
Write-back of/(allowance for) impairment losses on financial investments, net	31	296	(36)	296	(36)
Allowance for impairment losses on other financial assets, net	32	(394)	(376)	(394)	(376)
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(22,726)	(18,814)	(22,726)	(18,814)
Total distributable income		1,062,170	1,072,103	1,051,316	1,067,199
Income attributable to depositors	33	(338,304)	(426,135)	(338,505)	(426,396)
Income attributable to investment account holders		(22)	-	(22)	-
Total net income		723,844	645,968	712,789	640,803
Personnel expenses	34	(239,569)	(232,660)	(237,450)	(230,592)
Other overheads and expenditures	37	(161,770)	(172,917)	(161,883)	(173,797)
Finance costs	38	(65,929)	(65,623)	(65,587)	(65,198)
Profit before zakat and taxation		256,576	174,768	247,869	171,216
Zakat	39	(6,447)	(3,352)	(6,043)	(3,282)
Taxation	40	(91,070)	1,441	(89,154)	3,334
Profit for the year		159,059	172,857	152,672	171,268
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):	41	13.31	14.47		

The accompanying notes form an integral part of the financial statements.



STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year		159,059	172,857	152,672	171,268
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Net (loss)/gain on financial investments at fair value through other comprehensive income		(44,968)	9,789	(44,968)	9,789
- Net (loss)/gain on change in fair value		(61,399)	66,947	(61,399)	66,947
- Changes in expected credit losses	5 (ii)	35	(38)	35	(38)
- Income tax effect	16	18,407	(86)	18,407	(86)
- Realised gain transferred to profit or loss on disposal of debts instruments	27 & 29	(2,011)	(57,034)	(2,011)	(57,034)
Exchange fluctuation reserve		1,617	(835)	1,617	(835)
Items that may not be reclassified subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at fair value through other comprehensive income		(13,573)	26	(13,573)	26
Other comprehensive (loss)/income for the year, net of tax		(56,924)	8,980	(56,924)	8,980
Total comprehensive income for the year		102,135	181,837	95,748	180,248

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

Group	<=====Non-Distributable=====>			Distributable		Total equity RM'000
	Ordinary shares RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained profits RM'000	
At 1 January 2021	1,195,000	45,411	(968)	18,240	1,392,969	2,650,652
Profit for the year	-	-	-	-	159,059	159,059
Other comprehensive income for the year	-	-	1,617	(58,541)	-	(56,924)
Total comprehensive income for the year	-	-	1,617	(58,541)	159,059	102,135
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	287	(287)	-
Transfer from regulatory reserve	-	(17,332)	-	-	17,332	-
At 31 December 2021	1,195,000	28,079	649	(40,014)	1,569,073	2,752,787
At 1 January 2020	1,195,000	62,676	(133)	18,008	1,193,264	2,468,815
Profit for the year	-	-	-	-	172,857	172,857
Other comprehensive income for the period	-	-	(835)	9,815	-	8,980
Total comprehensive income for the period	-	-	(835)	9,815	172,857	181,837
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	(9,583)	9,583	-
Transfer from regulatory reserve	-	(17,265)	-	-	17,265	-
At 31 December 2020	1,195,000	45,411	(968)	18,240	1,392,969	2,650,652

The accompanying notes form an integral part of the financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

Bank	<=====Non-Distributable=====>			Distributable		
	Ordinary shares RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2021	1,195,000	45,411	(967)	18,240	1,384,855	2,642,539
Profit for the year	-	-	-	-	152,672	152,672
Other comprehensive income for the year	-	-	1,617	(58,541)	-	(56,924)
Total comprehensive income for the year	-	-	1,617	(58,541)	152,672	95,748
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	287	(287)	-
Transfer from regulatory reserve	-	(17,332)	-	-	17,332	-
At 31 December 2021	1,195,000	28,079	650	(40,014)	1,554,572	2,738,287
At 1 January 2020	1,195,000	62,676	(132)	18,008	1,186,739	2,462,291
Profit for the year	-	-	-	-	171,268	171,268
Other comprehensive income for the period	-	-	(835)	9,815	-	8,980
Total comprehensive income for the period	-	-	(835)	9,815	171,268	180,248
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	(9,583)	9,583	-
Transfer from regulatory reserve	-	(17,265)	-	-	17,265	-
At 31 December 2020	1,195,000	45,411	(967)	18,240	1,384,855	2,642,539

The accompanying notes form an integral part of the financial statements.



STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

	Note	Group 2021 RM'000	2020 RM'000	Bank 2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		256,576	174,768	247,869	171,216
Adjustment for:					
Fair value gain of financial liabilities	29 (a)	(19,678)	(8,859)	(19,678)	(8,859)
Amortisation of intangible assets	37	20,967	33,213	20,967	33,213
Depreciation of property, plant and equipment	37	12,057	11,375	12,047	11,368
Loss on sale of property, plant and equipment	29	-	21	-	21
Gain from termination of ROU asset		(1,654)	-	(55)	-
Depreciation of right-of-use assets	37	10,471	12,230	10,056	11,751
Amortisation of cost on subordinated sukuk and senior sukuk issued		406	200	406	200
Property, plant and equipment written off	37	10	7	10	7
Intangible assets written off	37	216	233	216	233
Amortisation of premium (net)	27 & 29	44,095	28,149	44,095	28,149
Net gain from sale of financial investments at fair value through other comprehensive income	27 & 29	(2,011)	(57,034)	(2,011)	(57,034)
Net gain from sale of financial investments designated at FVTPL	27 & 29	(202)	(460)	(202)	(460)
Unrealised loss/(gain) on revaluation of financial investment designated at FVTPL	27 & 29	3,201	(6,194)	3,201	(6,194)
Net loss/(gain) on revaluation of foreign exchange transaction	29	7,229	(19,138)	7,229	(19,138)
Net (gain)/loss from foreign exchange derivatives	29	(13,267)	10,405	(13,267)	10,405
Unrealised (gain)/loss on revaluation of Islamic profit rate swap	29	(50,139)	53,422	(50,139)	53,422
Unrealised loss/(gain) on revaluation of hedged items	29	57,692	(59,901)	57,692	(59,901)
Impairment losses on investments securities	31	(296)	36	(296)	36
Fair value adjustments of investment properties	29	(675)	(1,954)	(675)	(1,954)
Net allowance for impairment on financing	30	76,910	99,642	76,910	99,642
Financing written off	30	95	4,680	95	4,680
Allowance for impairment on other financial assets, net	32	394	376	394	376
Finance costs	38	65,929	65,623	65,587	65,198
Gross dividend income	29	(39)	(42)	(2,000)	(3,000)
Operating profit before working capital changes		468,287	340,798	458,451	333,377



STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H) (CONT'D)

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (cont'd.)					
(Increase)/decrease in operating assets:					
Islamic derivative financial assets		55,651	(36,366)	55,651	(36,366)
Financial investments portfolio		(106,694)	(26,237)	(106,695)	(26,237)
Financing of customers		(2,675,370)	(2,315,477)	(2,671,298)	(2,313,757)
Statutory deposits with Bank Negara Malaysia		(34,893)	473,513	(34,893)	473,513
Other assets		16,760	7,746	8,842	7,726
Increase/(decrease) in operating liabilities:					
Deposits from customers		1,611,800	2,560,814	1,614,559	2,559,152
Deposits and placements of banks and other financial institutions		213,199	100,901	213,199	100,901
Investment accounts of customers		216,978	-	216,978	-
Islamic derivative financial liabilities		(55,651)	36,365	(55,651)	36,365
Bills and acceptances payable		1,445	(2,134)	1,445	(2,134)
Other liabilities		32,929	37,194	39,615	38,630
Cash (used in)/generated from operations		(255,559)	1,177,117	(259,797)	1,171,170
Finance cost on lease liabilities paid	38	(2,081)	(2,509)	(1,739)	(2,084)
Zakat paid		(4,212)	(3,185)	(4,126)	(3,110)
Tax paid		(34,931)	(42,197)	(33,419)	(40,082)
Net cash (used in)/generated from operating activities		(296,783)	1,129,226	(299,081)	1,125,894
Cash flows from investing activities					
Proceeds from disposal of investment in securities		2,575,422	6,859,992	2,575,422	6,859,992
Purchase of financial investment in securities		(3,682,588)	(5,972,940)	(3,682,549)	(5,972,897)
Proceeds from disposal of property, plant and equipment		-	410	-	410
Purchase of property, plant and equipment	14	(8,884)	(10,912)	(8,863)	(10,898)
Purchase of intangible assets	13	(32,661)	(16,101)	(32,573)	(15,996)
Purchase of investment properties	12	-	(872)	-	(872)
Dividend income	29	39	42	2,000	3,000
Net cash (used in)/generated from investing activities		(1,148,672)	859,619	(1,146,563)	862,739



	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities					
Dividend paid on Islamic subordinated sukuk		(46,000)	(42,000)	(46,000)	(42,000)
Redemption of subordinated bonds		(750,000)	-	(750,000)	-
Payment of lease liabilities		(10,272)	(11,887)	(10,083)	(11,674)
Additional issuance of subordinated sukuk		498,573	-	498,573	-
Payment of principal for recourse obligation on financing sold to Cagamas		(16,667)	(15,484)	(16,667)	(15,485)
Payment of finance cost for recourse obligation on financing sold to Cagamas		(20,293)	(21,035)	(20,293)	(21,035)
Net cash used in financing activities		(344,659)	(90,406)	(344,470)	(90,194)
Net (decrease)/increase in cash and cash equivalents		(1,790,114)	1,898,439	(1,790,114)	1,898,439
Cash and cash equivalents at beginning of year		2,963,589	1,065,150	2,963,589	1,065,150
Cash and cash equivalents at end of year		1,173,475	2,963,589	1,173,475	2,963,589
Cash and cash equivalents consist of:					
Cash and short term funds	4 (a)	1,142,291	2,933,172	1,142,291	2,933,172
Cash and placements with financial institutions	4 (b)	31,184	30,417	31,184	30,417
		1,173,475	2,963,589	1,173,475	2,963,589



STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

(a) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities

Group and Bank	Sukuk		Recourse obligation on financing sold to Cagamas	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January 2021/1 January 2020	753,334	753,049	444,141	459,633
Net changes from financing cash flows:				
Dividend paid on Islamic subordinated sukuk	(46,000)	(42,000)	-	-
Redemption of subordinated sukuk	(750,000)	-	-	-
Additional issuance of subordinated bonds	498,573	-	-	-
Payment of principal for recourse obligation on financing sold to Cagamas	-	-	(16,667)	(15,485)
Payment of finance cost for recourse obligation on financing sold to Cagamas	-	-	(20,293)	(21,035)
	455,907	711,049	407,181	423,113
Other changes:				
Amortisation of cost on sukuk issued	406	199	-	-
Finance cost	43,563	42,086	20,285	21,028
At end of the financial year	499,876	753,334	427,466	444,141



(a) Reconciliation of liabilities arising from financing activities: (cont'd.)

	Lease Liabilities			
	Group 2021 RM'000	2020 RM'000	Bank 2021 RM'000	2020 RM'000
At 1 January 2021/1 January 2020	41,641	51,659	34,018	43,823
Net changes from financing cash flows:				
Payments for the profit portion of lease liabilities	(2,081)	(2,509)	(1,739)	(2,084)
Payments for the principal portion of lease liabilities	(10,272)	(11,887)	(10,083)	(11,674)
	29,288	37,263	22,196	30,065
Other changes:				
Finance cost	2,081	2,509	1,739	2,084
Lease modification	7,011	3,293	7,103	3,293
Currency translation	2	(1)	2	(1)
Termination	(8,452)	(1,423)	(1,110)	(1,423)
Additions	1,821	-	1,821	-
At end of the financial year	31,751	41,641	31,751	34,018

The accompanying notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

1. CORPORATE INFORMATION

Bank Muamalat Malaysia Berhad (the “Bank”) is principally engaged in all aspects of Islamic banking business and related financial services in accordance with Shariah principles.

The principal activities of the subsidiaries are as disclosed in Note 11.

There have been no significant changes in the nature of these activities during the financial year.

The Bank is a licensed Islamic Bank under the Islamic Financial Services Act, 2013 (“IFSA”), incorporated and domiciled in Malaysia. The registered office of the Bank is located at 30th Floor, Menara Bumiputra, Jalan Melaka, 50100 Kuala Lumpur.

The holding and ultimate holding companies of the Bank are DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. respectively, both of which are incorporated in Malaysia. DRB-HICOM Berhad, is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. DRB-Hicom Berhad holds 70% of the Bank’s shares, whilst the remaining 30% is held by Khazanah Nasional Berhad.

The financial statements were authorised for issuance by the Board of Directors in accordance with a resolution of the Board of Directors on 28 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Bank and its subsidiaries (the “Group”) have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and rounded to the nearest thousand (RM’000) except when otherwise indicated.

The financial statements of the Group and of the Bank are prepared under the historical cost basis, unless otherwise indicated in the respective accounting policies highlighted in the following pages.

The Group and the Bank present the statements of financial position in order of liquidity.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2021.

The financial statements of the Bank's subsidiaries are prepared for the same reporting date as the Bank, using consistent accounting policies to classify transactions and events in similar circumstances. Subsidiaries are consolidated from the date of acquisition, being the date on which the Bank obtains control and continue to be consolidated until the date that such control effectively ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group controls an investee, if and only if, the Group has the following three (3) elements of control:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three (3) elements of control.

Generally, there is a presumption that majority of voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the statement of profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to statement of profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for on the date when control is lost.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies

(a) Investment in subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in statement of profit or loss.

(b) Financial assets

(i) Initial recognition and subsequent measurement

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the assets' contractual cash flow characteristics. All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The categories of financial assets under MFRS 9 are as follows:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

(1) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding; and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below:

(i) The SPPP test

As a first step of its classification process, the Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPP test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there were payments of principal or amortisation of the premium/discount).



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(1) Financial assets at amortised cost (cont'd.)

The details of these conditions are outlined below: (cont'd.)

(i) The SPPP test (cont'd.)

The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Group and the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Business model assessment

The Group and the Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Group and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The way the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The way the managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales which are also important aspects of the Group's and the Bank's assessment.
- The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

Included in financial assets at amortised cost are cash and short-term funds, cash and placements with financial institutions, financial investments, financing of customers, statutory deposits and a portion of other assets as disclosed in the respective notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

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

The Group and the Bank apply the new category under MFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The contractual terms of the financial assets meet the SPPP test; and
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the Other Comprehensive Income ("OCI"). Profit income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed off on a first-in-first-out basis. Upon derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through FVOCI (without recycling profit or loss upon derecognition).

Included in financial assets at FVOCI are certain equity and debt instruments.

(3) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are those that are held-for-trading and have been either designated by the Group and the Bank upon initial recognition or are mandatorily required to be measured at fair value under MFRS 9.

The Group and the Bank designate an instrument at FVTPL upon initial recognition when one of the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets at FVTPL are financial investments, financial assets designated upon initial recognition, financing of customers and derivatives.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the profit or loss under the caption of 'other operating income'.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(ii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from asset have expired.
- The Group and the Bank have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either:
 - The Group and the Bank have transferred substantially all the risks and rewards of the asset; or
 - The Group and the Bank have neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the financial asset.

When the Group and the Bank have transferred their rights to receive cash flows from a financial asset or have entered into a pass through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the financial asset, the financial asset is recognised to the extent of the Group’s and the Bank’s continuing involvement in the financial asset. In that case, the Group and the Bank also recognise an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Group and the Bank have retained.

(iii) Impairment of financial assets

The MFRS 9 impairment requirements are based on an Expected Credit Loss (“ECL”) model. The ECL model applies to financial assets measured at amortised cost or at FVOCI (with recycling to profit or loss), irrevocable financing commitments and financial guarantee contracts, and financing of customers and debt instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15 *Revenue from Contracts with Customers* and lease receivables under MFRS 117 *Leases*.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iii) Impairment of financial assets (cont'd)

The measurement of ECL involves increased complexity and judgement that include:

(1) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is critical in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Group and the Bank apply a 3-stage approach based on the change in credit quality since initial recognition:

3-Stage Approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing

ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
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Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
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Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount
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(2) ECL Measurement

There are three (3) main components to measure ECL, which include: (i) probability of default ("PD") model; (ii) loss given default ("LGD") model; and (iii) exposure at default ("EAD") model.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank have decided to continue to measure the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant.

(3) Expected life

Lifetime ECL must be measured over the expected life of the financial asset. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options, except for certain revolving financial instruments such as overdraft. The expected life for these revolving facilities generally refers to their behavioural life.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iii) Impairment of financial assets (cont'd.)

(4) Forward looking information

ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward looking information is based on the collation of macroeconomic data obtained from various external sources, such as, but not limited to regulators, government and foreign ministries as well as independent research organisations.

Where applicable, the Bank incorporates forward-looking adjustments in credit risk factors of PD and LGD used in the ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as::

- Consumer Price Index;
- Unemployment rates;
- House Price Indices; and
- Overnight Policy Rate.

The Bank applies the following three (3) alternative macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

Base scenario: This scenario reflects that current macroeconomic conditions continue to prevail; and

Upside and Downside scenarios: These scenarios are set relative to the base scenario, reflecting best and worst-case macroeconomic conditions based on subject matter expert's best judgement from current economic conditions..

(5) Financial investments at FVOCI

The ECL for financial investments measured at FVOCI does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Financial assets (cont'd.)

(iii) Impairment of financial assets (cont'd.)

(6) Valuation of collateral held as security for financial assets

The amount and type of collateral required depends on assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types and collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For vehicle financing - charges over the vehicles financed; and
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

(7) Impairment process – written-off accounts

Where a financing is uncollectible, it is written-off against the related allowances for impairment. Such financing are written-off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written-off are recognised in the statements of profit or loss.

(8) Impairment of other financial assets

The Group and the Bank apply the MFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for other financial assets. The simplified approach excludes tracking of changes in credit risk.

(iv) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. For financial instruments with observable market prices, which are traded in active markets, the fair values are based on their quoted market price or dealer price quotations.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models and option pricing models, and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at reporting date. The Bank generally uses widely recognised valuation models with market observable inputs for the determination of fair values, due to the low complexity of financial instruments held; with exception to investment in private equity funds.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Financial liabilities

(i) Date of recognition

All financial liabilities are initially recognised on the trade date, i.e. the date that the Group and the Bank become a party to the contractual provision of the instruments.

(ii) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortised cost.

(1) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held-for-trading include derivatives entered into by the Group and the Bank that do not meet the hedge accounting criteria. Derivative liabilities are initially and subsequently measured at fair value, with any resultant gains or losses recognised in statements of profit or loss. Net gains or losses on derivatives include exchange differences.

(2) Financial liabilities at amortised cost

The Group's and the Bank's financial liabilities at amortised cost include deposits from customers, deposits and placements of banks and other financial institutions, debt securities, payables, bills and acceptances payable, recourse obligation on financing sold to Cagamas and other liabilities.

(a) Deposits from customers, and deposits and placements of banks and other financial institutions

Deposits from customers, and deposits and placements of banks and other financial institutions are stated at placement values.

(b) Islamic debt securities

Issued Islamic debt securities are classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments. The Group's and the Bank's debt securities consist of subordinated sukuk and senior sukuk.

These Islamic debt securities are classified as liabilities in the statement of financial position as there is a contractual obligation by the Group and the Bank to make cash payments of either principal or profit or both to holders of the debt securities and that the Group and the Bank are contractually obliged to settle the financial instrument in cash or another financial instrument.

Subsequent to initial recognition, all issued Islamic debt securities are recognised at amortised cost, with any difference between proceeds net of transaction costs and the redemption value being recognised in the statement of profit or loss over the period of the financing on an effective profit rate method.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Financial liabilities (cont'd.)

(ii) Initial recognition and subsequent measurement (cont'd.)

(2) Financial liabilities at amortised cost (cont'd.)

(c) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

(d) Bills and acceptances payable

Bills and acceptances are recognised at amortised cost using effective profit rate method. Payables represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(e) Other liabilities

Other liabilities are stated at cost, which is the fair value of the consideration expected to be paid in the future for goods and services received.

(f) Recourse obligation on financing sold to Cagamas

Recourse obligations on financing sold to Cagamas are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective profit method.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is redeemed or otherwise extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of profit or loss.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Derivative instruments and hedge accounting

(i) Derivative instruments

The Group and the Bank use derivatives such as profit rate swap and forward foreign exchange contracts.

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and equivalent to the market premium paid or received for purchased or written options. The derivatives are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

All derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of the derivatives are recognised in the statements of profit or loss unless these form part of a hedging relationship.

(ii) Hedge accounting

The Group and the Bank have elected an accounting policy choice under MFRS 9 to continue to apply the hedge accounting requirements under MFRS 139 on the adoption of MFRS 9 on 1 April 2018.

The Group and the Bank use derivative instruments to manage exposures to profit rate and foreign currency risks. In order to manage particular risks, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

At the inception of the hedge relationship, the Group and the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge, and the method that will be used to assess the effectiveness of the hedging relationship.

(1) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the statements of profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statements of profit or loss.

If the hedging instrument expires or is sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective profit rate. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statements of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Derivative instruments and hedge accounting (cont'd.)

(ii) Hedge accounting (cont'd.)

(2) Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income into cash flow hedge reserve. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in statements of profit or loss. When the hedged cash flow affects the statements of profit or loss, the gain or loss on the hedging instrument previously recognised in other comprehensive income are reclassified from equity and is recorded in the corresponding income or expense line of the statements of profit or loss.

When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss exist in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the statements of profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the statements of profit or loss.

The Group and the Bank did not apply cash flow hedge as at the financial year end.

(e) Foreclosed properties

Foreclosed properties are those properties acquired in full or partial satisfaction of financing and are stated at the lower of cost and net realisable value and reported within other assets.

(f) Investment properties

Investment properties, comprising principally land and shoplots, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Bank.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, representing open-market value determined annually by registered independent valuer having appropriate recognised professional qualification. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group and the Bank use alternative valuation methods such as recent prices of less active markets or discounted cash flow projections. Changes in fair values are recorded in statement of profit or loss in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use or no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in statement of profit or loss in the period of the retirement or upon disposal.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Intangible assets

Intangible assets include computer software and software under development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, except for software under development which are not subject to amortisation.

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. Intangibles with finite lives or not yet available for use are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset are accounted for by changing the amortisation year or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation of intangible asset is provided for on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer software is amortised over its estimated finite useful lives ranging from three (3) to ten (10) years.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Work-in-progress property, plant and equipment are also not depreciated until the assets are ready for their intended use.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Property, plant and equipment (cont'd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings on freehold land	33 years
Buildings on leasehold land and leasehold land	33 years or remaining life of the lease, whichever is shorter
Office furniture and equipment	6 to 7 years
Buildings improvements and renovations	5 years
Motor vehicles	5 years
Computer equipment	3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in statements of profit or loss.

(i) Leases

(a) Classification

At inception of a contract, the Group and the Bank assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration.

(b) Recognition and initial measurement

(i) The Group and the Bank as lessee

The Group and the Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use ("ROU") asset

The Group and the Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

Office building	2 to 3 years
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If ownership of the leased asset is transferred to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance with Note 2.3(l) on impairment of non-financial assets.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

(i) The Group and the Bank as lessee (cont'd.)

Lease liabilities

At the commencement date of the lease, the Group and the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank uses its incremental profit rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group and the Bank applies the short-term lease recognition exemption to its short-term leases of office building (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) The Group and the Bank as lessor

Leases in which the Group and the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries, and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in statement of profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under exchange fluctuation reserve in equity.

The exchange fluctuation reserve is reclassified from equity to statement of profit or loss of the Group and of the Bank on disposal of the foreign operations.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in statements of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of the Group's and the Bank's foreign operations, whose functional currencies are not the presentation currency, are translated into the presentation currency at average exchange rates for the year, which approximates the exchange rates at the date of the transaction, and at the closing exchange rate as at reporting date respectively. All resulting exchange differences are taken directly to other comprehensive income and are subsequently recognised in the statements of profit or loss upon disposal of the foreign operations.

(k) Provision for liabilities

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Impairment of non-financial assets

The Group and the Bank assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the statements of profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statements of profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances with banks and other financial institutions, and short term deposits with original maturity tenor of less than three (3) months that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Contingent liabilities and contingent assets

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of profit or loss, as they are incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(p) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Profit and income from financing

For all financial assets measured at amortised cost, profit bearing financial assets classified as FVOCI and financial assets designated at FVTPL, profit income or expense is recorded using the effective profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, payment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate, but not future credit losses.

For impaired financial assets, profit/financing income continues to be recognised using the effective profit rate, to the extent that it is probable that the profit can be recovered.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(p) Income recognition (cont'd.)

(i) Profit and income from financing (cont'd.)

(1) Bai' Bithaman Ajil ("BBA")

This contract involves the purchase and sale of an asset by the Bank to the customer on a deferred payment basis either to be paid in lump sum or instalment basis within an agreed period of time at a price which includes a profit margin agreed by both parties. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(2) Ijarah Thumma Al-Bai'

This contract involves lease ending with transfer of ownership from the lessor to the lessee in the form of sale transaction based on agreed terms and conditions. There are two (2) contracts involved in this arrangement. The first contract is Ijarah where the lessee enjoys the usufruct of the assets for an agreed rental during an agreed period of time while the ownership remains with the lessor. The second contract is the sale contract which may take place at the end of the Ijarah period or at any point of time during the period subject to the agreed terms and conditions between the contracting parties. Financing income is recognised on effective profit rate basis over the lease term.

(3) Bai' Inah

This contract involves sale and purchase of an asset whereby the Bank sells an asset to the customer on a deferred basis and subsequently buys back the asset at a cash price lower than the deferred sales price. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(4) Tawarruq

This contract relates to the arrangement that involves a purchase of an asset or commodity based on Murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. The commodity trading fee incurred in the Tawarruq arrangement is borne by the Bank and is recognised as an expense in the statements of profit or loss, as they are incurred. Financing income is recognised on effective profit rate basis over the expected life of the contract based on the principal amount outstanding.

(5) Bai Al-Dayn

This contract involves the sale and purchase of securities or debt certificates which conforms with the Shariah ruling. Securities or debt certificates are issued by a debtor to a creditor as evidence of indebtedness. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(p) Income recognition (cont'd.)

(i) Profit and income from financing (cont'd.)

(6) Murabahah

This contract involves the sale of goods or assets by the Bank at a mark-up price to the customer, which includes a profit margin as agreed by both parties. The price, costs and profit margin in Murabahah shall be made transparent and agreeable by both parties. This contract applies to the Bank's financing and advances products whilst the Bank's Commodity Murabahah term deposit product is based on the contract of Murabahah and Tawarruq.

Financing income under this contract is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

Profit attributable to depositors is recognised as an expense in statements of profit or loss, as it incurred. Profit to be distributed is based on the expected profit rate, which is quoted to the customer on the placement date.

(7) Istisna'

Istisna' contract can be established between a Bank and contractor, developer, or producer that allows the Bank to make progress payments as construction progresses. Istisna' financing is provided in the form of advance progress payments to the customer who builds, manufactures, constructs or develops the object of sale. Upon completion of the project, the asset is delivered to parties who have earlier on agreed to take delivery of the asset. Financing income is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(8) Qard

Qard is a contract of loan between two (2) parties on the basis of social welfare or to fulfil a short-term financial need of the borrower. The amount of repayment must be equivalent to the amount borrowed. It is, however, legitimate for a borrower to pay more than the amount borrowed as long as it is not stated or agreed at the point of contract. As such, no accrual of income is recognised for this contract.

(9) Musharakah Mutanaqisah

In Musharakah Mutanaqisah contract, the customer and the Bank jointly acquire and own the asset. The Bank then leases its equity or share of asset to the customer on the basis of Ijarah. The customer is given the right to acquire the Bank's equity in the asset periodically. Financing income is accounted for on the basis of reducing balance on a time apportioned basis that reflects the effective yield of the asset.

Financing income under this contract is recognised on effective profit rate basis over the period of the contract based on the principal amount outstanding.

(10) Rahn

In Ar-Rahn transaction, a valuable asset such as gold and jewellery is used as a collateral for a debt. The collateral will be used to settle the debt when a debtor is in default. Income is recognised when the Bank charges a safekeeping fee upon which are to be paid in full upon expiry of the contract, redemption or extension of period of Ar-Rahn, whichever is applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(p) Income recognition (cont'd.)

(ii) Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions, guarantee fees and brokerage fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised at net of service taxes and discounts on completion of each stage of the assignment.

Dividend income from securities is recognised when the Bank's right to receive payment is established.

(q) Income and deferred taxes

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial position date. Deferred tax is recognised as income or expense and included in the statements of profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Zakat

Zakat represents business zakat payable by the Group and the Bank to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank only pays zakat on its business and does not pay zakat on behalf of its depositors or shareholders. Zakat provision is calculated based on capital growth model method.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(s) Fair value measurement

The Group and the Bank measure financial instruments such as financial assets at FVTPL, financial investments at FVOCI and derivatives, and non-financial assets such as investment properties at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would be willing to use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement, which is directly (i.e. prices) or indirectly (i.e. derived from prices) observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments and further details are disclosed in Note 47.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(t) Government financing scheme and government financing facility

Financing under a government scheme is recognised and measured in accordance with MFRS 9 Financial Instruments, with the benefit at a below market and concession rate is measured as the difference between the initial carrying amount or fair value of the financing and the amount received. Government financing facility is measured in accordance with the amount received.

The benefit of a financing or a facility under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the profit or loss in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

(u) Investment accounts

Investment accounts are either:

i. Unrestricted investment accounts

An unrestricted investment account ("UA") refers to a type of investment account where the investment account holder ("IAH") provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. The UA is structured under Mudarabah contracts.

Impairment allowances required on the assets for investment accounts are charged to and borne by the investors.

ii. Restricted investment accounts

Restricted investment account ("RA") refers to a type of investment account where the IAH provides a specific investment mandate to the Bank such as purpose, asset class, economic sector and period of investment.

RA is accounted for as off balance sheet as the Bank has no risk and reward in respect of the assets related to the RA or to the residual cash flows from those assets except for the fee income generated by the Bank for managing the RA. The Bank also has no ability to exercise power over the RA to affect the amount of the Bank's return. The RA is structured under the Mudarabah contract whereby the IAH appoints the Bank as the agent to invest the funds provided by IAH to finance customers with a view of earning profits and the Bank receives fees for the agency service provided.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Changes in accounting policies and disclosures

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2020 except for adoption of the following MFRS and Interpretations of the Issues Committee ("IC Interpretations") during the current financial year with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 Interest Rate Benchmark Reform - (Phase 2)	1 January 2021
Amendment to MFRS 16 Leases: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

The adoption of the MFRS and IC Interpretations above does not have material impact to the financial statements of the Group and the Bank.

2.5 Significant changes in regulatory requirements

Measures announced by Bank Negara Malaysia ("BNM") to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19

During the financial year ended 31 December 2021, BNM had announced the extension of various COVID-19 assistance programmes which aimed to support economy at large and provide relief to all affected individuals, SMEs and corporations. The support measures include the following:

Targeted payment assistance ("TRA") and moratorium

- (i) Targeted payment assistance under Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan ("PEMERKASA+")

TRA under PEMERKASA+ was announced on 31 May 2021. The TRA was applicable to all customers who have lost their employment, B40 customers registered under Bantuan Sara Hidup ("BSH") or Bantuan Prihatin Rakyat ("BPR"), SMEs and microenterprises with financing facilities not more than RM150,000 whose financing were approved on or before 30 June 2021 and not in arrears for more than 90 days. All these affected customers may opt for 3-month deferment of instalment or a 50% reduction in their monthly instalment payment for a period of 6 months.

- (ii) Six-month moratorium under Perlindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH")

The six-month moratorium under PEMULIH was announced on 28 June 2021. The moratorium applies to ringgit and foreign currency denominated financing approved on or before 30 June 2021, not in arrears exceeding 90 days and customers must not be adjudicated bankrupts or under bankruptcy proceedings. All individuals, SMEs and microenterprises may opt for 6-month deferment of instalment or 50% reduction in their monthly instalment payment for a period of 6 months. There will be no compounding of profit and any penalty profit during the moratorium period.

The payment assistance/moratorium did not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment. The financial impact of the moratorium is reflected at the financing income of the Bank (see Notes 27(a) and 29(a)).



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant changes in regulatory requirements (cont'd.)

Measures announced by Bank Negara Malaysia ("BNM") to assist individuals, small-medium enterprises ("SMEs") and corporates affected by COVID-19 (cont'd.)

Credit risk monitoring, stress testing and classification in the Central Credit Reference Information System ("CCRIS")

The payment assistance/moratorium do not automatically result in a stage transfer under MFRS 9 in the absence of other factors indication evidence of significant increase in credit risk ("SICR"). The Bank will continue to apply judgement and perform more holistic assessment of all relevant indicators and information such as historical payment and delinquency trend in determining SICR.

The financing that are approved under payment assistance on or before 31 December 2021 are exempted to be reported as rescheduling and restructuring ("R&R") in CCRIS. However, the Bank is required to report the credit impaired status consistently with the accounting classification.

Financial management and resilience programme ("URUS")

Pursuant to the statement issued by the Prime Minister on 13 October 2021, banking industry, represented collectively by The Association of Banks in Malaysia ("ABM"), Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM") and Association of Development Finance Institutions of Malaysia ("ADFIM") had on 14 October 2021 announced its continued support to individual customers. The Bank has worked alongside with Agensi Kaunseling dan Pengurusan Kredit ("AKPK") to offer a comprehensive extended financial assistance scheme called Financial Management and Resilience Programme ("URUS").

The scheme is open to individual customers, on application, who are under an existing payment assistance (e.g. Targeted Payment Assistance, PEMERKASA+, PEMULIH, the Bank's own rescheduling and restructuring, etc.) as at 31 December 2021 and meet the following criteria:

- (i) From B50 income segment i.e. customer with household income of RM5,880 or lower based on definition by the Department of Statistic of Malaysia;
- (ii) Have experience either loss of employment or reduction of income of at least 50%; and
- (iii) Whose financing is still performing (not in arrears exceeding 90 days) as at the date of their application.

Under URUS, AKPK will provide the customer with a personalised financial plan that encompass the following options:

- (a) A profit waiver for a period of 3 months, commencing the month following the customer's on boarding into the scheme; or
- (b) A 3-month profit waiver together with reduced instalments for a period of up to 24 months. This option will also benefit customers with unsecured personal financing and credit cards.

Individual customers who fulfil the abovementioned criteria can apply for URUS effective 15 November 2021 until 31 January 2022.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Standards and interpretations issued but not yet effective

The Group and the Bank have not applied the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective for the Group and the Bank. The Group and the Bank intend to adopt these Standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: <i>Business Combinations-Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts- Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

The directors expect that the adoption of the above-mentioned Standards will have no material impact on the financial statements of the Group and of the Bank in the period of initial application.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on the Management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgment and complexity, are as follows:

3.1 Going concern

The Management of the Group and the Bank has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Impairment of financial investments portfolio (Notes 5 and 31)

The Group and the Bank review their debt instruments at FVOCI, and financial investments at amortised cost under MFRS 9, which requires the recognition of ECL at each reporting date to reflect change in credit risk of the financial investments not at FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the impairment review, the following Management's judgements are required:

- (i) Determination whether the investment is impaired based on certain indicators, such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of ECL that reflect:
 - (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - (b) The time value of money; and
 - (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.3 Impairment losses on financing of customers (Notes 7 and 30)

The Group and the Bank review individually its significant financing of customers at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D.)

3.3 Impairment losses on financing of customers (Notes 7 and 30) (cont'd.)

The Group's and the Bank's ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Criteria for assessing if there has been a significant increase in credit risk and the qualitative assessment;
- (ii) The segmentation of financial assets when ECL is assessed on a collective basis;
- (iii) Development of ECL models, including the various formulas and the choice of inputs;
- (iv) Determination of associations between macroeconomic scenarios and economic inputs, such as, unemployment levels and collateral values, and the effect on PDs, LGDs, and EADs including macroeconomic factors as disclosed in note 46(a)(iii); and
- (v) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Financing that have been assessed individually but for which no impairment is required as well as all individually insignificant financing need to be assessed collectively, in groups of assets with similar credit risk characteristic. This is to determine whether impairment should be made due to incurred loss events for which there is objective evidence but effects of which are not yet evident. The collective assessment takes into account of data from the financing portfolios (such as, credit quality, levels of arrears, credit utilisation, financing to collateral ratios, etc.) and judgments on the effect of concentrations of risks (such as the performance of different individual groups).

3.4 Fair value estimation of financial investments at FVTPL and FVOCI (Notes 5(i) and 5(ii)) and derivative financial instruments (Note 6)

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions on profit rate yield curves, exchange rates, volatilities and prepayment and default rates.

3.5 Taxation (Note 40)

Significant Management's judgement is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking the advise of experts, where appropriate. Where the final liability for taxation being assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.



4.(A) CASH AND SHORT-TERM FUNDS

	Note	Group and Bank 2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions		121,362	9,233
Money at call and interbank placements maturing within one month		1,021,044	2,924,074
Allowances for impairment loss	(i)	1,142,406 (115)	2,933,307 (135)
		1,142,291	2,933,172

(i) Analysis of changes in allowances for impairment losses on cash and short term funds are as follows:

Group and Bank	Stage 1 12-Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2021				
At 1 January 2021	135	-	-	135
Allowance made	92	-	-	92
Amount written back in respect of recoveries	(112)	-	-	(112)
At 31 December 2021	115	-	-	115
At 31 December 2020				
At 1 January 2020	448	-	-	448
Allowance made	176	-	-	176
Amount written back in respect of recoveries	(489)	-	-	(489)
At 31 December 2020	135	-	-	135

(B) CASH AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank 2021 RM'000	2020 RM'000
Licensed Islamic banks	31,184	30,417

The weighted average effective profit rate and weighted average maturity of cash and placements with financial institutions as at 31 December 2021 for the Group and the Bank were 1.25% per annum and 51 days respectively (2020: 2.06% per annum and 56 days).



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

5. FINANCIAL INVESTMENTS

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial investments at fair value through profit or loss	(i)	321,276	313,337	321,276	313,337
Financial investments at fair value through other comprehensive income	(ii)	4,866,770	3,798,965	4,864,264	3,796,498
Financial investments at amortised cost	(iii)	107,109	105,544	107,109	105,544
		5,295,155	4,217,846	5,292,649	4,215,379

		Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(i)	Financial investments at fair value through profit or loss				
	Unquoted securities in Malaysia:				
	Private equity funds	168,385	165,252	168,385	165,252
	Islamic private debt securities in Malaysia	152,891	148,085	152,891	148,085
		321,276	313,337	321,276	313,337
(ii)	Financial investments at fair value through other comprehensive income				
	Debt instruments:				
	Government securities and treasury bills:				
	Malaysian government investment certificates	4,313,355	2,655,932	4,313,355	2,655,932
	Unquoted securities:				
	Islamic private debt securities in Malaysia	431,715	658,829	431,715	658,829
	Cagamas sukuk	20,364	25,792	20,364	25,792
		452,079	684,621	452,079	684,621

5. FINANCIAL INVESTMENTS (CONT'D.)

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(ii) Financial investments at fair value through other comprehensive income (cont'd.)				
Equity instruments:				
Quoted securities in Malaysia:				
Quoted shares	96,705	104,411	94,199	101,944
Money market instruments:				
Negotiable Islamic debt certificates	-	349,370	-	349,370
Unquoted securities:				
Shares in Malaysia	4,631	4,631	4,631	4,631
Total financial assets at fair value through other comprehensive income	4,866,770	3,798,965	4,864,264	3,796,498

Movements in the allowances for impairment losses on debt instruments at fair value through other comprehensive income are as follows for the Group and the Bank:

	Stage 1	Stage 2	Stage 3	Total ECL
	12-Months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 31 December 2021				
At 1 January 2021	81	-	38,241	38,322
Allowance made	192	-	-	192
Amount written back in respect of recoveries	(157)	-	-	(157)
Amount written off	-	-	(14,596)	(14,596)
Exchange differences	-	-	515	515
At 31 December 2021	116	-	24,160	24,276



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

5. FINANCIAL INVESTMENTS (CONT'D.)

(ii) Financial investments at fair value through other comprehensive income (cont'd.)

Movements in the allowances for impairment losses on debt instruments at fair value through other comprehensive income are as follows for the Group and the Bank: (cont'd.)

	Stage 1 12-Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2020				
At 1 January 2020	119	-	37,251	37,370
Allowance made	20	-	-	20
Amount written back in respect of recoveries	(58)	-	-	(58)
Amount written off	-	-	1,250	1,250
Exchange differences	-	-	(260)	(260)
At 31 December 2020	81	-	38,241	38,322

(iii) Financial investments at amortised cost

	Group and Bank	
	2021 RM'000	2020 RM'000
At amortised cost		
Unquoted Islamic corporate sukuk in Malaysia	146,749	145,515
less: Accumulated impairment losses	(39,640)	(39,971)
Total financial investments at amortised cost	107,109	105,544



5. FINANCIAL INVESTMENTS (CONT'D.)

(iii) Financial investments at amortised cost (cont'd.)

Movements in the allowances for impairment losses on debt instruments at fair value through other comprehensive income are as follows for the Group and the Bank:

	Stage 1 12-Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2021				
At 1 January 2021	-	39,971	-	39,971
Amount written back in respect of recoveries	-	(331)	-	(331)
At 31 December 2021	-	39,640	-	39,640
At 31 December 2020				
At 1 January 2020	-	41,147	-	41,147
Amount written back in respect of recoveries	-	(1,176)	-	(1,176)
At 31 December 2020	-	39,971	-	39,971



NOTES TO THE FINANCIAL STATEMENTS

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6. ISLAMIC DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The table below shows the fair values of Islamic derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amounts, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Group and Bank	2021			2020		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange contracts:						
- Currency forwards Less than one year	778,535	1,362	(3,463)	1,509,931	4,084	(43,920)
- Currency swaps Less than one year	841,155	4,074	(697)	1,679,710	40,343	(15,826)
- Currency spot Less than one year	10,907	1	(7)	136,881	3,393	(73)
	1,630,597	5,437	(4,167)	3,326,522	47,820	(59,819)
Islamic profit rate swap ("IPRS")						
Hedging IPRS	1,200,000	-	(57,376)	1,200,000	-	(107,515)
Total	2,830,597	5,437	(61,543)	4,526,522	47,820	(167,334)

Included within hedging derivatives are derivatives where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

	2021			2020		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
IPRS	1,200,000	-	(57,376)	1,200,000	-	(107,515)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers and investment securities.

For the year ended 31 December 2021, the Group and the Bank:

- (i) recognised a net gain of RM50,139,069 (31 December 2020: net loss of RM54,337,986) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM57,692,261 (2020: net gain of RM59,900,904) (Note 29); and
- (ii) There is no recorded gain from derecognition of fair value of hedged items attributable to hedged risk (2020: nil) as a result of derecognition of the hedged items.

7. FINANCING OF CUSTOMERS

(i) By type and Shariah contracts

Group	Bai' Bithaman Ajil		Ijarah Thumma Al-Bai		Inah		Tawarruq		Bai' Al-Dayn		Murabahah		Istisna'		Qard		Purchase Orderer Mutanaqisah		Shirkah		Total financing		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2021	-	-	-	-	1,124	521,609	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	522,733
Cash line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term financing:																							
Home financing	1,351,309	-	-	-	-	4,437,624	-	-	-	-	-	-	-	10,128	-	-	-	-	-	-	-	-	5,799,061
Syndicated financing	-	-	-	-	-	561,017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	561,017
Hire purchase receivables	66,640	221,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	362,215	-	-	-	-	-	650,475
Personal financing	35,792	-	-	-	10	5,677,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,712,883
Other term financing*	142,060	-	-	-	-	3,884,336	-	-	-	-	-	-	-	20,275	106	-	-	-	-	-	-	-	4,126,613
Trust receipts	-	-	-	-	-	-	-	-	-	44,644	115,099	-	-	-	-	-	-	-	-	-	-	-	159,743
Claims on customers under acceptance credits	-	-	-	-	-	-	-	-	-	151,596	1,005,348	-	-	-	-	-	-	-	-	-	-	-	1,156,944
Staff financing	23,230	-	-	-	-	70,181	-	-	-	-	-	-	-	-	-	94	-	-	-	-	-	-	93,505
Revolving financing	-	-	-	-	-	1,794,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,794,453
Credit card	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19
Al-Rahnu	-	-	-	-	-	272,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	272,570
Total gross financing [^]	1,619,031	221,620	221,620	1,134	17,218,890	196,240	1,120,447	30,403	200	362,215	79,836	20,850,016											
Fair value changes arising from fair value hedge	-	-	-	-	-	48,238	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,238
Less : Allowance for impaired financing	1,619,031	221,620	221,620	1,134	17,267,128	196,240	1,120,447	30,403	200	362,215	79,836	20,898,254											
At amortised cost	(7,480)	(348)	(348)	(15)	(106,203)	(728)	(1,656)	(110)	-	(228)	-	(116,768)											
- Stage 1 - 12 Months ECL	(2,673)	(357)	(357)	(34)	(30,589)	(39)	(349)	-	-	(5)	-	(34,046)											
- Stage 2 - Lifetime ECL not credit impaired	(8,354)	(352)	(352)	(177)	(67,173)	-	(32)	(14)	-	(32)	-	(76,134)											
- Stage 3 - Lifetime ECL credit impaired																							
Total net financing	1,600,524	220,563	220,563	908	17,063,163	195,473	1,118,410	30,279	200	361,950	79,836	20,671,306											

* Included in other term financing are financing at fair value through profit or loss amounting RM1,043,144,000 (2020: RM924,877,000) which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

[^] During the year, a total of RM9,645,841 (2020: RM46,212,464) modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

7. FINANCING OF CUSTOMERS (CONT'D.)

(i) By type and Shariah contracts (cont'd.)

Group	31 December 2020	Bai' Bithaman Ajil		Ijarah Thumma Al-Bai		Inah		Tawarruq		Bai' Al-Dayn		Murabahah		Total financing
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash line		-	-	-	3,535	-	566,558	-	-	-	-	-	-	570,093
Term financing:														
Home financing		1,580,358	-	-	3,276,125	-	-	-	-	-	-	-	-	4,866,083
Syndicated financing		-	-	-	550,719	-	-	-	-	-	-	-	-	550,719
Hire purchase receivables		79,331	317,223	-	-	-	-	-	-	-	240,256	-	-	636,810
Personal financing		58,309	-	-	27	4,334,639	-	-	-	-	-	-	-	4,392,975
Other term financing*		166,385	-	-	1	3,583,927	-	-	-	-	-	237	76,757	3,866,355
Trust receipts		-	-	-	-	22,581	-	-	-	-	70,397	-	-	92,978
Claims on customers under acceptance credits		-	-	-	-	162,297	-	-	-	-	882,001	-	-	1,044,298
Staff financing		34,558	-	-	-	62,620	-	-	-	-	-	105	-	97,283
Revolving financing		-	-	-	-	1,794,063	-	-	-	-	-	-	-	1,794,063
Ar-Rahnu		-	-	-	-	287,032	-	-	-	-	-	-	17,504	304,536
Total gross financing ^		1,918,941	317,223	3,563	14,455,683	184,878	952,398	48,648	342	240,256	76,757	17,504	18,216,193	
Fair value changes arising from fair value hedge		-	-	-	91,113	-	-	-	-	-	-	-	-	91,113
Less : Allowance for impaired financing		1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	342	240,256	76,757	17,504	18,307,306	
At amortised cost														
- Stage 1 - 12 Months ECL		(2,110)	(740)	(36)	(90,064)	(212)	(705)	(342)	(4)	(616)	-	(155)	(94,984)	
- Stage 2 - Lifetime ECL not credit impaired		(2,669)	(42)	(400)	(4,850)	(177)	(411)	(8)	-	(4)	-	-	(8,561)	
- Stage 3 - Lifetime ECL credit impaired		(16,858)	(1,582)	(45)	(67,349)	-	(1,812)	(43)	-	-	-	(255)	(87,944)	
Total net financing		1,897,304	314,859	3,082	14,384,533	184,489	949,470	48,255	338	239,636	76,757	17,094	18,115,817	

7. FINANCING OF CUSTOMERS (CONT'D.)

(i) By type and Shariah contracts (cont'd.)

Bank	Bai' Bithaman Ajil		Ijarah Thumma Al-Bai		Bai' Tawarruq		Bai' Al-Dayn		Murabahah		Istisna'		Card		Murabahah to the Purchase Orderer		Total financing
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31 December 2021	-	-	-	1,124	521,609	-	-	-	-	-	-	-	-	-	-	-	522,733
Cash line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term financing:																	
Home financing	1,351,309	-	-	-	4,437,624	-	-	-	-	-	-	10,128	-	-	-	-	5,799,061
Syndicated financing	-	-	-	-	561,017	-	-	-	-	-	-	-	-	-	-	-	561,017
Hire purchase receivables	66,640	221,620	-	-	-	-	-	-	-	-	-	-	-	362,215	-	-	650,475
Personal financing	35,792	-	-	10	5,677,081	-	-	-	-	-	-	-	-	-	-	-	5,712,883
Other term financing*	142,060	-	-	-	3,884,336	-	-	-	-	-	20,275	-	-	70,254	-	-	4,116,925
Trust receipts	-	-	-	-	-	-	44,644	115,099	-	-	-	-	-	-	-	-	159,743
Claims on customers under acceptance credits	-	-	-	-	-	-	151,596	1,005,348	-	-	-	-	-	-	-	-	1,156,944
Staff financing	23,230	-	-	-	70,181	-	-	-	-	94	-	-	-	-	-	-	93,505
Revolving financing	-	-	-	-	1,794,453	-	-	-	-	-	-	-	-	-	-	-	1,794,453
Credit card	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	-	19
Al-Rahnu	-	-	-	-	272,570	-	-	-	-	-	-	-	-	-	-	-	272,570
Total gross financing [^]	1,619,031	221,620	1,134	17,218,890	196,240	1,120,447	30,403	70,348	362,215	20,840,328	-	-	-	-	-	-	48,238
Fair value changes arising from fair value hedge	-	-	-	-	48,238	-	-	-	-	-	-	-	-	-	-	-	-
Less : Allowance for impaired financing	1,619,031	221,620	1,134	17,267,128	196,240	1,120,447	30,403	70,348	362,215	20,888,566	-	-	-	-	-	-	-
At amortised cost	(7,480)	(348)	(15)	(106,203)	(728)	(1,656)	(110)	-	(228)	(116,768)	-	-	-	-	-	-	-
- Stage 1 - 12 Months ECL	(2,673)	(357)	(34)	(30,589)	(39)	(349)	-	-	(5)	(34,046)	-	-	-	-	-	-	-
- Stage 2 - Lifetime ECL not credit impaired	(8,354)	(352)	(177)	(67,173)	-	(32)	(14)	-	(32)	(76,134)	-	-	-	-	-	-	-
- Stage 3 - Lifetime ECL credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net financing	1,600,524	220,563	908	17,063,163	195,473	1,118,410	30,279	70,348	361,950	20,661,618	-	-	-	-	-	-	-

* Included in other term financing are financing at fair value through profit or loss amounting RM1,033,455,000 (2020: RMP19,262,000) which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

[^] During the year, a total of RM9,645,841 (2020: RM46,212,464) modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

7. FINANCING OF CUSTOMERS (CONT'D.)

(i) By type and Shariah contracts (cont'd.)

Bank	Bai' Bithaman Ajil		Ijarah Thumma Al-Bai		Tawarruq		Bai' Al-Dayn		Murabahah		Murabahah to the Purchase Orderer		Rahnu (Qard)	Total financing
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31 December 2020														
Cash line				3,535	566,558									570,093
Term financing:														
Home financing	1,580,358				3,276,125									4,866,083
Syndicated financing					550,719									550,719
Hire purchase receivables	79,331	317,223								240,256				636,810
Personal financing	58,309			27	4,334,639									4,392,975
Other term financing*	166,385			1	3,583,927									3,860,740
Trust receipts							22,581							92,978
Claims on customers under acceptance credits							162,297							1,044,298
Staff financing	34,558				62,620									97,283
Revolving financing					1,794,063									1,794,063
Al-Rahnu					287,032								17,504	304,536
Total gross financing ^	1,918,941	317,223		3,563	14,455,683		184,878		952,398		48,648	71,484	240,256	18,210,578
Fair value changes arising from fair value hedge							91,113							91,113
Less : Allowance for impaired financing							184,878		952,398		48,648	71,484	240,256	18,301,691
At amortised cost														
- Stage 1 - 12 Months ECL	(2,110)	(740)		(36)	(90,064)		(212)		(705)		(342)	(4)	(616)	(94,984)
- Stage 2 - Lifetime ECL not credit impaired	(2,669)	(42)		(400)	(4,850)		(177)		(411)		(8)		(4)	(8,561)
- Stage 3 - Lifetime ECL credit impaired	(16,858)	(1,582)		(45)	(67,349)				(1,812)		(43)			(87,944)
Total net financing	1,897,304	314,859		3,082	14,384,533		184,489		949,470		48,255	71,480	239,636	18,110,202



7. FINANCING OF CUSTOMERS (CONT'D.)

(i) By type and Shariah contracts (cont'd.)

	Group	
	2021 RM'000	2020 RM'000
Uses of Qard fund:		
Staff financing	94	105
Other term financing	106	237
	200	342
	Bank	
	2021 RM'000	2020 RM'000
Staff financing	94	105
Other term financing	70,254	71,379
	70,348	71,484

(ii) By type of customer

	Group	
	2021 RM'000	2020 RM'000
Domestic non-banking institutions	459,819	736,507
Domestic business enterprises		
- Small business enterprises	728,368	511,263
- Others	4,666,225	4,208,311
Government and statutory bodies	944,525	952,354
Individuals	14,034,406	11,797,470
Other domestic entities	10,119	3,666
Foreign entities	6,554	6,622
Gross financing	20,850,016	18,216,193



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

7. FINANCING OF CUSTOMERS (CONT'D.)

(ii) By type of customer (cont'd.)

	Bank	
	2021 RM'000	2020 RM'000
Domestic non-banking institutions	459,819	736,507
Domestic business enterprises		
- Small business enterprises	728,368	511,263
- Others	4,656,537	4,202,696
Government and statutory bodies	944,525	952,354
Individuals	14,034,406	11,797,470
Other domestic entities	10,119	3,666
Foreign entities	6,554	6,622
Gross financing	20,840,328	18,210,578

(iii) By profit rate sensitivity

	Group	
	2021 RM'000	2020 RM'000
Fixed rate:		
Home financing	180,050	240,827
Hire purchase receivables	650,474	636,810
Others	3,211,564	3,422,300
Variable rate:		
Home financing	5,699,621	4,678,117
Others	11,108,307	9,238,139
Gross financing	20,850,016	18,216,193

	Bank	
	2021 RM'000	2020 RM'000
Fixed rate:		
Home financing	180,050	240,827
Hire purchase receivables	650,474	636,810
Others	3,201,876	3,416,685
Variable rate:		
Home financing	5,699,621	4,678,117
Others	11,108,307	9,238,139
Gross financing	20,840,328	18,210,578



7. FINANCING OF CUSTOMERS (CONT'D.)

(iv) By sector

	Group	
	2021 RM'000	2020 RM'000
Agriculture	76,432	108,267
Mining and quarrying	967	398
Manufacturing	982,214	978,385
Electricity, gas and water	101,336	99,194
Construction	553,493	531,420
Household	14,040,960	11,804,092
Real estate	1,154,085	1,229,136
Wholesale, retail and restaurant	974,568	1,086,063
Transport, storage and communication	67,751	60,234
Finance, takaful and business services	1,368,761	1,060,837
Community, social and personal service	584,924	305,813
Government and statutory bodies	944,525	952,354
Gross financing	20,850,016	18,216,193

	Bank	
	2021 RM'000	2020 RM'000
Agriculture	76,432	108,267
Mining and quarrying	967	398
Manufacturing	982,214	978,385
Electricity, gas and water	101,336	99,194
Construction	553,493	531,420
Household	14,040,960	11,804,092
Real estate	1,154,085	1,229,136
Wholesale, retail and restaurant	974,568	1,086,063
Transport, storage and communication	67,751	60,234
Finance, takaful and business services	1,368,761	1,060,838
Community, social and personal service	575,236	300,197
Government and statutory bodies	944,525	952,354
Gross financing	20,840,328	18,210,578



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7. FINANCING OF CUSTOMERS (CONT'D.)

(v) By residual contractual maturity

	Group	
	2021 RM'000	2020 RM'000
Maturity		
- within one year	5,532,888	5,767,870
- more than one to five years	6,934,054	6,158,310
- more than five years	8,383,074	6,290,013
Gross financing	20,850,016	18,216,193

	Bank	
	2021 RM'000	2020 RM'000
Maturity		
- within one year	5,581,126	5,767,870
- more than one to five years	6,885,816	6,158,310
- more than five years	8,373,386	6,284,398
Gross financing	20,840,328	18,210,578

(vi) By geographical area

	Group	
	2021 RM'000	2020 RM'000
Domestic	20,850,016	18,216,193
Gross financing	20,850,016	18,216,193

	Bank	
	2021 RM'000	2020 RM'000
Domestic	20,840,328	18,210,578
Gross financing	20,840,328	18,210,578



7. FINANCING OF CUSTOMERS (CONT'D.)

(vii) By economic purpose

	Group	
	2021 RM'000	2020 RM'000
Purchase of securities	1,109,362	1,124,566
Purchase of transport vehicles	643,061	627,420
Purchase of landed properties of which:		
– residential	5,605,775	4,767,687
– non-residential	320,526	312,611
Purchase of fixed assets (excluding landed properties)	200,251	130,454
Personal use	6,347,441	4,990,798
Construction	856,049	949,045
Working capital	5,347,450	4,992,211
Other purposes	420,101	321,401
Gross financing	20,850,016	18,216,193

	Bank	
	2021 RM'000	2020 RM'000
Purchase of securities	1,109,362	1,124,566
Purchase of transport vehicles	643,061	627,420
Purchase of landed properties of which:		
– residential	5,605,775	4,767,687
– non-residential	320,526	312,611
Purchase of fixed assets (excluding landed properties)	200,251	130,454
Personal use	6,347,441	4,990,798
Construction	856,049	949,045
Working capital	5,337,762	4,986,596
Other purposes	420,101	321,401
Gross financing	20,840,328	18,210,578



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7. FINANCING OF CUSTOMERS (CONT'D.)

(viii) Movements in the gross carrying amount of financing of customers

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 31 December 2021				
At 1 January 2021	17,743,341	278,141	194,711	18,216,193
Total transfer within stages:				
Transfer to Stage 1	615,209	(563,863)	(51,346)	-
Transfer to Stage 2	(555,597)	614,904	(59,307)	-
Transfer to Stage 3	(68,542)	(100,493)	169,035	-
New financial assets originated	4,589,942	-	-	4,589,942
Financial assets derecognised	(1,852,885)	(27,185)	(40,854)	(1,920,924)
Other adjustments	4,961	10	906	5,877
Amount written - off	-	-	(41,072)	(41,072)
At 31 December 2021	20,476,429	201,514	172,073	20,850,016
At 31 December 2020				
At 1 January 2020	15,436,630	319,596	209,165	15,965,391
Total transfer within stages:				
Transfer to Stage 1	458,477	(436,466)	(22,011)	-
Transfer to Stage 2	(484,015)	534,407	(50,392)	-
Transfer to Stage 3	(32,234)	(110,213)	142,447	-
New financial assets originated	3,918,707	2,720	-	3,921,427
Financial assets derecognised	(1,517,438)	(31,064)	(20,308)	(1,568,810)
Effects of modifications to contractual cash flows of financial assets	(36,786)	(839)	353	(37,272)
Amount written - off	-	-	(64,543)	(64,543)
At 31 December 2020	17,743,341	278,141	194,711	18,216,193



7. FINANCING OF CUSTOMERS (CONT'D.)

(viii) Movements in the gross carrying amount of financing of customers (cont'd.)

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 31 December 2021				
At 1 January 2021	17,737,726	278,141	194,711	18,210,578
Total transfer within stages:				
Transfer to Stage 1	615,209	(563,863)	(51,346)	-
Transfer to Stage 2	(555,597)	614,904	(59,307)	-
Transfer to Stage 3	(68,542)	(100,493)	169,035	-
New financial assets originated	4,585,869	-	-	4,585,869
Financial assets derecognised	(1,852,885)	(27,185)	(40,854)	(1,920,924)
Other adjustments	4,961	10	906	5,877
Amount written - off	-	-	(41,072)	(41,072)
At 31 December 2021	20,466,741	201,514	172,073	20,840,328
At 31 December 2020				
At 1 January 2020	15,432,735	319,596	209,165	15,961,496
Total transfer within stages:				
Transfer to Stage 1	458,477	(436,466)	(22,011)	-
Transfer to Stage 2	(484,015)	534,407	(50,392)	-
Transfer to Stage 3	(32,234)	(110,213)	142,447	-
New financial assets originated	3,916,987	2,720	-	3,919,707
Financial assets derecognised	(1,517,438)	(31,064)	(20,308)	(1,568,810)
Effects of modifications to contractual cash flows of financial assets	(36,786)	(839)	353	(37,272)
Amount written - off	-	-	(64,543)	(64,543)
At 31 December 2020	17,737,726	278,141	194,711	18,210,578



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

7. FINANCING OF CUSTOMERS (CONT'D.)

(ix) Movements in the loss allowance for financing of customers

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2021				
At 1 January 2021	94,984	8,561	87,944	191,489
Transfer to Stage 1	28,881	(15,814)	(13,067)	-
Transfer to Stage 2	(15,730)	46,216	(30,486)	-
Transfer to Stage 3	(1,755)	(3,979)	5,734	-
Allowance (written back)/made	(24,496)	(1,002)	73,264	47,766
New financing originated	99,651	-	-	99,651
Financing derecognised	(64,766)	64	(6,560)	(71,262)
Amount written-off	-	-	(40,695)	(40,695)
Exchange difference	(1)	-	-	(1)
At 31 December 2021	116,768	34,046	76,134	226,948

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2020				
At 1 January 2020	51,342	13,766	86,734	151,842
Transfer to Stage 1	15,374	(8,473)	(6,901)	-
Transfer to Stage 2	(1,572)	25,182	(23,610)	-
Transfer to Stage 3	(346)	(10,232)	10,578	-
Allowance (written back)/made	(2,719)	(11,017)	91,759	78,023
New financing originated	79,619	638	-	80,257
Financing derecognised	(46,713)	(1,303)	(12,546)	(60,562)
Amount written-off	-	-	(58,070)	(58,070)
Exchange difference	(1)	-	-	(1)
At 31 December 2020	94,984	8,561	87,944	191,489



8(A). IMPAIRED FINANCING

(i) Movements in the impaired financing

As at 31 December 2021

	Group RM'000	Bank RM'000
At 1 January 2021	194,711	194,711
Classified as impaired during the year	177,119	177,119
Reclassified as performing during the year	(97,705)	(97,705)
Recovered during the year	(60,980)	(60,980)
Written off during the year	(41,072)	(41,072)
Gross impaired financing	172,073	172,073
Less: Stage 3 - Lifetime ECL credit impaired	(76,134)	(76,134)
Net impaired financing	95,939	95,939
Calculation ratio of impaired financing:		
Gross financing of customers	20,850,016	20,840,328
Less: Stage 3 - Lifetime ECL credit impaired	(76,134)	(76,134)
Net financing of customers	20,773,882	20,764,194
Ratio of gross impaired financing to total financing	0.83%	0.83%
Net impaired financing ratio	0.46%	0.46%



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

8(A). IMPAIRED FINANCING (CONT'D.)

(i) Movements in the impaired financing (cont'd.)

As at 31 December 2020

	Group RM'000	Bank RM'000
At 1 April 2020	209,166	209,166
Classified as impaired during the year	152,808	152,808
Reclassified as performing during the year	(62,358)	(62,358)
Recovered during the year	(40,362)	(40,362)
Written off during the year	(64,543)	(64,543)
Gross impaired financing	194,711	194,711
Less: Stage 3 - Lifetime ECL credit impaired	(87,944)	(87,944)
Net impaired financing	106,767	106,767

Calculation ratio of impaired financing:

Gross financing of customers	18,216,193	18,210,578
Less: Stage 3 - Lifetime ECL credit impaired	(87,944)	(87,944)
Net financing of customers	18,128,249	18,122,634
Ratio of gross impaired financing to total financing	1.07%	1.07%
Net impaired financing ratio	0.59%	0.59%

(ii) Impaired financing by geographical area

	Group and Bank 2021 RM'000	2020 RM'000
Domestic	172,073	194,711



8(A). IMPAIRED FINANCING (CONT'D.)

(iii) Impaired financing by sector

	Group and Bank	
	2021 RM'000	2020 RM'000
Manufacturing	31,670	33,187
Construction	1,189	830
Household	114,197	134,833
Real estate	17,963	19,016
Wholesale and retail and restaurant	4,328	5,675
Transport, storage and communication	1,026	583
Finance, takaful and business services	829	415
Mining & Quarrying	32	-
Community, social and personal service	839	172
	172,073	194,711

(iv) Impaired financing by economic purpose

	Group and Bank	
	2021 RM'000	2020 RM'000
Purchase of securities	4	-
Purchase of transport vehicles	1,384	1,880
Purchase of landed properties of which:		
- Residential	67,385	89,146
- Non-residential	22,955	27,109
Personal use	38,085	32,773
Working capital	41,797	41,121
Other purposes	463	2,682
	172,073	194,711



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

8(B). EXPOSURES TO COVID-19 IMPACTED FINANCING

(i) Disclosure for impacted sectors

Group and Bank	On-balance sheet (net of impairment)		Financing of customers Undrawn (off-balance sheet)		Total exposures	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail and wholesale/trading	906,841	1,012,559	67,522	98,406	974,363	1,110,965
Accommodation	1,265	1,032	652	413	1,917	1,445
Travel agencies/tourism	4,041	3,028	500	878	4,541	3,906
Airline/aviation	4,738	4,607	5	5	4,743	4,612
Food and beverage services/restaurants	62,134	66,797	36,757	19,296	98,891	86,093
	979,019	1,088,023	105,436	118,998	1,084,455	1,207,021



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

8(B). EXPOSURES TO COVID-19 IMPACTED FINANCING (CONT'D.)

(ii) Disclosure for COVID-19 customer relief and support measures (cont'd.)

AUTOMATIC SIX-MONTH MORATORIUM (cont'd.)

Group and Bank	Retail customers as at 31 December 2020				Financing of customers:						
	Home financing		Hire		Others		SMEs		Corporates		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 1 RM'000	Stage 2 RM'000	
Total payment moratoriums	4,242,336	464,165	3,189,477	483,518	8,379,496	30,806	424	-	-	-	31,230
Resume payments	3,621,739	430,998	3,099,497	398,993	7,551,227	17,003	-	-	-	-	17,003
Extended and paying as per revised schedules	502,131	25,271	47,848	70,433	645,683	13,803	344	-	-	-	14,147
Missed payments	118,466	7,897	42,131	14,091	182,585	-	79	-	-	-	79
Delinquent	106,078	6,418	28,483	13,821	154,800	-	79	-	-	-	79
Impaired	12,388	1,478	13,648	270	27,784	-	-	-	-	-	-
As a percentage of total:											
Resumed payments	85.37%	92.85%	97.18%	82.52%	90.12%	55.19%	-	-	-	-	54.44%
Extended and paying as per revised schedules	11.84%	5.44%	1.50%	14.57%	7.71%	44.81%	81.28%	-	-	-	45.30%
Missed payments	2.79%	1.70%	1.32%	2.91%	2.18%	-	18.72%	-	-	-	0.25%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	100.00%

8(B). EXPOSURES TO COVID-19 IMPACTED FINANCING (CONT'D.)

(ii) Disclosure for COVID-19 customer relief and support measures (cont'd.)

PAYMENT ASSISTANCE (Targeted Payment Assistance/Enhanced Targeted Payment Assistance)

Group and Bank	Financing of customers:									
	Retail customers as at 31 December 2021					Non-Retail customers as at 31 December 2021				
	Home financing	Hire purchase receivables	Personal financing	Others	Total	Stage 1 RM'000	Stage 2 RM'000	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Total payment moratoriums	2,160,566	143,228	2,536,485	159,013	4,999,292	74,582	94	780,528	78,603	933,807
Under payment assistance programme	1,887,602	127,304	2,308,024	126,462	4,449,392	61,879	-	278,485	27,921	368,285
Resumed payments	271,669	15,662	227,525	32,551	547,407	12,703	94	502,043	49,933	564,773
Missed payments	1,295	262	936	-	2,493	-	-	-	749	749
Delinquent Impaired	1,295	262	930	-	2,487	-	-	-	749	749
	-	-	6	-	6	-	-	-	-	-
As a percentage of total:	87.37%	88.88%	90.99%	79.53%	89.00%	82.97%	-	35.68%	35.52%	39.44%
Under payment assistance programme	12.57%	10.94%	8.97%	20.47%	10.95%	17.03%	100.00%	64.32%	63.53%	60.48%
Resumed payments	0.06%	0.18%	0.04%	-	0.05%	-	-	-	0.95%	0.08%
Missed payments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Group and Bank	Financing of customers:									
	Retail customers as at 31 December 2020					Non-Retail customers as at 31 December 2020				
	Home financing	Hire purchase receivables	Personal financing	Others	Total	Stage 1 RM'000	Stage 2 RM'000	Stage 1 RM'000	Stage 2 RM'000	Total RM'000
Total payment moratoriums	526,634	26,621	52,615	73,316	679,186	16,509	344	1,458,269	-	1,475,122
Resumed payments	511,057	26,599	52,348	70,433	660,437	16,509	344	1,457,725	-	1,474,578
Missed payments	15,576	22	268	2,883	18,749	-	-	544	-	544
Delinquent Impaired	15,454	22	268	2,883	18,626	-	-	544	-	544
	123	-	-	-	123	-	-	-	-	-
As a percentage of total:	97.04%	99.92%	99.49%	96.07%	97.24%	100.00%	100.00%	99.96%	-	99.96%
Resumed payments	2.96%	0.08%	0.51%	3.93%	2.76%	-	-	0.04%	-	0.04%
Missed payments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	100.00%



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

8(B). EXPOSURES TO COVID-19 IMPACTED FINANCING (CONT'D.)

(iii) Overlays and adjustments for expected credit losses amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of expected credit losses ("ECL") with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the financial year ended 31 December 2021.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The financing customers who have received payment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays and post-model adjustments were generally made at portfolio level in determining the sufficient level of ECL.

The total ECL overlays for the financial year ended 31 December 2021 is approximately 29.7% (2020: 14.5%) of the Bank's total ECL.

9. OTHER ASSETS

	Group	
	2021 RM'000	2020 RM'000
Deposits	6,764	6,001
Prepayments	7,490	7,746
Tax prepayment	6,683	63,243
Foreclosed properties	8,604	9,665
Golf club membership	500	500
Other receivables	5,640	27,583
	35,681	114,738
Less: Accumulated impairment losses (Note 9(a))	(1,981)	(1,567)
	33,700	113,171



9. OTHER ASSETS (CONT'D.)

	Bank	
	2021 RM'000	2020 RM'000
Deposits	6,665	5,901
Prepayments	7,439	7,696
Tax prepayment	6,683	63,243
Foreclosed properties	8,604	9,665
Golf club membership	500	500
Other receivables	5,191	26,907
	35,082	113,912
Less: Accumulated impairment losses (Note 9(a))	(1,981)	(1,567)
	33,101	112,345

(a) Movements in the accumulated impairment losses are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
At 1 January 2021/1 January 2020	(1,567)	(3,178)
Allowance (made)/written back	(414)	1,611
At 31 December 2021/31 December 2020	(1,981)	(1,567)

10. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.



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11. INVESTMENT IN SUBSIDIARIES

	2021 RM'000	Bank 2020 RM'000
Unquoted shares at cost - in Malaysia	13,823	13,823
Less: Accumulated impairment losses	(664)	(664)
	13,159	13,159

Details of the subsidiary companies that are all incorporated in Malaysia are as follows:

Name	Principal activities	Percentage of equity held		Paid up capital	
		2021 %	2020 %	2021 RM	2020 RM
Muamalat Invest Sdn. Bhd.	Provision of Islamic Fund Management Services	100	100	13,000,000	13,000,000
Muamalat Venture Sdn. Bhd.	Islamic Venture Capital	100	100	100,002	100,002
Muamalat Nominees (Tempatan) Sdn. Bhd.	Dormant	100	100	2,500	2,500
Muamalat Nominees (Asing) Sdn. Bhd.	Dormant	100	100	2,500	2,500

The companies above are audited by a firm of chartered accountants, Ernst & Young PLT, Malaysia

12. INVESTMENT PROPERTIES

Group and Bank	Freehold land RM'000	Building on freehold land RM'000	Investment properties under construction RM'000	Total RM'000
As at 31 December 2021				
As at 1 January 2021	13,961	37,849	4,079	55,889
Change in fair value recognised in profit or loss (Note 29)	470	205	-	675
Reclassification		4,079	(4,079)	-
As at 31 December 2021	14,431	42,133	-	56,564
As at 31 December 2020				
As at 1 January 2020	14,001	35,855	3,207	53,063
Additions	-	-	872	872
Change in fair value recognised in profit or loss (Note 29)	(40)	1,994	-	1,954
As at 31 December 2020	13,961	37,849	4,079	55,889

The Group's and the Bank's investment properties consist of a few units of commercial properties and a few pieces of undeveloped freehold commercial land.

As at 31 December 2021, the fair values of the properties are based on valuations performed by Proharta Consultancy Sdn. Bhd together with Rahim & Co International Sdn Bhd, accredited independent valuers. A valuation approach as guided by the Malaysian Valuation Standards as issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, has been applied. Fair value hierarchy disclosures for investment properties have been further disclosed in Note 47.

Description of valuation techniques used and key inputs to valuation on investment properties:

Types of investment properties	Valuation Technique	Significant unobservable inputs
- Buildings on freehold land - Freehold land	Direct comparison method ("DCM")	Selling price per square foot ("psf") of comparable properties sold adjusted for location, size and shape of land, planning provisions, land tenure, title restrictions and any other characteristics.



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13. INTANGIBLE ASSETS

Group	Computer software RM'000	Software under development RM'000	Total RM'000
As at 31 December 2021			
Cost			
As at 1 January 2021	282,547	3,262	285,809
Additions	1,354	31,307	32,661
Write off	-	(216)	(216)
Reclassification	23,033	(23,033)	-
As at 31 December 2021	306,934	11,320	318,254
Accumulated amortisation			
As at 1 January 2021	220,616	-	220,616
Charge for the year (Note 37)	20,967	-	20,967
As at 31 December 2021	241,583	-	241,583
Carrying amount as at 31 December 2021	65,351	11,320	76,671
As at 31 December 2020			
Cost			
As at 1 January 2020	268,192	1,749	269,941
Additions	3,625	12,476	16,101
Write off	-	(233)	(233)
Reclassification	10,730	(10,730)	-
As at 31 December 2020	282,547	3,262	285,809
Accumulated amortisation			
As at 1 January 2020	187,403	-	187,403
Charge for the period (Note 37)	33,213	-	33,213
As at 31 December 2020	220,616	-	220,616
Carrying amount as at 31 December 2020	61,931	3,262	65,193



13. INTANGIBLE ASSETS (CONT'D.)

Bank	Computer software RM'000	Software under development RM'000	Total RM'000
As at 31 December 2021			
Cost			
As at 1 January 2021	281,543	3,047	284,590
Additions	1,348	31,225	32,573
Write off	-	(216)	(216)
Reclassification	23,033	(23,033)	-
As at 31 December 2021	305,924	11,023	316,947
Accumulated amortisation			
As at 1 January 2021	219,613	-	219,613
Charge for the year (Note 37)	20,967	-	20,967
As at 31 December 2021	240,580	-	240,580
Carrying amount as at 31 December 2021	65,344	11,023	76,367
As at 31 December 2020			
Cost			
As at 1 January 2020	267,188	1,639	268,827
Additions	3,625	12,371	15,996
Write off	-	(233)	(233)
Reclassification	10,730	(10,730)	-
As at 31 December 2020	281,543	3,047	284,590
Accumulated amortisation			
As at 1 January 2020	186,400	-	186,400
Charge for the period (Note 37)	33,213	-	33,213
As at 31 December 2020	219,613	-	219,613
Carrying amount as at 31 December 2020	61,930	3,047	64,977



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle, equipment & renovation RM'000	Work-in -progress RM'000	Total RM'000
As at 31 December 2021					
Cost					
As at 1 January 2021	19,209	19,389	275,244	-	313,842
Additions	-	-	8,015	869	8,884
Write off	-	-	(502)	-	(502)
Reclassification	-	-	869	(869)	-
As at 31 December 2021	19,209	19,389	283,626	-	322,224
Accumulated depreciation					
As at 1 January 2021	1,974	7,854	248,823	-	258,651
Charge for the year (Note 37)	480	485	11,092	-	12,057
Write off	-	-	(492)	-	(492)
As at 31 December 2021	2,454	8,339	259,423	-	270,216
Carrying amount as at 31 December 2021	16,755	11,050	24,203	-	52,008
As at 31 December 2020					
Cost					
As at 1 January 2020	19,209	19,389	266,577	-	305,175
Additions	-	-	8,429	2,483	10,912
Write off	-	-	(974)	-	(974)
Disposals	-	-	(1,271)	-	(1,271)
Reclassification	-	-	2,483	(2,483)	-
As at 31 December 2020	19,209	19,389	275,244	-	313,842
Accumulated depreciation					
As at 1 January 2020	1,494	7,369	240,220	-	249,083
Charge for the period (Note 37)	480	485	10,410	-	11,375
Write off	-	-	(967)	-	(967)
Disposals	-	-	(840)	-	(840)
As at 31 December 2020	1,974	7,854	248,823	-	258,651
Carrying amount as at 31 December 2020	17,235	11,535	26,421	-	55,191

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Bank	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle, equipment & renovation RM'000	Work-in-progress RM'000	Total RM'000
As at 31 December 2021					
Cost					
As at 1 January 2021	19,209	19,389	274,888	-	313,486
Additions	-	-	7,994	869	8,863
Write off	-	-	(502)	-	(502)
Reclassification	-	-	869	(869)	-
As at 31 December 2021	19,209	19,389	283,249	-	321,847
Accumulated depreciation					
As at 1 January 2021	1,974	7,854	248,502	-	258,330
Charge for the year (Note 37)	480	485	11,082	-	12,047
Write off	-	-	(492)	-	(492)
As at 31 December 2021	2,454	8,339	259,092	-	269,885
Carrying amount as at 31 December 2021	16,755	11,050	24,157	-	51,962
As at 31 December 2020					
Cost					
As at 1 January 2020	19,209	19,389	266,235	-	304,833
Additions	-	-	8,415	2,483	10,898
Write off	-	-	(974)	-	(974)
Disposals	-	-	(1,271)	-	(1,271)
Reclassification	-	-	2,483	(2,483)	-
As at 31 December 2020	19,209	19,389	274,888	-	313,486
Accumulated depreciation					
As at 1 January 2020	1,494	7,369	239,906	-	248,769
Charge for the period (Note 37)	480	485	10,403	-	11,368
Write off	-	-	(967)	-	(967)
Disposals	-	-	(840)	-	(840)
As at 31 December 2020	1,974	7,854	248,502	-	258,330
Carrying amount as at 31 December 2020	17,235	11,535	26,386	-	55,156



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

15. LEASES

15.1 Group and the Bank as a lessee

The Group and the Bank have leases for leasehold land, building and office equipment. Lease contracts are typically made for fixed periods of one (1) to three (3) years, but may have extension options.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term.

(a) Leases liabilities

	Profit rate (%)	Maturity	Group 2021 RM'000	2020 RM'000
Non-current	4.5	2023 - 2024	250	-
Non-current	5.5	2023 - 2024	24,186	28,652
Current	5.5	2022	7,315	12,989
			31,751	41,641

	Profit rate (%)	Maturity	Group 2021 RM'000	2020 RM'000
Non-current	4.5	2023 - 2024	250	-
Non-current	5.5	2023 - 2024	24,186	20,667
Current	5.5	2022	7,315	13,351
			31,751	34,018



15. LEASES (CONT'D.)

15.1 Group and the Bank as a lessee (cont'd.)

(b) Lease payments not recognised as a liability

The Group and the Bank have elected not to recognise a lease liability for short term leases (leases with an expected term of twelve (12) months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to payments not included in the measurement of the lease liability during the financial period is as follows:

	Group and Bank 2021 RM'000	2020 RM'000
Expenses relating to leases of low-value assets (included in administrative expenses)	2,010	268

As at the reporting date, the Group and the Bank were committed to low-value assets and the total commitment was RM446,921 (2020: RM255,347).

- (c) As at the reporting date, the Group's and the Bank's total future cash outflows for leases that had not yet commenced is nil.



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15. LEASES (CONT'D.)

15.1 Group and the Bank as a lessee (cont'd.)

(d) Right-of-use assets

The net book values of right-of-use assets are recognised and the movements during the year are shown as follows:

	Leasehold Land RM'000	Building RM'000	Office Equipment RM'000	Total RM'000
Group				
Net book value at 1 January 2021	214	35,544	1,988	37,746
Additions	-	1,821	-	1,821
Depreciation charge (Note 37)	(5)	(8,478)	(1,988)	(10,471)
Lease modification	-	7,126	-	7,126
Termination	-	(6,800)	-	(6,800)
Exchange difference	-	1	-	1
Net book value at 31 December 2021	209	29,214	-	29,423
31 December 2021				
Cost	303	66,431	11,271	78,005
Accumulated depreciation	(94)	(37,217)	(11,271)	(48,582)
Net book value	209	29,214	-	29,423
Group				
Net book value at 1 January 2020	220	42,157	5,745	48,122
Depreciation charge (Note 37)	(6)	(8,467)	(3,757)	(12,230)
Lease modification	-	3,143	-	3,143
Termination	-	(1,289)	-	(1,289)
Net book value at 31 December 2020	214	35,544	1,988	37,746
31 December 2020				
Cost	303	67,978	11,271	79,552
Accumulated depreciation	(89)	(32,434)	(9,283)	(41,806)
Net book value	214	35,544	1,988	37,746



15. LEASES (CONT'D.)

15.1 Group and the Bank as a lessee (cont'd.)

(d) Right-of-use assets (cont'd.)

The net book values of right-of-use assets are recognised and the movements during the period are shown as follows:

	Leasehold Land RM'000	Building RM'000	Office Equipment RM'000	Total RM'000
Bank				
Net book value at 1 January 2021	214	29,386	1,988	31,588
Additions	-	1,821	-	1,821
Depreciation charge (Note 37)	(5)	(8,063)	(1,988)	(10,056)
Lease modification	-	7,126	-	7,126
Termination	-	(1,057)	-	(1,057)
Exchange difference	-	1	-	1
Net book value at 31 December 2021	209	29,214	-	29,423
31 December 2021				
Cost	303	66,431	11,271	78,005
Accumulated depreciation	(94)	(37,217)	(11,271)	(48,582)
Net book value	209	29,214	-	29,423
	Leasehold Land RM'000	Building RM'000	Office Equipment RM'000	Total RM'000
Bank				
Net book value at 1 January 2020	220	35,501	5,745	41,466
Depreciation charge (Note 37)	(6)	(7,988)	(3,757)	(11,751)
Lease modification	-	3,162	-	3,162
Termination	-	(1,289)	-	(1,289)
Net book value at 31 December 2020	214	29,386	1,988	31,588
31 December 2020				
Cost	303	59,063	11,271	70,637
Accumulated depreciation	(89)	(29,677)	(9,283)	(39,049)
Net book value	214	29,386	1,988	31,588



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

15. LEASES (CONT'D.)

15.2 Group and the Bank as a lessor

The Group and the Bank have entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one (1) and five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under commitments and non-cancellable operating leases at the reporting date are as follows:

	Group	
	2021 RM'000	2020 RM'000
Not later than 1 year	921	1,761
Later than 1 year but not later than 5 years	1,377	2,434
Later than 5 years	-	3
	2,298	4,198

	Bank	
	2021 RM'000	2020 RM'000
Not later than 1 year	1,041	1,808
Later than 1 year but not later than 5 years	1,567	2,312
Later than 5 years	-	3
	2,608	4,123



16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the year	(11,474)	13,534	(11,826)	13,250
Recognised in the profit or loss (Note 40)	35,571	(24,922)	35,923	(24,990)
Recognised in other comprehensive income	18,407	(86)	18,407	(86)
At end of the year	42,504	(11,474)	42,504	(11,826)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets, net	42,504	352	42,504	-
Deferred tax liabilities, net	-	(11,826)	-	(11,826)
	42,504	(11,474)	42,504	(11,826)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	58,170	39,423	58,170	39,071
Deferred tax liabilities	(15,666)	(50,897)	(15,666)	(50,897)
	42,504	(11,474)	42,504	(11,826)



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	985	6,096	9,084	348	39,423
Recognised in profit or loss	-	2,258	(224)	1,220	2,757	63	6,074
Recognised in other comprehensive income	12,673	-	-	-	-	-	12,673
As at 31 December 2021	12,673	25,168	761	7,316	11,841	411	58,170

	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	12,092	900	6,211	6,265	359	25,827
Recognised in profit or loss	10,818	85	(115)	2,819	(11)	13,596
As at 31 December 2020	22,910	985	6,096	9,084	348	39,423



16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liabilities of the Group:

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit or loss	39,786	-	(10,289)	29,497
Recognised in other comprehensive income	-	5,734	-	5,734
As at 31 December 2021	-	-	(15,666)	(15,666)
	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
As at 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax assets of the Bank:

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	633	6,096	9,084	348	39,071
Recognised in profit or loss	-	2,258	127	1,220	2,757	64	6,426
Recognised in other comprehensive income	12,673	-	-	-	-	-	12,673
As at 31 December 2021	12,673	25,168	760	7,316	11,841	412	58,170

	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	12,092	616	6,211	6,265	359	25,543
Recognised in profit or loss	10,818	17	(115)	2,819	(11)	13,528
As at 31 December 2020	22,910	633	6,096	9,084	348	39,071



16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax liabilities of the Bank:

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit or loss	39,786	-	(10,289)	29,497
Recognised in other comprehensive income	-	5,734	-	5,734
At 31 December 2021	-	-	(15,666)	(15,666)
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
At 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

17. DEPOSITS FROM CUSTOMERS

(i) By types of deposits

	Group	
	2021 RM'000	2020 RM'000
Savings deposits		
Qard	1,061,437	1,065,227
Tawarruq	811,685	797,164
	1,873,122	1,862,391
Demand deposits		
Qard	4,234,251	3,969,068
Tawarruq	2,044,735	1,924,741
	6,278,986	5,893,809
Term deposits		
Negotiable Islamic debt certificate	-	249,855
General investment deposits	37,697	58,574
Short term accounts	9,108,440	9,942,206
Fixed term accounts tawarruq	5,733,512	3,442,335
	14,879,649	13,692,970
Other deposits	81,409	52,196
	23,113,166	21,501,366



17. DEPOSITS FROM CUSTOMERS (CONT'D.)

(i) By types of deposits (cont'd.)

	Bank	
	2021 RM'000	2020 RM'000
Savings deposits		
Qard	1,061,437	1,065,227
Tawarruq	811,685	797,164
	1,873,122	1,862,391
Demand deposits		
Qard	4,238,503	3,970,060
Tawarruq	2,044,735	1,924,741
	6,283,238	5,894,801
Term deposits		
Negotiable Islamic debt certificate	-	249,855
General investment deposits	37,697	58,574
Short term accounts	9,108,440	9,942,206
Fixed term accounts tawarruq	5,744,812	3,454,135
	14,890,949	13,704,770
Other deposits	81,408	52,196
	23,128,717	21,514,158

(ii) By types of customer

	Group	
	2021 RM'000	2020 RM'000
Government and statutory bodies	11,876,050	7,138,959
Business enterprises	4,507,864	4,932,352
Individuals	2,576,642	2,423,830
Domestic non-bank financial institutions	3,014,586	6,014,431
Domestic banking financial institutions	89,138	39,206
Others	1,048,886	952,588
	23,113,166	21,501,366



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

17. DEPOSITS FROM CUSTOMERS (CONT'D.)

(ii) By types of customer (cont'd.)

	Bank	
	2021 RM'000	2020 RM'000
Government and statutory bodies	11,876,050	7,138,959
Business enterprises	4,523,415	4,945,144
Individuals	2,576,642	2,423,830
Domestic non-bank financial institutions	3,014,586	6,014,431
Domestic banking financial institutions	89,138	39,206
Others	1,048,886	952,588
	23,128,717	21,514,158

The maturity structure of term deposits are as follows:

	Group	
	2021 RM'000	2020 RM'000
Due within six months	12,872,039	12,549,377
More than six months to one year	871,418	722,698
More than one year to three years	769,020	393,507
More than three year to five years	367,172	27,388
	14,879,649	13,692,970

	Bank	
	2021 RM'000	2020 RM'000
Due within six months	12,883,339	12,561,177
More than six months to one year	871,418	722,698
More than one year to three years	769,020	393,507
More than three year to five years	367,172	27,388
	14,890,949	13,704,770



18. INVESTMENT ACCOUNTS OF CUSTOMERS

(i) Investment account analysed by maturity portfolio are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unrestricted investment accounts:				
Mudarabah				
Without maturity				
- Savings	216,978	-	216,978	-
Restricted investment accounts:				
Mudarabah				
Maturity				
- within one year	132	-	132	-

Restricted investment account ("RIA") is an arrangement between the Bank and investment account holders ("IAH") where the Bank acts as the investment agent to manage and administer the RIA and its underlying assets. RIA amounting to RM132,000 (2020: RM nil) is accounted for as off balance sheet as the Bank has passed its rights and obligations in respect of the assets related to the RIA or the residual cash flows from those assets to the IAH.

(ii) By types of customer are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unrestricted investment accounts:				
Individuals	216,978	-	216,978	-
	216,978	-	216,978	-
Restricted investment accounts:				
Individuals	132	-	132	-
	132	-	132	-



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

18. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

(iii) The allocation of investment asset are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unrestricted investment accounts:				
Home financing	216,978	-	216,978	-
Total investment	216,978	-	216,978	-
Restricted investment accounts:				
Term financing	132	-	132	-
Total investment	132	-	132	-

(iv) Investment account holders ("IAH") profit sharing ratio and rate of return are as follows:

	Group and Bank 2021		Group and Bank 2020	
	Average profit sharing ratio (%)	Average rate of return (%)	Average profit sharing ratio (%)	Average rate of return (%)
Unrestricted investment accounts	2.0%	0.06%	0.0%	0.00%
Restricted investment accounts	95.0%	0.00%	0.0%	0.00%

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2021 RM'000	2020 RM'000
Non-Mudarabah		
Bank Negara Malaysia	291,866	98,346

Included in these balances are the BNM funds received under government financing schemes for the purpose of SME lending at a below market and concession rate with 5.5 years to 8.5 years of maturity to be repaid in 2026 and 2029. The gross amount received from BNM of RM298,530,000 (2020:RM99,780,000) are net againsts the fair value gain arising from the placement of funds with the Group and the Bank. The fair value is applied to address the financial and accounting impact incurred from financing at concession rates to SMEs and for COVID-19 related relief measures.



20. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

21. OTHER LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
Sundry creditors	868	270
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 21(a))	5,955	5,659
Provision for bonus	18,903	15,215
Accrued expenses	56,042	20,453
Accrual for directors' fees	60	4
Accrual for audit fees	828	897
Other liabilities	73,883	46,043
	156,539	88,541

	Bank	
	2021 RM'000	2020 RM'000
Sundry creditors	855	270
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 21(a))	5,955	5,659
Provision for bonus	18,692	15,048
Accrued expenses	55,779	21,234
Accrual for directors' fees	60	4
Accrual for audit fees	807	876
Other liabilities	73,823	45,982
	155,971	89,073



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

21. OTHER LIABILITIES (CONT'D.)

- (a) **Movements in the allowances for impairment losses on financing commitments and financial guarantee contracts are as follows:**

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2021				
At 1 January 2021	5,130	168	361	5,659
Transfer to Stage 1	161	(159)	(2)	-
Transfer to Stage 2	(113)	166	(53)	-
Transfer to Stage 3	(5)	(21)	26	-
Allowance (written back)/made	(1,248)	182	1,301	235
New financial assets originated or purchased	3,954	-	-	3,954
Financing derecognised	(2,673)	(203)	(1,017)	(3,893)
At 31 December 2021	5,206	133	616	5,955

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 31 December 2020				
At 1 January 2020	3,064	93	2,931	6,088
Transfer to Stage 1	156	(112)	(44)	-
Transfer to Stage 2	(44)	162	(118)	-
Transfer to Stage 3	(29)	(17)	46	-
Allowance made	1,015	56	248	1,319
New financial assets originated or purchased	2,875	2	-	2,877
Financing derecognised	(1,907)	(16)	(349)	(2,272)
Amount written-off	-	-	(2,353)	(2,353)
At 31 December 2020	5,130	168	361	5,659



22. PROVISION FOR ZAKAT AND TAXATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Zakat	6,584	4,349	6,197	4,280
Taxation	80	29	-	-
	6,664	4,378	6,197	4,280

23. RECOURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to the Bank. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

24. SUKUK

(a) Subordinated sukuk

On 15 June 2016, the Bank set up a 20-year Subordinated Sukuk Murabahah Programme of up to RM1.0 billion ("Subordinated Sukuk Programme"), which qualified as Tier 2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The initial Subordinated Sukuk Murabahah under the Subordinated Sukuk Programme was issued on 15 June 2016. Table below depicts a summary of the current outstanding Subordinated Sukuk Murabahah.

Issue date	Call Date	Maturity Date	Profit Rate (% p.a)	Nominal Value
15 June 2021	15 June 2026	15 June 2031	4.50%, payable semi-annually	RM500.0 million

The Bank may redeem (in whole or in part) the initial Subordinated Sukuk Murabahah prior to maturity on the Call Date, subject to the redemption conditions under the principal terms and conditions of the Subordinated Sukuk Programme being satisfied.

(b) Senior sukuk

On 7 June 2016, the Bank set up a 15-year Senior Sukuk Programme of up to RM2.0 billion ("Senior Sukuk Programme"). Table below shows the details of the Senior Sukuk under the Senior Sukuk Programme which the Bank has fully redeemed on 25 November 2021.

Issue date	Maturity Date	Profit Rate (% p.a)	Nominal Value
25 November 2016	25 November 2021	5.50%, payable semi-annually	RM500.0 million



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25. SHARE CAPITAL

	Number of shares		Amount	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ordinary shares				
As at 31 December	1,195,000	1,195,000	1,195,000	1,195,000

26. RESERVES

	Note	Group	
		2021 RM'000	2020 RM'000
Regulatory reserve	(a)	28,079	45,411
Retained profits	(b)	1,569,073	1,392,969
Exchange fluctuation reserve	(c)	649	(968)
Fair value through other comprehensive income	(d)	(40,014)	18,240
		1,557,787	1,455,652

	Note	Bank	
		2021 RM'000	2020 RM'000
Regulatory reserve	(a)	28,079	45,411
Retained profits	(b)	1,554,572	1,384,855
Exchange fluctuation reserve	(c)	650	(967)
Fair value through other comprehensive income	(d)	(40,014)	18,240
		1,543,287	1,447,539

26. RESERVES (CONT'D.)

(a) Regulatory reserve

Regulatory reserve is maintained in aggregate, loss allowance for non-credit impaired exposures (commonly known as Stage 1 and Stage 2 provisions) that has been assessed and recognised in accordance with MFRS and which has been transferred from the retained profits, in accordance with BNM's Revised Financial Reporting Policy Document issued on 27 September 2019.

Banking institutions are allowed with immediate effect to:

- (a) Drawdown the capital conservation buffer of (2.5%);
- (b) Operate below the minimum Liquidity Coverage Ratio ("LCR") of 100%;
- (c) Reduce the regulatory reserves held against expected losses to 0%; and
- (d) Minimum Net Stable Funding Ratio ("NSFR") which was effective on 1 July 2020 is lowered to 80% from 100%.

However, banking institutions are required to rebuild the said buffers after 31 December 2020 and restore them to the minimum regulatory requirements by 30 September 2021. BNM will review this timeline if current expectations change materially. As at the reporting date, the Bank has not drawn any of prudential buffers.

(b) Retained profits

The Bank may distribute dividends out of its entire retained profits as at 31 December 2021 under the single tier system.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Fair value through other comprehensive income

This represent the cumulative fair value changes, net of tax, of fair value through other comprehensive income financial assets until they are disposed or impaired.

27. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income derived from investment of:				
(i) Fixed term accounts	275,599	180,685	275,599	180,685
(ii) Other deposits	840,915	954,163	840,915	954,163
	1,116,514	1,134,848	1,116,514	1,134,848



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27. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

(i) Income derived from investment of fixed term deposits

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income and hibah:				
Income from financing (note (a))	226,018	133,644	226,018	133,644
Financial investments designated at FVTPL	1,771	1,165	1,771	1,165
Financial assets at fair value through other comprehensive income	38,974	27,683	38,974	27,683
Financial assets at amortised cost	592	383	592	383
Money at call and deposit with financial institutions	4,685	4,957	4,685	4,957
	272,040	167,832	272,040	167,832
Amortisation of premium, net	(10,615)	(4,279)	(10,615)	(4,279)
Total finance income and hibah	261,425	163,553	261,425	163,553
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	50	73	50	73
- debt instruments at fair value through other comprehensive income	457	8,880	457	8,880
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(476)	265	(476)	265
	31	9,218	31	9,218
Fees and commission				
Guarantee fees	448	252	448	252
Processing fees	561	686	561	686
Service charges and fees	2,914	1,905	2,914	1,905
Commission	10,220	5,071	10,220	5,071
	14,143	7,914	14,143	7,914
Total	275,599	180,685	275,599	180,685



27. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

(ii) Income derived from investment of other deposits

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income and hibah				
Income from financing (note (a))	689,634	705,751	689,634	705,751
Financial investments designated at FVTPL	5,403	6,151	5,403	6,151
Financial assets at fair value through other comprehensive income	118,920	146,186	118,920	146,186
Financial assets at amortised cost	1,806	2,022	1,806	2,022
Money at call and deposit with financial institutions	14,295	26,176	14,295	26,176
	830,058	886,286	830,058	886,286
Amortisation of premium, net	(32,389)	(22,599)	(32,389)	(22,599)
Total finance income and hibah	797,669	863,687	797,669	863,687
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	152	387	152	387
- debt instruments at fair value through other comprehensive income	1,395	46,894	1,395	46,894
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(1,451)	1,399	(1,451)	1,399
	96	48,680	96	48,680
Fees and commission				
Guarantee fees	1,366	1,330	1,366	1,330
Processing fees	1,710	3,623	1,710	3,623
Service charges and fees	8,891	10,062	8,891	10,062
Commission	31,183	26,781	31,183	26,781
	43,150	41,796	43,150	41,796
Total	840,915	954,163	840,915	954,163



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

27. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (CONT'D.)

(ii) Income derived from investment of other deposits (cont'd.)

- (a) During the financial year, the Group and the Bank continue with granting targeted payment assistance and moratorium 2.0.

This measure was to assist customers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss of RM9,645,841 (2020: RM46,212,464), arising from the modification of contractual cash flows of financing. This amount is netted off against income from financing.

28. INCOME DERIVED FROM INVESTMENT OF ACCOUNT FUNDS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees and commission				
Service charges and fees	-	369	-	369

29. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	9,742	9,930	9,742	9,930
Money at call and deposit with financial institutions	963	1,206	963	1,206
Amortisation of premium, net	(1,091)	(1,271)	(1,091)	(1,271)
Total finance income and hibah	9,614	9,865	9,614	9,865
Other operating income				
Net (loss)/gain on revaluation of foreign exchange transaction	(7,229)	19,138	(7,229)	19,138
Net gain/(loss) from foreign exchange derivatives	13,267	(10,405)	13,267	(10,405)
Fair value gain of financial liabilities (note (a))	19,678	8,859	19,678	8,859
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(1,274)	4,530	(1,274)	4,530
Net gain from sale of debt instruments at fair value through other comprehensive income	159	1,260	159	1,260



29. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other operating income (cont'd.)				
Gross dividend income				
- unquoted shares in Malaysia	39	42	-	-
- subsidiary	-	-	2,000	3,000
Net dividend paid for Islamic profit rate swap	(25,692)	(19,412)	(25,692)	(19,412)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	50,139	(53,422)	50,139	(53,422)
Unrealised (loss)/gain on revaluation of hedged items (Note 6(i))	(57,692)	59,901	(57,692)	59,901
	(8,605)	10,491	(6,644)	13,449
Fees and commission				
Corporate advisory fees	3,294	1,431	1,278	1,105
Service charges and fees	9,248	7,684	74	122
Commission	4,671	3,361	4,671	3,361
	17,213	12,476	6,023	4,588
Other income				
Rental income	1,870	1,414	1,844	1,440
Loss from sale of property, plant and equipment	-	(21)	-	(21)
Gain from termination of ROU asset	1,654	-	55	-
Gain from sale of foreclosed properties	3	-	3	-
Fair value adjustments of investment properties (Note 12)	675	1,954	675	1,954
	4,202	3,347	2,577	3,373
Total	22,424	36,179	11,570	31,275

- (a) The Group and the Bank also received Special Relief Fund ("SRF"), Penjana Tourism Facility ("PTF") and Targeted Relief and Recovery Facility ("TRRF") from the Government for the purpose of financing to SMEs at below market/concession rates. The financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic.

The fair value gain arising from the placement of funds under the SRF, PTF and TRRF that are recognised in the profit or loss, amounting to RM19,678,307 (2020: RM8,858,944) for the Group and the Bank, are applied to address the financial and accounting impact incurred by the Group and the Bank for COVID-19 related relief measures.



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30. ALLOWANCE FOR IMPAIRMENT ON FINANCING

	Group and Bank	
	2021	2020
	RM'000	RM'000
Allowance for impairment losses on financing of customer:		
- individual allowance made	5,292	22,562
- individual allowance written back	(5,642)	(2,794)
- collective allowance made	256,159	186,386
- collective allowance written back	(178,899)	(106,512)
Impaired financing written off	95	4,680
Impaired financing recovered	(23,061)	(24,255)
	53,944	80,067

31. (WRITE-BACK OF)/ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS, NET

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses on debt instruments at FVOCI	35	1,212	35	1,212
Write-back of impairment losses on debt instruments at amortised cost	(331)	(1,176)	(331)	(1,176)
	(296)	36	(296)	36

32. ALLOWANCE FOR IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS, NET

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and short term funds				
- ECL, net	(20)	(313)	(20)	(313)
Other assets				
- ECL, net	414	689	414	689
	394	376	394	376

33. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits from customers				
- Mudarabah funds	814	904	814	904
- Non-Mudarabah funds	337,067	423,768	337,268	424,029
Deposits and placements of banks and other financial institutions				
- Non-Mudarabah funds	423	1,463	423	1,463
	338,304	426,135	338,505	426,396

34. PERSONNEL EXPENSES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salary and wages	167,525	164,387	165,968	162,808
Contribution to defined contribution plan	31,131	29,399	30,845	29,129
Social security contributions	1,830	1,735	1,830	1,721
Allowances and bonuses	17,901	15,994	17,686	15,850
Others	21,182	21,145	21,121	21,084
	239,569	232,660	237,450	230,592



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

35. CEOS, DIRECTORS AND SHARIAH COMMITTEE MEMBERS' REMUNERATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Executive Director/Chief Executive Officers				
Salaries and wages	1,668	1,842	1,308	1,308
Bonus	491	172	464	128
Other emoluments	376	336	310	244
Benefits-in-kind	77	11	77	7
	2,612	2,361	2,159	1,687
(b) Non-Executive Directors				
Fees	1,026	1,114	986	1,074
Benefits-in-kind	50	11	50	11
Other emoluments	839	1,076	825	1,064
	1,915	2,201	1,861	2,149
(c) Shariah Committee members				
Allowance	367	373	367	373
Total	4,894	4,935	4,387	4,209
Total (excluding benefits-in-kind)	4,767	4,913	4,260	4,191

35. CEOS, DIRECTORS AND SHARIAH COMMITTEE MEMBERS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Group are as follows:

Group 31 December 2021	<=====Remuneration received from the Group=====>					Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	
Note 35(a): Chief Executive Officer: Khairul Kamarudin	1,308	-	464	310	77	2,159
Chief Executive Officers of the subsidiaries: Mohd Faruk Abdul Karim	360	-	27	66	-	453
Total Chief Executive Officers remuneration	1,668	-	491	376	77	2,612
Note 35(b) : Non-Executive Directors:						
Tan Sri Tajuddin Atan	-	240	-	78	50	368
Tan Sri Che Khalib Mohamad Noh	-	120	-	77	-	197
Dato' Ibrahim Taib	-	120	-	89	-	209
Iwan Rashman Gulamoydeen*	-	120	-	90	-	210
Md. Khairuddin Hj. Arshad	-	120	-	163	-	283
Johari Abdul Muid	-	120	-	161	-	281
Mohd Razlan Mohamed	-	40	-	37	-	77
Roshidah Abdullah	-	40	-	35	-	75
Ghazali Hj Darman	-	66	-	95	-	161
Director - subsidiaries:						
Fakihah Azahari	-	20	-	7	-	27
Dato' Adnan Alias	-	20	-	7	-	27
Total Directors remuneration	-	1,026	-	839	50	1,915
Total Chief Executive Officers and Directors' remuneration	1,668	1,026	491	1,215	127	4,527
Note 35(c): Shariah Committee:						
Azizi Che Seman	-	60	-	35	1	96
Dr. Ahmad Zakirullah Mohamed Shaarani	-	40	-	7	1	48
Dr. Muhamad Azhari Wahid	-	40	-	7	1	48
Dr. Mohd Shahid Mohd Noh	-	54	-	13	1	68
Dr. Yusri Mohamad	-	54	-	12	1	67
Dr Mohamad Sabri Haron	-	14	-	6	-	20
Dr Wan Marhaini Wan Ahmad	-	14	-	6	-	20
Total Shariah Committee remuneration	-	276	-	86	5	367

* Director's fee payable to Khazanah Nasional Berhad.



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

35. CEOS, DIRECTORS AND SHARIAH COMMITTEE MEMBERS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Group are as follows (cont'd.):

Group 31 December 2020	<===== Remuneration received from the Group =====>					Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	
Note 35(a):						
Chief Executive Officers						
Khairul Kamarudin	1,308	-	128	244	7	1,687
Chief Executive Office of the subsidiaries:						
Norahmadi Sulong	350	-	44	61	4	459
Mohd Faruk Abdul Karim	184	-	-	31	-	215
Total Chief Executive Officers remuneration	1,842	-	172	336	11	2,361
Note 35(b) :						
Non-Executive Directors:						
Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	101	-	21	-	122
Tan Sri Tajuddin Atan	-	148	-	52	11	211
Tan Sri Che Khalib Mohamad Noh	-	120	-	97	-	217
Iwan Rashman Gulamoydeen*	-	120	-	117	-	237
Dato Hj Khamil Khalid Ariff	-	89	-	133	-	222
Dr Azura Othman	-	90	-	120	-	210
Ghazali Hj Darman	-	120	-	182	-	302
Dato' Hj Che Pee Samsudin	-	29	-	28	-	57
Dato' Ibrahim Taib	-	120	-	133	-	253
Md. Khairuddin Hj. Arshad	-	120	-	152	-	272
Johari Abdul Muid	-	17	-	29	-	46
Director - subsidiaries:						
Fakihah Azahari	-	20	-	6	-	26
Dato' Adnan Alias	-	20	-	6	-	26
Total Directors remuneration	-	1,114	-	1,076	11	2,201
Total Chief Executive Officers and Directors' remuneration	1,842	1,114	172	1,412	22	4,562
Note 35(c) :						
Shariah Committee:						
Azizi Che Seman	-	60	-	29	1	90
Dr Mohamad Sabri Haron	-	54	-	11	1	66
Engku Ahmad Fadzil Engku Ali	-	14	-	2	1	17
Dr Wan Marhaini Wan Ahmad	-	54	-	11	1	66
Mohd Shahid Mohd Noh	-	54	-	12	1	67
Yusri Mohamad	-	54	-	12	1	67
Total Shariah Committee remuneration	-	290	-	77	6	373

* Director's fee payable to Khazanah Nasional Berhad.

35. CEOS, DIRECTORS AND SHARIAH COMMITTEE MEMBERS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Group are as follows (cont'd.):

Bank 31 December 2021	<===== Remuneration received from the Bank =====>					Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	
Note 35(a): Chief Executive Officer Khairul Kamarudin	1,308	-	464	310	77	2,159
Total Chief Executive Officer remuneration	1,308	-	464	310	77	2,159
Note 35(b): Non-Executive Directors: Tan Sri Tajuddin Atan	-	240	-	78	50	368
Tan Sri Che Khalib Mohamad Noh	-	120	-	77	-	197
Dato' Ibrahim Taib	-	120	-	89	-	209
Iwan Rashman Gulamoydeen*	-	120	-	90	-	210
Md. Khairuddin Hj. Arshad	-	120	-	163	-	283
Johari Abdul Muid	-	120	-	161	-	281
Mohd Razlan Mohamed	-	40	-	37	-	77
Roshidah Abdullah	-	40	-	35	-	75
Ghazali Hj Darman	-	66	-	95	-	161
Total Directors remuneration	-	986	-	825	50	1,861
Total Chief Executive Officers and Directors' remuneration	1,308	986	464	1,135	127	4,020
Note 35(c): Shariah Committee: Azizi Che Seman	-	60	-	35	1	96
Dr. Ahmad Zakirullah Mohamed Shaarani	-	40	-	7	1	48
Dr. Muhamad Azhari Wahid	-	40	-	7	1	48
Dr. Mohd Shahid Mohd Noh	-	54	-	13	1	68
Dr. Yusri Mohamad	-	54	-	12	1	67
Dr. Mohamad Sabri Haron	-	14	-	6	-	20
Dr. Wan Marhaini Wan Ahmad	-	14	-	6	-	20
Total Shariah Committee remuneration	-	276	-	86	5	367

* Director's fee payable to Khazanah Nasional Berhad.



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35. CEOS, DIRECTORS AND SHARIAH COMMITTEE MEMBERS' REMUNERATION (CONT'D.)

The total remuneration (including benefits-in-kind) of the Directors of the Group are as follows (cont'd.):

Bank 31 December 2020	<===== Remuneration received from the Bank =====>					Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	
Note 35(a):						
Chief Executive Officers						
Khairul Kamarudin	1,308	-	128	244	7	1,687
Total Chief Executive Officers remuneration	1,308	-	128	244	7	1,687
Note 35(b):						
Non-Executive Directors:						
Tan Sri Dato' Dr Mohd Munir Abdul Majid	-	101	-	21	-	122
Tan Sri Tajuddin Atan	-	148	-	52	11	211
Tan Sri Che Khalib Mohamad Noh	-	120	-	97	-	217
Iwan Rashman Gulamoydeen*	-	120	-	117	-	237
Dato Hj Khamil Khalid Ariff	-	89	-	133	-	222
Dr Azura Othman	-	90	-	120	-	210
Ghazali Hj Darman	-	120	-	182	-	302
Dato' Hj Che Pee Samsudin	-	29	-	28	-	57
Dato' Ibrahim Taib	-	120	-	133	-	253
Md. Khairuddin Hj. Arshad	-	120	-	152	-	272
Johari Abdul Muid	-	17	-	29	-	46
Total Directors remuneration	-	1,074	-	1,064	11	2,149
Total Chief Executive Officer and Directors' remuneration	1,308	1,074	128	1,308	18	3,836
Note 35(c):						
Shariah Committee:						
Azizi Che Seman	-	60	-	29	1	90
Dr Mohamad Sabri Haron	-	54	-	11	1	66
Engku Ahmad Fadzil Engku Ali	-	14	-	2	1	17
Dr Ab Halim Muhammad	-	54	-	11	1	66
Dr Wan Marhaini Wan Ahmad	-	54	-	12	1	67
Mohd Shahid Mohd Noh	-	54	-	12	1	67
Yusri Mohamad	-	54	-	12	1	67
Total Shariah Committee remuneration	-	290	-	77	6	373

* Director's fee payable to Khazanah Nasional Berhad.

36. KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of Chief Executive Officer's and other key members of management during the financial year was as follows:

	Group	
	2021	2020
	RM'000	RM'000
Short-term employees benefits	8,603	10,958
Included in the total key management personnel are: Chief Executive Officers' remuneration (Note 35(a))	2,612	2,361
	Bank	
	2021	2020
	RM'000	RM'000
Short-term employees benefits (salary, bonus, allowances)	8,150	10,284
Included in the total key management personnel are: Chief Executive Officers' remuneration (Note 35(a))	2,159	1,687



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37. OTHER OVERHEADS AND EXPENDITURES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Marketing				
Advertisement and publicity	5,504	6,363	5,504	6,363
Donation and sponsorship	265	323	265	323
Others	434	722	434	720
	6,203	7,408	6,203	7,406
Establishment				
Rental	151	268	151	268
Depreciation of right-of-use assets (Note 15)	10,471	12,230	10,056	11,751
Depreciation of property, plant and equipment (Note 14)	12,057	11,375	12,047	11,368
Amortisation of intangible assets (Note 13)	20,967	33,213	20,967	33,213
Information technology expenses	51,523	47,640	51,400	47,494
Repair and maintenance	6,038	4,896	5,727	4,513
Hire of equipment	4,555	4,015	4,337	3,760
Takaful	3,144	3,828	3,144	3,828
Utilities expenses	4,379	4,666	4,356	4,643
Security expenses	5,968	7,623	5,968	7,623
Others	4,565	4,702	4,565	4,702
	123,818	134,456	122,718	133,163
General expenses				
Auditors' fees				
- statutory audit				
- current year	532	517	509	494
- regulatory related services	168	168	150	150
- others	755	412	745	390
Professional fees	4,215	2,790	3,906	2,721
Legal expenses	508	529	508	529
Telephone	1,310	1,916	1,310	1,916
Stationery and printing	1,558	1,682	1,550	1,670
Postage and courier	2,072	1,907	2,072	1,907
Travelling	205	599	205	598
Chief Executive Officer, Directors remuneration and Shariah Committee allowance (Note 35)	4,894	4,935	4,387	4,209
Property, plant and equipment written off (Note 14)	10	7	10	7
Intangible assets written off (Note 14)	216	233	216	233
Others	15,306	15,358	17,394	18,404
	31,749	31,053	32,962	33,228
	161,770	172,917	161,883	173,797



38. FINANCE COSTS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend paid on subordinated sukuk	18,874	14,540	18,874	14,540
Dividend paid on senior sukuk	24,689	27,546	24,689	27,546
Financing sold to Cagamas	20,285	21,028	20,285	21,028
Lease charges	2,081	2,509	1,739	2,084
	65,929	65,623	65,587	65,198

39. ZAKAT

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Provision of zakat for the year	6,429	4,358	6,043	4,280
Under/(over) provision in prior year	18	(1,006)	-	(998)
	6,447	3,352	6,043	3,282

40. TAXATION

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax	64,658	11,052	62,696	9,498
Under/(over) provision in prior years	61,983	(37,415)	62,381	(37,822)
	126,641	(26,363)	125,077	(28,324)
Deferred tax: (Note 16)				
Relating to origination and reversal of temporary differences	(1,492)	24,922	(1,844)	24,990
Relating to increase in Malaysian income tax rate	(5,597)	-	(5,597)	-
Over provision in prior years	(28,482)	-	(28,482)	-
	(35,571)	24,922	(35,923)	24,990
	91,070	(1,441)	89,154	(3,334)



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40. TAXATION (CONT'D.)

Domestic current income tax is calculated at the statutory tax rate of 24% (December 2020: 24%) of the estimated assessable profit for the year/period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	256,576	174,768	247,869	171,216
Taxation at Malaysian statutory tax rate 24% (December 2020:24%)	61,578	41,944	59,489	41,092
Income not subject to tax	(1,352)	(9,293)	(1,497)	(10,067)
Effect on opening deferred tax of increase in Malaysian income tax rate	(5,597)	-	(5,597)	-
Deferred tax recognised at different tax rates	(369)	-	(369)	-
Expenses not deductible for tax purposes	3,318	3,323	3,229	3,463
Under/(over) provision of income tax in prior years	61,983	(37,415)	62,381	(37,822)
Over provision of deferred tax in prior years	(28,482)	-	(28,482)	-
Others	(9)	-	-	-
Income tax (income)/expense for the year	91,070	(1,441)	89,154	(3,334)

41. EARNINGS PER SHARE

Basic and diluted	Group	
	2021 RM'000	2020 RM'000
Profit attributable to ordinary equity holders of the Bank (RM'000)	159,059	172,857
Weighted average number of ordinary shares in issue ('000)	1,195,000	1,195,000
Basic and diluted earnings per share (sen)	13.31	14.47

42. DIVIDENDS

The directors did not declare any final dividend for the financial year ended 31 December 2021.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Bank have related party relationships with its substantial shareholders, subsidiaries and key management personnel. The Group's and the Bank's significant transactions and balances with related parties are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Holding company				
Expenditure				
- hibah on deposit	3,127	817	3,127	817
Amounts due to				
- deposits	72,512	21,136	72,512	21,136
- Group tax relief*	35,099	-	35,099	-
Subsidiaries				
Income				
- dividend received	-	-	2,000	3,000
- rental income	-	-	120	120
- management fee	-	-	897	843
Expenditure				
- fund management fee	-	-	2,135	2,177
- profit sharing incentive	-	-	-	936
- hibah on deposit	-	-	201	261
Amounts due from				
- financing	-	-	70,148	71,144
Amounts due to				
- management fee/profit sharing	-	-	179	1,120
- deposits	-	-	15,551	12,790

* Sharing of 70% tax savings utilised by the Bank for year of assessment 2020.



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43. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Key management personnel				
Amounts due from				
- financing	619	1,650	474	1,650
Related companies*				
Income				
- profit on financing	6,444	22,136	6,444	22,136
Expenditure				
- hibah on deposit	12,907	5,025	12,907	5,025
- seconded staff salary and related expenses	823	596	823	596
- mailing and courier service	1,314	396	1,314	396
- rental (offsite ATM and branch)	18	231	18	231
- purchase of fixed assets	-	822	-	822
- marketing expenses	250	440	250	440
- sponsorship	-	15	-	15
- others	112	222	112	222
Amounts due to				
- deposits	284,488	323,678	284,488	323,678
Amounts due from				
- financing	580,632	626,932	580,632	626,932

* Related companies are companies within DRB-HICOM Berhad Group and Khazanah Nasional Berhad Group.



44. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	2021 RM'000	2020 RM'000
Outstanding credit exposures with connected parties	1,731,809	1,706,038
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.0%	6.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-
	Bank	
	2021 RM'000	2020 RM'000
Outstanding credit exposures with connected parties	1,801,958	1,777,182
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.3%	6.6%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which were issued on 16 July 2014.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities, and financing commitments. It also includes holdings of equities and corporate sukuk issued by the connected parties.

The above-mentioned credit transactions with connected parties are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of connected parties are not less than that normally required of other persons.



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45. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group and the Bank are as follows:

	Group and Bank					
	Principal amount RM'000	2021 Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	2020 Credit equivalent amount RM'000	Total risk weighted amount RM'000
The commitments and contingencies constitute the following:						
Contingent liabilities						
Direct credit substitutes	292,802	292,802	268,848	298,114	298,114	277,009
Trade-related contingencies	41,953	8,391	712	29,755	5,951	208
Transaction related contingencies	487,515	243,758	233,215	403,511	201,755	187,023
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	635,148	127,029	125,609	722,818	144,564	137,659
- Maturity exceeding one (1) year	977,994	488,997	414,004	929,662	464,831	427,279
Other miscellaneous commitments & contingencies	25,773	14	11	7,102	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	1,630,597	25,443	13,995	3,326,522	89,181	40,093
Profit rate related contract	1,200,000	47,000	9,400	1,200,000	59,000	11,800
	5,291,782	1,233,434	1,065,794	6,917,484	1,263,396	1,081,071

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The integrated risk management system enables the Group and the Bank to achieve a single view of risks across its various business operations and in order to gain strategic competitive advantage from its capabilities. It can be described as the strategy and technique of managing risks by taking a holistic approach towards risk management process, which includes risk identification, measurement and management. It also aims at integrating the control and optimisation of the principal risk areas of Market Risk ("MR"), Asset and Liability Management ("ALM"), Credit Risk ("CR"), Operational Risk ("OR") and Shariah Compliance Risk; and building the requisite risk management organisation, infrastructure, process and technology with the objective of advancing the Group and the Bank towards value protection and creation.

Generally, the objectives of the Group's and the Bank's integrated risk management system include the following:

- Identifying all the risks exposures and their impact;
- Establishment of sound policies and procedures in line with the Group's and Bank's strategy, lines of business and nature of operations;
- Set out an enterprise-wide organisation structure and defining the appropriate roles and responsibilities; and
- Instill the risk culture within the Group and the Bank.

Risk governance

A stable enterprise-level organisation structure for risk management is necessary to ensure a uniform view of risks across the Group and the Bank and form strong risk governance.

The Board of Directors has the overall responsibility for understanding the risks undertaken by the Group and the Bank and ensuring that these risks are properly managed. While the Board of Directors is ultimately responsible for risk management of the Group and the Bank, it has entrusted the Board Risk Management Committee ("BRMC") to carry out its functions. BRMC, which is chaired by an independent director of the Board, oversees the overall management of risks.

The execution of the Board's risk strategies and policies is the responsibility of the Group's and the Bank's Management and the conduct of these functions are being exercised under a management committee structure, namely, the Executive Risk Management Committee ("ERMC"), which is chaired by the Chief Executive Officer ("CEO"). The Committee focuses on the overall business strategies and day-to-day business operations of the Group and the Bank in respect of risk management.

In addition, as an Islamic Bank, a Shariah Committee ("SC") is set up as an independent external body to decide on Shariah issues and simultaneously to assist towards risk mitigation and compliance with the Shariah principles.



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Risk governance (cont'd.)

There are other risk committees set up at the Management level to oversee specific risk areas and control function of which the following are the details:

Committee	Objective
Asset & Liability Committee ("ALCO")	To ensure all strategies conform to the Bank's risk appetite and levels of exposure as determined by BRMC. These include areas of capital management, funding and liquidity management and market risk.
Credit Committee ("CC")	To manage the direction of the Bank's large financing exposure (business and consumer). These include authority to decide on new and/or additional exposures and review the direction of existing exposure.
Investment Committee ("IC")	To manage the Bank's investments and decides on new and/or additional increases of existing investment securities and/or other Treasury investment-related activities.
Operational Risk Management Committee ("ORMC")	To ensure effective implementation of Operational Risk Management Framework.

To carry out the day-to-day risk management functions, a dedicated Risk Management Department ("RMD") that is independent of profit and volume target, exists to support the above committees.

(a) Credit risk

Credit risk is defined as the potential loss to the Group and the Bank as a result of defaults in payment by counter parties via financing and investment activities. The Group and the Bank comprehend that credit risk is inherent in its credit products activities such as credit financing facilities activities (funded/non-funded facilities); treasury activities (including inter-bank money market, money and capital trading, foreign exchange); and investment banking activities (including underwriting of corporate sukuk issuance).

The Group's and the Bank's RMD and Senior Management via ERMC implement and execute the strategies and policies in managing credit risk to ensure that the Bank's exposure to credit are always kept within the Group's and the Bank's risk appetite parameters, and the Group and the Bank to be able to identify its risk tolerance levels. The administration of credit risk is governed by a full set of credit-related policies such as Credit Risk Policy ("CRP"), and Guidelines to Credit Risk Policies ("GCRP"), product manuals and standard operating procedures.

Credit exposures are controlled via a thorough credit assessment process which include, among others, assessing the adequacy of the identified source of payments and/or income generation from the customer, as well as determining the appropriate structure for financing.

As a supporting tool for the assessment, the Group and the Bank adopt credit risk rating (internal/external) mechanisms. The internal risk rating/grading mechanism is consistent with the nature, size and complexity of the Group's and the Bank's activities. It is also in compliance with the regulatory authority's requirements. Where applicable, the external rating assessment will be applied. This is provided by more than one of the selected reputable External Credit Assessment Institutions ("ECAI").



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

To mitigate credit concentration risks, the Group and the Bank set exposure limits to individual/single customer, groups of related customers, connected parties, global counterparty, industry/sector and other various funded and non-funded exposures. This is monitored and enforced throughout the credit delivery process.

The Group and the Bank also introduced the Credit Risk Mitigation Techniques ("CRMT") to ascertain the strength of collaterals and securities pledged for financing. The technique outlines the criteria for the eligibility and valuation as well as the monitoring process of the collaterals and securities pledged.

The Group's and the Bank's credit risk disclosures also cover past due and impaired financing including the approaches in determining the individual and collective impairment provisions.

Included in financing of customers is a financing given to a corporate customer and identified structured personal financing customers which are hedged by profit rate derivatives. The hedge achieved the criteria for hedge accounting and the financing are carried at fair value.

During the year, the maximum credit exposure of the financing of customers amount to RM700.0 million (December 2020: RM700.0 million). The cumulative change in fair value of the financing attributable to changes in profit rate risks amount to a gain of RM48,238,151 (December 2020: gain of RM91,112,801) and the change for the current period is a loss of RM42,874,650 (December 2020: gain of RM43,423,333). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

(i) Maximum credit risk exposures and credit risk concentration

The following tables present the Group's and the Bank's maximum exposure to credit risk (without taking account of any collateral held or other credit enhancements) for each class of financial assets, including derivatives with positive fair values, and commitments and contingencies. Where financial assets are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. Included in commitments and contingencies are contingent liabilities and credit commitments. For contingent liabilities, the maximum exposures to credit risk is the maximum amount that the Group or the Bank would have to pay if the obligations for which the instruments are issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of undrawn credit granted to customers and derivative financial instruments.

A concentration credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions.

By sector analysis

The presented analysis of credit risk concentration relates to financial assets, including derivatives with positive fair values, and commitments and contingencies, subject to credit risk and are based on the sector in which the counterparties are engaged (for non-individual counterparties) or the economic purpose of the credit exposure (for individuals). The exposures to credit risk are presented without taking into account of any collateral held or other credit enhancements.



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group 2021	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	1,142,291	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	31,184	-	-	-	-	-	31,184
Financial investments at fair value through profit and loss	152,891	168,385	-	-	-	-	-	321,276
Financial investments at fair value through other comprehensive income	4,354,427	46,046	53,080	5,118	-	-	408,099	4,866,770
Financial assets at amortised cost	-	-	107,109	-	-	-	-	107,109
Islamic derivative financial assets	-	5,437	-	-	-	-	-	5,437
Financing of customers	992,353	1,361,404	1,980,056	1,698,795	66,666	13,890,033	681,999	20,671,306
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	130,148
Other assets	-	-	-	-	-	-	17,606	17,606
	5,629,819	2,754,747	2,140,245	1,703,913	66,666	13,890,033	1,107,704	27,293,127
Commitments and contingencies								
Contingent liabilities	38,285	165,515	134,003	374,182	11,957	5,518	92,810	822,270
Commitments	18,210	265,013	326,423	149,305	15,070	335,323	503,798	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	-	240	1,669	21,518	855	1,357	134	25,773
Islamic derivative financial instruments	-	2,051,516	779,081	-	-	-	-	2,830,597
	56,495	2,482,284	1,241,176	545,005	27,882	342,198	596,742	5,291,782
Total credit exposures	5,686,314	5,237,031	3,381,421	2,248,918	94,548	14,232,231	1,704,446	32,584,909

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Group 2020	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	2,933,172	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	30,417	-	-	-	-	-	30,417
Financial investments at fair value through profit and loss	148,085	165,252	-	-	-	-	-	313,337
Financial investments at fair value through other comprehensive income	2,746,349	437,428	63,083	32,050	-	-	520,055	3,798,965
Financial assets at amortised cost	-	-	105,544	-	-	-	-	105,544
Islamic derivative financial assets	-	47,820	-	-	-	-	-	47,820
Financing of customers	1,042,824	1,057,648	2,136,502	1,753,798	59,420	11,662,015	403,610	18,115,817
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	95,255
Other assets	-	-	-	-	-	-	95,760	95,760
	4,032,513	4,671,737	2,305,129	1,785,848	59,420	11,662,015	1,019,425	25,536,087
Commitments and contingencies								
Contingent liabilities	28,714	238,833	104,814	334,608	4,438	5,006	14,967	731,380
Commitments	18,083	476,073	455,773	369,035	799	164,956	167,760	1,652,479
Other Miscellaneous	-	-	-	-	-	-	-	-
Commitment and Contingent Liabilities	-	711	3,762	1,130	250	1,249	-	7,102
Islamic derivative financial instruments	-	4,526,523	-	-	-	-	-	4,526,523
	46,797	5,242,140	564,349	704,773	5,487	171,211	182,727	6,917,484
Total credit exposures	4,079,310	9,913,877	2,869,478	2,490,621	64,907	11,833,226	1,202,152	32,453,571



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank 2021	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	1,142,291	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	31,184	-	-	-	-	-	31,184
Financial investments at fair value through profit and loss	152,891	168,385	-	-	-	-	-	321,276
Financial investments at fair value through other comprehensive income	4,354,427	46,046	53,080	5,118	-	-	405,593	4,864,264
Financial assets at amortised cost	-	-	107,109	-	-	-	-	107,109
Islamic derivative financial assets	-	5,437	-	-	-	-	-	5,437
Financing of customers	992,353	1,361,404	1,980,056	1,698,795	66,666	13,890,033	672,311	20,661,618
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	130,148
Other assets	-	-	-	-	-	-	17,058	17,058
	5,629,819	2,754,747	2,140,245	1,703,913	66,666	13,890,033	1,094,962	27,280,385
Commitments and contingencies								
Contingent liabilities	38,285	165,515	134,003	374,182	11,957	5,518	92,810	822,270
Commitments	18,210	265,013	326,423	149,305	15,070	335,323	503,798	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	-	240	1,669	21,518	855	1,357	134	25,773
Derivative financial instruments	-	2,051,516	779,081	-	-	-	-	2,830,597
	56,495	2,482,284	1,241,176	545,005	27,882	342,198	596,742	5,291,782
Total credit exposures	5,686,314	5,237,031	3,381,421	2,248,918	94,548	14,232,231	1,691,704	32,572,167

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By sector analysis (cont'd.)

Bank 2020	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport, storage and communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	2,933,172	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	30,417	-	-	-	-	-	30,417
Financial investments at fair value through profit and loss	148,085	165,252	-	-	-	-	-	313,337
Financial investments at fair value through other comprehensive income	2,746,349	437,428	63,083	32,050	-	-	517,588	3,796,498
Financial assets at amortised cost	-	-	105,544	-	-	-	-	105,544
Islamic derivative financial assets	-	47,820	-	-	-	-	-	47,820
Financing of customers	1,042,824	1,057,649	2,136,502	1,753,798	59,420	11,662,015	397,994	18,110,202
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	95,255
Other assets	-	-	-	-	-	-	94,984	94,984
	4,032,513	4,671,738	2,305,129	1,785,848	59,420	11,662,015	1,010,566	25,527,229
Commitments and contingencies								
Contingent liabilities	28,714	238,833	104,814	334,608	4,438	5,006	14,967	731,380
Commitments	18,083	476,073	455,773	369,035	799	164,956	167,760	1,652,479
Other Miscellaneous Commitment and Contingent Liabilities	-	711	3,762	1,130	250	1,249	-	7,102
Derivative financial instruments	-	4,526,523	-	-	-	-	-	4,526,523
	46,797	5,242,140	564,349	704,773	5,487	171,211	182,727	6,917,484
Total credit exposures	4,079,310	9,913,878	2,869,478	2,490,621	64,907	11,833,226	1,193,293	32,444,713



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
2021				
On Balance Sheet Exposures				
Cash and short-term funds	1,088,191	54,100	1,088,191	54,100
Cash and placements with financial institutions	31,184	-	31,184	-
Financial investments designated at fair value through profit and loss	152,891	168,385	152,891	168,385
Financial investments at fair value through other comprehensive income	4,866,770	-	4,864,264	-
Financial investments amortised cost	107,109	-	107,109	-
Islamic derivative financial assets	5,437	-	5,437	-
Financing of customers	20,671,306	-	20,661,618	-
Statutory deposits with Bank Negara Malaysia	130,148	-	130,148	-
Other assets	17,603	3	17,055	3
	27,070,639	222,488	27,057,897	222,488
Commitments and contingencies				
Contingent liabilities	822,270	-	822,270	-
Commitments	1,613,142	-	1,613,142	-
Other Miscellaneous Commitment and Contingent Liabilities	25,773	-	25,773	-
Islamic derivative financial instruments	2,830,597	-	2,830,597	-
	5,291,782	-	5,291,782	-
Total credit exposures	32,362,421	222,488	32,349,679	222,488

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(i) Maximum credit risk exposures and credit risk concentration (cont'd.)

By geographical analysis (cont'd.)

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
2020				
On Balance Sheet Exposures				
Cash and short-term funds	2,794,518	138,654	2,794,518	138,654
Cash and placements with financial institutions	30,417	-	30,417	-
Financial investments designated at fair value through profit and loss	148,084	165,252	148,084	165,252
Financial investments at fair value through other comprehensive income	3,798,965	-	3,796,498	-
Financial investments amortised cost	105,544	-	105,544	-
Islamic derivative financial assets	47,820	-	47,820	-
Financing of customers	18,115,817	-	18,110,202	-
Statutory deposits with Bank Negara Malaysia	95,255	-	95,255	-
Other assets	113,167	3	112,343	3
	25,249,587	303,909	25,240,681	303,909
Commitments and contingencies				
Contingent liabilities	731,381	-	731,381	-
Commitments	1,652,479	-	1,652,479	-
Other Miscellaneous Commitment and Contingent Liabilities	7,102	-	7,102	-
Islamic derivative financial instruments	4,526,523	-	4,526,523	-
	6,917,485	-	6,917,485	-
Total credit exposures	32,167,072	303,909	32,158,166	303,909



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Group 2021	Neither past due nor impaired		Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
	Good RM'000	Satisfactory RM'000			
Term financing					
- Home financing	5,579,616	132,386	18,714	68,345	5,799,061
- Syndicated financing	561,017	-	-	-	561,017
- Hire purchase receivables	636,718	8,013	4,360	1,384	650,475
- Other term financing	9,660,937	101,443	16,301	60,821	9,839,502
Other financing	3,975,628	30,669	379	41,523	4,048,199
	20,413,916	272,511	39,754	172,073	20,898,254
Less:					
- Stage 1					
- 12 Months ECL	-	-	-	-	(116,768)
- Stage 2					
- Lifetime ECL not credit impaired	-	-	-	-	(34,046)
- Stage 3					
- Lifetime ECL credit impaired	-	-	-	(76,134)	(76,134)
Total net financing	20,413,916	272,511	39,754	95,939	20,671,306

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit rating.

Financing of customers are analysed as follows: (cont'd.)

Group 2020	Neither past due nor impaired		Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
	Good RM'000	Satisfactory RM'000			
Term financing					
- Home financing	4,501,078	89,050	184,885	91,069	4,866,082
- Syndicated financing	550,719	-	-	-	550,719
- Hire purchase receivables	621,639	4,405	8,886	1,880	636,810
- Other term financing	8,120,932	26,053	56,289	56,067	8,259,341
Other financing	3,942,335	1,909	4,415	45,695	3,994,354
	17,736,703	121,417	254,475	194,711	18,307,306
Less:					
- Stage 1					
- 12 Months ECL	-	-	-	-	(94,984)
- Stage 2					
- Lifetime ECL not credit impaired	-	-	-	-	(8,561)
- Stage 3					
- Lifetime ECL credit impaired	-	-	-	(87,944)	(87,944)
Total net financing	17,736,703	121,417	254,475	106,767	18,115,817



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank 2021	Neither past due nor impaired		Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
	Good RM'000	Satisfactory RM'000			
Term financing					
- Home financing	5,579,616	132,386	18,714	68,345	5,799,061
- Syndicated financing	561,017	-	-	-	561,017
- Hire purchase receivables	636,718	8,013	4,360	1,384	650,475
- Other term financing	9,651,249	101,443	16,301	60,821	9,829,814
Other financing	3,975,628	30,669	379	41,523	4,048,199
	20,404,228	272,511	39,754	172,073	20,888,566
Less:					
- Stage 1					
- 12 Months ECL	-	-	-	-	(116,768)
- Stage 2					
- Lifetime ECL not credit impaired	-	-	-	-	(34,046)
- Stage 3					
- Lifetime ECL credit impaired	-	-	-	(76,134)	(76,134)
Total net financing	20,404,228	272,511	39,754	95,939	20,661,618

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Financing of customers are analysed as follows: (cont'd.)

Bank 2020	Neither past due nor impaired		Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
	Good RM'000	Satisfactory RM'000			
Term financing					
- Home financing	4,501,078	89,050	184,885	91,069	4,866,082
- Syndicated financing	550,719	-	-	-	550,719
- Hire purchase receivables	621,639	4,405	8,886	1,880	636,810
- Other term financing	8,115,317	26,053	56,289	56,067	8,253,726
Other financing	3,942,335	1,909	4,415	45,695	3,994,354
	17,731,088	121,417	254,475	194,711	18,301,691
Less:					
- Stage 1					
- 12 Months ECL	-	-	-	-	(94,984)
- Stage 2					
- Lifetime ECL not credit impaired	-	-	-	-	(8,561)
- Stage 3					
- Lifetime ECL credit impaired	-	-	-	(87,944)	(87,944)
Total net financing	17,731,088	121,417	254,475	106,767	18,110,202



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Neither past due nor impaired

Financing of customers which are neither past due nor impaired are identified into the following grades:

- "Good grade" refers to financing of customers which are neither past due nor impaired in the last six (6) months and have never undergone any rescheduling or restructuring exercise previously.
- "Satisfactory grade" refers to financing of customers which may have been past due but not impaired or impaired during the last six (6) months or have undergone a rescheduling or restructuring exercise previously.

Past due but not impaired

Past due but not impaired financing of customers refers to instances where the customer has failed to make principal or profit payment or both after the contractual due date for more than one (1) day but less than three (3) months.

Ageing analysis of past due but not impaired is as follows:

Group and Bank	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
2021			
Term financing			
- Home financing	14,430	4,284	18,714
- Hire purchase receivables	2,807	1,553	4,360
- Other term financing	9,309	6,992	16,301
Other financing	160	219	379
Total	26,706	13,048	39,754
2020			
Term financing			
- Home financing	102,958	81,928	184,886
- Hire purchase receivables	5,055	3,831	8,886
- Other term financing	33,732	22,557	56,289
Other financing	634	3,780	4,414
Total	142,379	112,096	254,475

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(ii) Credit quality for financing of customers (cont'd.)

Past due but not impaired (cont'd.)

The following table presents an analysis of the past due but not impaired financing by economic purpose.

Group and Bank	2021 RM'000	2020 RM'000
Purchase of transport vehicles	4,360	8,886
Purchase of landed properties of which:		
- residential	18,498	178,297
- non-residential	515	15,644
Personal use	14,890	50,518
Construction	1,092	106
Working capital	160	199
Other purpose	239	825
	39,754	254,475

Collateral and other credit enhancements

The amount and type of collateral required depends on assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For hire purchase financing - charges over the vehicles financed; and
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The financial effect of collateral (i.e. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing of customer for the Group and the Bank are at 82.4% and 82.5%, respectively, as at 31 December 2021 (the Group and the Bank are at 87.2% and 87.2% as at 31 December 2020). Meanwhile, the financial effect of collateral held for other financial assets is not significant.

As at 31 December 2021, the fair value of collateral that the Group and the Bank hold relating to financing of customers individually determined to be impaired amounts to RM55,757,689 as compared against 31 December 2020 total amount of RM58,150,345. The collateral consists of cash, securities, letters of guarantee, and properties.

Reposessed collateral

It is the Group's and the Bank's policy that dictates disposal of reposessed collateral to be carried out in an orderly manner. The proceeds are used to reduce or repay the outstanding balance of financing and securities. Collateral reposessed are subject to disposal as soon as it is practical to do so. Foreclosed properties are recognised in other assets on the statement of financial position. At present, the Group and the Bank do not occupy reposessed properties for its own business use.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(iii) Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions.

The probability weights for each scenarios are determined using the probability density approach. GDP is used as an anchor as GDP reflects the overall condition of the economy. To estimate the probability of each scenario, the Bank's GDP forecasts are compared against the forecasts by the various research houses. It is then estimated by obtaining the area under the probability density curve based on the Bank's forecasts.

The following table shows the forecast of the key forward-looking economic variables used in each of the economic scenarios for the ECL calculations for financial year ended 31 December 2021.

Key Variable	ECL Scenario	Assigned Probabilities (%)	2021 (Actual)	2022 (Forecast)	2023 (Forecast)
Consumer Price Index (Y-o-Y%)	Base case	42.54%	2.00%	2.50%	1.80%
	Upside	25.45%	2.00%	1.40%	0.40%
	Downside	32.01%	2.00%	3.10%	2.50%
Unemployment Rate (%)	Base case	42.54%	4.80%	4.40%	3.80%
	Upside	25.45%	4.80%	4.00%	3.20%
	Downside	32.01%	4.80%	4.80%	4.10%
Overnight Policy Rate (%)	Base case	42.54%	1.75%	1.75%	2.00%
	Upside	25.45%	1.75%	1.75%	2.50%
	Downside	32.01%	1.75%	1.75%	1.75%
Private Consumption (Y-o-Y %)	Base case	42.54%	11.60%	0.60%	11.00%
	Upside	25.45%	11.60%	2.28%	15.79%
	Downside	32.01%	11.60%	-1.46%	9.92%
Public Consumption (Y-o-Y %)	Base case	42.54%	9.00%	5.90%	0.50%
	Upside	25.45%	9.00%	7.20%	7.40%
	Downside	32.01%	9.00%	3.00%	0.20%
Gold Price (USD/oz)	Base case	42.54%	1756.66	1700.00	1570.00
	Upside	25.45%	1756.66	1670.00	1550.00
	Downside	32.01%	1756.66	1950.00	1720.00

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(iii) Analysis of inputs to the ECL model under multiple economic scenarios (cont'd.)

31 December 2020

Key Variable	ECL Scenario	Assigned Probabilities (%)	2020 (Actual)	2021 (Forecast)	2022 (Forecast)
Current Account Balance (% of GDP)	Base case	32.87%	2.60%	1.50%	2.00%
	Upside	28.00%	2.60%	3.10%	4.80%
	Downside	39.13%	2.60%	0.70%	0.80%
Economy's money supply-M3 (Y-o-Y%)	Base case	32.87%	3.70%	5.00%	3.60%
	Upside	28.00%	3.70%	6.50%	4.00%
	Downside	39.13%	3.70%	4.30%	2.90%
Consumer Price Index (Y-o-Y%)	Base case	32.87%	-0.20%	-1.00%	1.80%
	Upside	28.00%	-0.20%	-0.50%	0.80%
	Downside	39.13%	-0.20%	-2.00%	3.30%
Unemployment Rate (%)	Base case	32.87%	3.30%	4.50%	3.70%
	Upside	28.00%	3.30%	3.70%	3.40%
	Downside	39.13%	3.30%	5.50%	4.30%
Exchange Rate (USD MYR)	Base case	32.87%	4.33	4.17	4.1
	Upside	28.00%	4.33	4.06	3.5
	Downside	39.13%	4.33	4.38	4.3
Overnight Policy Rate (%)	Base case	32.87%	3.00%	1.50%	1.50%
	Upside	28.00%	3.00%	1.75%	2.25%
	Downside	39.13%	3.00%	1.50%	1.00%
Kuala Lumpur Composite Index (KLCI)	Base case	32.87%	1672	1471	1432
	Upside	28.00%	1672	1490	1451
	Downside	39.13%	1672	1432	1394
House Price Index (Y-o-Y%)	Base case	32.87%	2.20%	0.80%	3.00%
	Upside	28.00%	2.20%	1.00%	3.50%
	Downside	39.13%	2.20%	0.50%	2.50%



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(iv) Credit quality for financial investments and other financial assets

Set out below are the credit quality for financial investments (non-money market instruments - debt securities) and other financial assets analysed by ratings from external credit ratings agencies:

Group	Financial investments at amortised cost		Financial investments at FVOCI		
	Non-Money Market Instruments - Debt Securities		Non-Money Market Instruments - Debt Securities		Other assets
	Domestic Ratings RM'000	Total RM'000	Domestic Ratings RM'000	Total RM'000	
2021					
AAA+ to AA-	-	-	182,837	182,837	-
A+ to A-	-	-	10,193	10,193	-
BBB+ to BB-	107,109	107,109	3,550	3,550	-
Unrated	-	-	90,863	90,863	17,606
Sovereign	-	-	4,477,991	4,477,991	-
Total	107,109	107,109	4,765,434	4,765,434	17,606
2020					
AAA+ to AA-	-	-	603,079	603,079	-
A+ to A-	-	-	36,750	36,750	-
BBB+ to BB-	105,544	105,544	-	-	-
Unrated	-	-	97,898	97,898	113,171
Sovereign	-	-	2,952,196	2,952,196	-
Total	105,544	105,544	3,689,923	3,689,923	113,171

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

(iv) Credit quality for financial investments and other financial assets (cont'd.)

Set out below are the credit quality for financial investments (non-money market instruments - debt securities) and other financial assets analysed by ratings from external credit ratings agencies: (cont'd.)

Bank	Financial investments at amortised cost		Financial investments at FVOCI		
	Non-Money Market Instruments - Debt Securities		Non-Money Market Instruments - Debt Securities		Other assets
	Domestic Ratings RM'000	Total RM'000	Domestic Ratings RM'000	Total RM'000	
2021					
AAA+ to AA-	-	-	182,837	182,837	-
A+ to A-	-	-	10,193	10,193	-
BBB+ to BB-	107,109	107,109	3,550	3,550	-
Unrated	-	-	90,863	90,863	17,058
Sovereign	-	-	4,477,991	4,477,991	-
Total	107,109	107,109	4,765,434	4,765,434	17,058
2020					
AAA+ to AA-	-	-	603,079	603,079	-
A+ to A-	-	-	36,750	36,750	-
BBB+ to BB-	105,544	105,544	-	-	-
Unrated	-	-	97,898	97,898	112,345
Sovereign	-	-	2,952,196	2,952,196	-
Total	105,544	105,544	3,689,923	3,689,923	112,345

The ratings shown for debt securities are based on the ratings assigned to the specific debt issuance. As at the reporting date and prior year, none of the financial investments mentioned above are past due, except for defaulted corporate sukuk of the Group and the Bank held under financial investments at fair value through other comprehensive income with net outstanding amount is nil (2020: Nil), which have been classified as impaired and fully provided for.



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk

Market risk refer to the potential loss arising from adverse movements in market variables such as rate of return, foreign exchange rate, equity prices and commodity prices.

Types of market risk

(i) Traded market risk

Traded market risk, primarily rate of return risk and credit spread risk, exists in the Group's and the Bank's trading positions held for the purpose of benefitting from short-term price movements, which are conducted primarily by the treasury operations.

Risk measurement approach

The Group's and the Bank's traded market risk framework comprises market risk policies and practices, delegation of authority, market risk limits and valuation methodologies. The Group's and the Bank's traded market risk for its profit-sensitive fixed income instruments is measured by the present value of a one basis point change ("PV01") and is monitored independently by the Treasury Middle Office ("TMO") on a daily basis against approved market risk limits. In addition, the TMO is also responsible to monitor and report on limit excesses and the daily mark-to-market valuation of fixed income securities. The market risk limits are determined after taking into account the risk appetite and the risk-return relationship and are periodically reviewed by Risk Management Department. Changes to market risk limits must be approved by the Board of Directors. The trading positions and limits are regularly reported to the ALCO. The Group and the Bank maintain its policy of prohibiting exposures in trading financial derivative positions unless with the prior specific approval of the Board of Directors.

(ii) Non-traded market risk

The Group's and the Bank's core non-traded market risk refers to the rate of return risk in the Group's and the Bank's Islamic banking business, foreign exchange risk, and equity risk.

Rate of return risk

Rate of return risk refers to the potential loss of income arising from changes in market rates in regards to return on assets and on the returns payable on funding. The risk arises from option portfolios embedded in the Group's and the Bank's assets and liabilities.

Rate of return risk emanates from the repricing mismatches of the Group's and the Bank's banking assets and liabilities and also from the Group's and the Bank's investment of its surplus funds.

Risk measurement approach

The primary objective in managing the rate of return risk is to manage the volatility in the Group's and the Bank's net profit income ("NPI") and economic value of equity ("EVE"), whilst balancing the cost of such hedging activities on the current revenue streams. This shall be achieved in a variety of ways that involve the offsetting of positions against each other for any matching assets and liabilities, the acquisition of new financial assets and liabilities to narrow the mismatch in profit rate sensitive assets and liabilities, and entering into derivative financial instruments which have the opposite effects.

The Group and the Bank use various tools including repricing gap reports, sensitivity analysis, and income scenario simulations to measure its rate of return risk. The impact on earnings and EVE is considered at all times in measuring the rate of return risk and is subject to limits approved by the Board of Directors.

The following tables indicate the effective profit rates at the reporting date and the Group's and the Bank's sensitivity to profit rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of financing or early withdrawal of deposits.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS	1,020,954	-	-	-	-	-	-	-	121,337	-	1,142,291	1.8%
Cash and short-term funds Cash and placements with financial institutions	-	31,171	-	-	-	-	-	-	13	-	31,184	1.8%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	166,384	152,892	321,276	2.8%
Financial assets at fair value through other comprehensive income	-	200,723	956,783	1,627,813	1,376,496	156,937	324,981	106,894	116,143	-	4,866,770	2.8%
Financial assets at amortised cost	-	-	-	-	-	-	-	107,103	6	-	107,109	1.5%
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	5,437	5,437	-
Financing of customers:												
- non-impaired	16,004,286	293,068	138,087	868,185	439,268	347,867	178,600	2,317,187	63,499	-	20,650,047	4.6%
- impaired*	-	-	-	-	-	-	-	-	172,073	-	172,073	-
- 12-month ECL and lifetime ECL not credit impaired	-	-	-	-	-	-	-	-	(150,814)	-	(150,814)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	421,018	-	421,018	-
TOTAL ASSETS	17,025,240	524,962	1,094,870	2,495,998	1,815,764	504,804	503,581	2,531,184	911,659	158,329	27,566,391	



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND EQUITY												
Deposits from customers	13,559,493	3,223,894	4,584,708	259,400	505,337	314,858	50,268	-	615,208	-	23,113,166	1.7%
Investment accounts of customers	216,978	-	-	-	-	-	-	-	-	-	216,978	0.1%
Deposits and placements of banks and other financial institutions	40	46	184	2,000	250	-	-	-	289,346	-	291,866	0.0%
Bills and acceptances payable	-	-	-	-	-	-	-	-	7,755	-	7,755	-
Islamic derivative financial liabilities	-	-	-	-	-	-	-	-	-	61,543	61,543	-
Recourse obligation on financing sold to Cagamas Berhad	-	-	427,252	-	-	-	-	-	214	-	427,466	4.7%
Subordinated sukuk	-	-	-	-	-	-	500,000	-	(124)	-	499,876	4.5%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	194,954	-	194,954	-
Total Liabilities	13,776,511	3,223,940	5,012,144	261,400	505,587	314,858	550,268	-	1,107,353	61,543	24,813,604	
Equity attributable to shareholders of the Group	-	-	-	-	-	-	-	-	2,752,787	-	2,752,787	-
TOTAL LIABILITIES AND EQUITY	13,776,511	3,223,940	5,012,144	261,400	505,587	314,858	550,268	-	3,860,140	61,543	27,566,391	
On-balance sheet profit sensitivity gap	3,248,729	(2,698,978)	(3,917,274)	2,234,598	1,310,177	189,946	(46,687)	2,531,184	(2,948,481)	96,786	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000	-
TOTAL PROFIT SENSITIVITY GAP	3,248,729	(2,698,978)	(3,917,274)	2,234,598	1,310,177	189,946	(46,687)	2,531,184	(2,948,481)	1,296,786	1,200,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	2,923,609	-	-	-	-	-	-	-	9,563	-	2,933,172	2.1%
Cash and placements with financial institutions	-	30,387	-	-	-	-	-	-	30	-	30,417	2.1%
Financial investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	214,118	99,219	313,337	3.2%
Financial assets at fair value through other comprehensive income	-	402,458	253,432	1,171,992	754,815	522,923	21,116	149,137	523,092	-	3,798,965	3.2%
Financial assets at amortised cost	-	-	-	-	-	-	-	105,537	7	-	105,544	2.5%
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	47,820	47,820	-
Financing of customers:												
- non-impaired	12,698,512	847,055	222,595	327,572	884,747	498,947	490,656	1,978,853	163,658	-	18,112,595	5.3%
- impaired*	-	-	-	-	-	-	-	-	106,767	-	106,767	-
- 12-month ECL and lifetime ECL not credit impaired	-	-	-	-	-	-	-	-	(103,545)	-	(103,545)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	422,797	-	422,797	-
TOTAL ASSETS	15,622,121	1,279,900	476,027	1,499,564	1,639,562	1,021,870	511,772	2,233,527	1,336,487	147,039	25,767,869	



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Group 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND EQUITY												
Deposits from customers	14,140,724	3,214,032	3,595,925	391,017	194	132	27,097	-	132,245	-	21,501,366	2.1%
Deposits and placements of banks and other financial institutions	25	28	769	613	2,200	250	-	-	94,461	-	98,346	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	6,310	-	6,310	-
Islamic derivative financial liabilities	-	-	-	-	-	-	-	-	-	167,334	167,334	-
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	443,919	-	-	-	-	222	-	444,141	4.6%
Subordinated sukuk	-	-	250,000	-	-	-	-	-	642	-	250,642	5.8%
Senior Sukuk	-	-	500,000	-	-	-	-	-	2,692	-	502,692	5.5%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	146,386	-	146,386	-
Total Liabilities	14,140,749	3,214,060	4,346,694	835,549	2,394	382	27,097	-	382,958	167,334	23,117,217	-
Equity attributable to shareholders of the Group	-	-	-	-	-	-	-	-	2,650,652	-	2,650,652	-
TOTAL LIABILITIES AND EQUITY	14,140,749	3,214,060	4,346,694	835,549	2,394	382	27,097	-	3,033,610	167,334	25,767,869	-
On-balance sheet profit sensitivity gap	1,481,372	(1,934,160)	(3,870,667)	664,015	1,637,168	1,021,488	484,675	2,233,527	(1,697,123)	(20,295)	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000	-
TOTAL PROFIT SENSITIVITY GAP	1,481,372	(1,934,160)	(3,870,667)	664,015	1,637,168	1,021,488	484,675	2,233,527	(1,697,123)	1,179,705	1,200,000	-

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	1,020,954	-	-	-	-	-	-	-	121,337	-	1,142,291	1.8%
Cash and placements with financial institutions	-	31,171	-	-	-	-	-	-	13	-	31,184	1.8%
Financial investments designated at fair value through profit and loss	-	-	-	-	-	-	-	-	166,384	152,892	321,276	2.8%
Financial assets at fair value through other comprehensive income	-	200,723	956,783	1,627,813	1,376,496	156,937	324,981	106,894	113,637	-	4,864,264	2.8%
Financial assets at amortised cost	-	-	-	-	-	-	-	107,103	6	-	107,109	1.5%
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	5,437	5,437	-
Financing of customers:												
- non-impaired	16,004,286	293,068	138,087	868,185	439,268	347,867	178,600	2,317,187	53,811	-	20,640,359	4.6%
- impaired*	-	-	-	-	-	-	-	-	172,073	-	172,073	-
-12-month ECL and lifetime ECL	-	-	-	-	-	-	-	-	(150,814)	-	(150,814)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	433,228	-	433,228	-
TOTAL ASSETS	17,025,240	524,962	1,094,870	2,495,998	1,815,764	504,804	503,581	2,531,184	911,675	158,329	27,566,407	



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 2021	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND EQUITY												
Deposits from customers	13,575,044	3,223,894	4,584,708	259,400	505,337	314,858	50,268	-	615,208	-	23,128,717	1.7%
Investment accounts of customers	216,978	-	-	-	-	-	-	-	-	-	216,978	0.1%
Deposits and placements of banks and other financial institutions	40	46	184	2,000	250	-	-	-	289,346	-	291,866	0.0%
Bills and acceptances payable	-	-	-	-	-	-	-	-	7,755	-	7,755	-
Islamic derivative financial liabilities	-	-	-	-	-	-	-	-	-	61,543	61,543	-
Recourse obligation on financing sold to Cagamas Berhad	-	-	427,252	-	-	-	-	-	214	-	427,466	4.7%
Subordinated sukuk	-	-	-	-	-	-	500,000	-	(124)	-	499,876	4.5%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	193,919	-	193,919	-
Total Liabilities	13,792,062	3,223,940	5,012,144	261,400	505,587	314,858	550,268	-	1,106,318	61,543	24,828,120	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	2,738,287	-	2,738,287	-
TOTAL LIABILITIES AND EQUITY	13,792,062	3,223,940	5,012,144	261,400	505,587	314,858	550,268	-	3,844,605	61,543	27,566,407	
On-balance sheet profit sensitivity gap	3,233,178	(2,698,978)	(3,917,274)	2,234,598	1,310,177	189,946	(46,687)	2,531,184	(2,932,930)	96,786	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000	-
TOTAL PROFIT SENSITIVITY GAP	3,233,178	(2,698,978)	(3,917,274)	2,234,598	1,310,177	189,946	(46,687)	2,531,184	(2,932,930)	1,296,786	1,200,000	

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
ASSETS												
Cash and short-term funds	2,923,609	-	-	-	-	-	-	-	9,563	-	2,933,172	2.1%
Cash and placements with financial institutions	-	30,387	-	-	-	-	-	-	30	-	30,417	2.1%
Financial investments designated at fair value through profit and loss	-	-	-	-	-	-	-	-	214,118	99,219	313,337	3.2%
Financial assets at fair value through other comprehensive income	-	402,458	253,432	1,171,992	754,815	522,923	21,116	149,137	520,625	-	3,796,498	3.2%
Financial assets at amortised cost	-	-	-	-	-	-	-	105,537	7	-	105,544	2.5%
Islamic derivative financial assets	-	-	-	-	-	-	-	-	-	47,820	47,820	-
Financing of customers:												
- non-impaired	12,698,512	847,055	222,595	327,572	884,747	498,947	490,656	1,978,853	158,043	-	18,106,980	5.3%
- impaired*	-	-	-	-	-	-	-	-	106,767	-	106,767	-
- 12-month ECL and lifetime ECL not credit impaired	-	-	-	-	-	-	-	-	(103,545)	-	(103,545)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	428,369	-	428,369	-
TOTAL ASSETS	15,622,121	1,279,900	476,027	1,499,564	1,639,562	1,021,870	511,772	2,233,527	1,333,977	147,039	25,765,359	



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Bank 2020	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-2 years RM'000	>2-3 years RM'000	>3-4 years RM'000	>4-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading books RM'000	Total RM'000	Effective profit rate %
LIABILITIES AND EQUITY												
Deposits from customers	14,153,516	3,214,032	3,595,925	391,017	194	132	27,097	-	132,245	-	21,514,158	2.1%
Deposits and placements of bank and other financial institutions	25	28	769	613	2,200	250	-	-	94,461	-	98,346	1.5%
Bills and acceptances payable	-	-	-	-	-	-	-	-	6,310	-	6,310	-
Islamic derivative financial liabilities	-	-	-	-	-	-	-	-	-	167,334	167,334	-
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	443,919	-	-	-	-	222	-	444,141	4.6%
Subordinated sukuk	-	-	250,000	-	-	-	-	-	642	-	250,642	5.8%
Senior Sukuk	-	-	500,000	-	-	-	-	-	2,692	-	502,692	5.5%
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	139,197	-	139,197	-
Total Liabilities	14,153,541	3,214,060	4,346,694	835,549	2,394	382	27,097	-	375,769	167,334	23,122,820	-
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	2,642,539	-	2,642,539	-
TOTAL LIABILITIES AND EQUITY	14,153,541	3,214,060	4,346,694	835,549	2,394	382	27,097	-	3,018,308	167,334	25,765,359	-
On-balance sheet profit sensitivity gap	1,468,580	(1,934,160)	(3,870,667)	664,015	1,637,168	1,021,488	484,675	2,233,527	(1,684,331)	(20,295)	-	-
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000	-
TOTAL PROFIT SENSITIVITY GAP	1,468,580	(1,934,160)	(3,870,667)	664,015	1,637,168	1,021,488	484,675	2,233,527	(1,684,331)	1,179,705	1,200,000	-

* This is arrived at after deducting individual assessment allowance from the gross impaired financing.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Effects of rate of return risk

- Earnings at Risk ("EAR")

The focus of analysis is more on the impact of changes in rate of return on accrual or reported earnings. Variation in earnings such as reduced earnings or outright losses can threaten the financial stability of the Group and the Bank by undermining its capital adequacy and reducing market confidence.

- Economic Value of Equity ("EVE")

Economic value of an instrument represents an assessment of present value of its expected net cash flows, discounted to reflect market rates. Economic value of the Group and the Bank can be viewed as the present value of the Group's and the Bank's expected net cash flows, which can be defined as the expected cash flows on assets minus the expected cash flows on liabilities plus the expected net cash flows on off-balance sheet position. The sensitivity of the Group's and the Bank's economic value to fluctuation in rate of return is particularly an important consideration of shareholders and Management.

- Value at Risk ("VaR")

VaR approach is used to estimate the maximum potential loss of the investment portfolio over a specified time.

Rate of return risk measurement

- Gap analysis

Repricing gap analysis measures the difference or gap between the absolute value of rate of return sensitive assets and rate of return sensitive liabilities, which are expected to experience changes in contractual rates (re-priced) over the residual maturity period or on maturity.

A rate sensitive gap greater than one (>1) implies that the rate of return in sensitive assets is greater than the rate of return in sensitive liabilities. As rate of return rises, the income on assets will increase faster than the funding costs, resulting in higher spread income.

A rate sensitive gap less than one (<1) suggests a higher ratio of rate of return in sensitive liabilities than in sensitive assets. If rate of returns rises, funding costs will grow at a faster rate than the income on assets, resulting in a fall in spread income (net rate of return income).

- Simulation analysis

Detail assessments on the potential effects of changes in rate of return on the Group's and the Bank's earnings are carried out by simulating future path of rate of returns and also their impact on cash flows.

Simulation analysis will also be used to evaluate the impact of possible decisions on the following:

- Product pricing changes;
- New product introduction;
- Derivatives and hedging strategies; and
- Changes in the asset-liability mix.



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Rate of return risk (cont'd.)

Sensitivity analysis for rate of return risk

The analysis measures the increase or decline in earnings and economic value for upward and downward rate shocks, which are consistent with shocks applied in the stress test for measuring:

Increase/(decrease) in basis points	Group		Bank	
	-50 Basis Points RM'000	+50 Basis Points RM'000	-50 Basis Points RM'000	+50 Basis Points RM'000
Impact on Earnings:				
2021				
MYR	(22,711)	22,711	(22,657)	22,657
USD	560	(560)	560	(560)
Others*	9	(9)	9	(9)
2020				
MYR	(21,994)	21,994	(21,937)	21,937
USD	1,851	(1,851)	1,851	(1,851)
Others*	35	(35)	35	(35)
Impact on Equity:				
2021				
MYR	35,896	(35,896)	35,893	(35,893)
USD	(66)	66	(66)	66
Others*	(2)	2	(2)	2
2020				
MYR	(30,292)	30,292	(30,284)	30,284
USD	417	(417)	417	(417)
Others*	63	(63)	63	(63)

* Inclusive of AUD, CHF, EUR, GBP, JPY and other currencies.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating in business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three (3) types of foreign exchange risk, namely, translation risk, transactional risk and economic risk, which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. The Group controls its FX exposures by transacting in permissible currencies. It has an internal Foreign Exchange Net Open Position ("FX NOP") to measure, control and monitor its FX risk, and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in US Dollar, Australian Dollar, Swiss Franc, Euro, the Great Britain Pound, Japanese Yen and Canadian Dollar. The "others" foreign exchange risk include mainly exposures to United Arab Emirates Dirham, Qatari Rial and Singapore Dollar.

Group 2021	Malaysian Ringgit RM'000	Great Britain Pound RM'000								Total RM'000
		United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000		
Assets										
Cash and short-term funds and placements with financial institutions	1,017,753	114,207	136	522	921	1,695	1,068	3,437	2,552	1,142,291
Financial investments designated at fair value through profit and loss	14,514	16,670	-	-	-	-	-	-	-	31,184
Financial assets at fair value through other comprehensive income	152,891	168,385	-	-	-	-	-	-	-	321,276
Financial assets at amortised cost	4,866,770	-	-	-	-	-	-	-	-	4,866,770
Islamic derivative financial assets	107,109	-	-	-	-	-	-	-	-	107,109
Financing of customers	5,437	-	-	-	-	-	-	-	-	5,437
Other assets	20,568,022	103,284	3	-	-	-	-	-	-	20,671,306
Statutory deposits with Bank Negara Malaysia	33,697	-	-	-	-	-	-	-	-	33,700
Investment properties	130,148	-	-	-	-	-	-	-	-	130,148
Right-of-use assets	56,564	-	-	-	-	-	-	-	-	56,564
Intangible assets	29,404	19	-	-	-	-	-	-	-	29,423
Property, plant and equipment	76,671	-	-	-	-	-	-	-	-	76,671
Deferred tax assets	52,008	-	-	-	-	-	-	-	-	52,008
	42,504	-	-	-	-	-	-	-	-	42,504
Total assets	27,153,492	402,568	136	522	921	1,695	1,068	3,437	2,552	27,566,391



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group 2021	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	22,828,599	281,643	79	-	610	2,225	-	-	10	23,113,166
Investment accounts of customers	216,978	-	-	-	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	291,866	-	-	-	-	-	-	-	-	291,866
Bills and acceptances payable	7,720	1	-	-	-	-	-	33	1	7,755
Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
Other liabilities	156,003	544	-	-	69	(77)	-	-	-	156,539
Lease liabilities	31,729	22	-	-	-	-	-	-	-	31,751
Provision for zakat and taxation	6,664	-	-	-	-	-	-	-	-	6,664
Recourse obligation on financing sold to Cagamas	427,466	-	-	-	-	-	-	-	-	427,466
Subordinated sukuk	499,876	-	-	-	-	-	-	-	-	499,876
Total liabilities	24,528,444	282,210	79	-	679	2,148	-	33	11	24,813,604
On-balance sheet open position	2,625,048	120,358	57	522	242	(453)	1,068	3,404	2,541	2,752,787
Less: Islamic derivative financial assets	(5,437)	-	-	-	-	-	-	-	-	(5,437)
Add: Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
Net open position	2,681,154	120,358	57	522	242	(453)	1,068	3,404	2,541	2,808,893

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Foreign exchange ("FX") risk arises as a result of movements in relative currencies in business activities, trading activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three (3) types of foreign exchange risk, namely, translation risk, transactional risk and economic risk, which are managed in accordance with the market risk policy and limits. The FX translation risks are mitigated as the assets are funded in the same currency. The Group controls its FX exposures by transacting in permissible currencies. It has an internal Foreign Exchange Net Open Position ("FX NOP") to measure, control and monitor its FX risk, and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital to buffer the FX risk.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in US Dollar, Australian Dollar, Swiss Franc, Euro, the Great Britain Pound, Japanese Yen and Canadian Dollar. The "others" foreign exchange risk include mainly exposures to United Arab Emirates Dirham, Qatari Rial and Singapore Dollar.

Group 2020	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	2,732,231	176,551	428	661	9,822	1,164	5,503	3,457	3,355	2,933,172
Cash and placements with financial institutions	10,392	20,025	-	-	-	-	-	-	-	30,417
Financial investments designated at fair value through profit and loss	148,085	165,252	-	-	-	-	-	-	-	313,337
Financial assets at fair value through other comprehensive income	3,798,965	-	-	-	-	-	-	-	-	3,798,965
Financial assets at amortised cost	105,544	-	-	-	-	-	-	-	-	105,544
Islamic derivative financial assets	47,820	-	-	-	-	-	-	-	-	47,820
Financing of customers	18,056,921	58,896	-	-	-	-	-	-	-	18,115,817
Other assets	113,168	3	-	-	-	-	-	-	-	113,171
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	-	-	95,255
Investment properties	55,889	-	-	-	-	-	-	-	-	55,889
Right-of-use assets	37,701	45	-	-	-	-	-	-	-	37,746
Intangible assets	65,193	-	-	-	-	-	-	-	-	65,193
Property, plant and equipment	55,191	-	-	-	-	-	-	-	-	55,191
Deferred tax assets	352	-	-	-	-	-	-	-	-	352
Total assets	25,322,707	420,772	428	661	9,822	1,164	5,503	3,457	3,355	25,767,869



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Group 2020	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	20,950,099	535,200	28	-	11,828	2,182	-	-	2,029	21,501,366
Deposits and placements of banks and other financial institutions	99,002	(656)	-	-	-	-	-	-	-	98,346
Bills and acceptances payable	6,283	1	25	-	-	-	-	-	1	6,310
Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
Other liabilities	87,672	872	-	-	72	(75)	-	-	-	88,541
Leases liabilities	41,591	50	-	-	-	-	-	-	-	41,641
Provision for zakat and taxation	4,378	-	-	-	-	-	-	-	-	4,378
Recourse obligation on financing sold to Cagamas	444,141	-	-	-	-	-	-	-	-	444,141
Subordinated sukuk	250,642	-	-	-	-	-	-	-	-	250,642
Senior sukuk	502,692	-	-	-	-	-	-	-	-	502,692
Total liabilities	22,565,660	535,467	53	-	11,900	2,107	-	-	2,030	23,117,217
On-balance sheet open position	2,757,047	(114,695)	375	661	(2,078)	(943)	5,503	3,457	1,325	2,650,652
Less: Islamic derivative financial assets	(47,820)	-	-	-	-	-	-	-	-	(47,820)
Add: Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
Net open position	2,876,561	(114,695)	375	661	(2,078)	(943)	5,503	3,457	1,325	2,770,166



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2021	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	1,017,753	114,207	136	522	921	1,695	1,068	3,437	2,552	1,142,291
Cash and placements with financial institutions	14,514	16,670	-	-	-	-	-	-	-	31,184
Financial investments designated at fair value through profit and loss	152,891	168,385	-	-	-	-	-	-	-	321,276
Financial assets at fair value through other comprehensive income	4,864,264	-	-	-	-	-	-	-	-	4,864,264
Financial assets at amortised cost	107,109	-	-	-	-	-	-	-	-	107,109
Islamic derivative financial assets	5,437	-	-	-	-	-	-	-	-	5,437
Financing of customers	20,558,334	103,284	-	-	-	-	-	-	-	20,661,618
Other assets	33,098	3	-	-	-	-	-	-	-	33,101
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	-	-	130,148
Investment in subsidiaries	13,159	-	-	-	-	-	-	-	-	13,159
Investment properties	56,564	-	-	-	-	-	-	-	-	56,564
Right-of-use assets	29,404	19	-	-	-	-	-	-	-	29,423
Intangible assets	76,367	-	-	-	-	-	-	-	-	76,367
Property, plant and equipment	51,962	-	-	-	-	-	-	-	-	51,962
Deferred tax assets	42,504	-	-	-	-	-	-	-	-	42,504
Total assets	27,153,508	402,568	136	522	921	1,695	1,068	3,437	2,552	27,566,407



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31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2021	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	22,844,150	281,643	79	-	610	2,225	-	-	10	23,128,717
Investment accounts of customers	216,978	-	-	-	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	291,866	-	-	-	-	-	-	-	-	291,866
Bills and acceptances payable	7,720	1	-	-	-	-	-	33	1	7,755
Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
Other liabilities	155,435	544	-	-	69	(77)	-	-	-	155,971
Lease liabilities	31,729	22	-	-	-	-	-	-	-	31,751
Provision for zakat and taxation	6,197	-	-	-	-	-	-	-	-	6,197
Recourse obligation on financing sold to Cagamas	427,466	-	-	-	-	-	-	-	-	427,466
Subordinated sukuk	499,876	-	-	-	-	-	-	-	-	499,876
Total liabilities	24,542,960	282,210	79	-	679	2,148	-	33	11	24,828,120
On-balance sheet open position	2,610,548	120,358	57	522	242	(453)	1,068	3,404	2,541	2,738,287
Less: Islamic derivative financial assets	(5,437)	-	-	-	-	-	-	-	-	(5,437)
Add: Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
Net open position	2,666,654	120,358	57	522	242	(453)	1,068	3,404	2,541	2,794,393



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2020	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Assets										
Cash and short-term funds	2,732,231	176,551	428	661	9,822	1,164	5,503	3,457	3,355	2,933,172
Cash and placements with financial institutions	10,392	20,025	-	-	-	-	-	-	-	30,417
Financial investments designated at fair value through profit and loss	148,085	165,252	-	-	-	-	-	-	-	313,337
Financial assets at fair value through other comprehensive income	3,796,498	-	-	-	-	-	-	-	-	3,796,498
Financial assets at amortised cost	105,544	-	-	-	-	-	-	-	-	105,544
Islamic derivative financial assets	47,820	-	-	-	-	-	-	-	-	47,820
Financing of customers	18,051,306	58,896	-	-	-	-	-	-	-	18,110,202
Other assets	112,342	3	-	-	-	-	-	-	-	112,345
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	-	-	95,255
Investment in subsidiaries	13,159	-	-	-	-	-	-	-	-	13,159
Investment properties	55,889	-	-	-	-	-	-	-	-	55,889
Right-of-use assets	31,543	45	-	-	-	-	-	-	-	31,588
Intangible assets	64,977	-	-	-	-	-	-	-	-	64,977
Property, plant and equipment	55,156	-	-	-	-	-	-	-	-	55,156
Total assets	25,320,197	420,772	428	661	9,822	1,164	5,503	3,457	3,355	25,765,359



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign exchange risk (cont'd.)

Bank 2020	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Great Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
Liabilities										
Deposits from customers	20,962,891	535,200	28	-	11,828	2,182	-	-	2,029	21,514,158
Deposits and placements of banks and other financial institutions	99,002	(656)	-	-	-	-	-	-	-	98,346
Bills and acceptances payable	6,283	1	25	-	-	-	-	-	1	6,310
Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
Other liabilities	88,204	872	-	-	72	(75)	-	-	-	89,073
Lease liabilities	33,968	50	-	-	-	-	-	-	-	34,018
Provision for zakat and taxation	4,280	-	-	-	-	-	-	-	-	4,280
Recourse obligation on financing sold to Cagamas	444,141	-	-	-	-	-	-	-	-	444,141
Deferred tax liabilities	11,826	-	-	-	-	-	-	-	-	11,826
Subordinated sukuk	250,642	-	-	-	-	-	-	-	-	250,642
Senior sukuk	502,692	-	-	-	-	-	-	-	-	502,692
Total liabilities	22,571,263	535,467	53	-	11,900	2,107	-	-	2,030	23,122,820
On-balance sheet open position	2,748,934	(114,695)	375	661	(2,078)	(943)	5,503	3,457	1,325	2,642,539
Less: Islamic derivative financial assets	(47,820)	-	-	-	-	-	-	-	-	(47,820)
Add: Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
Net open position	2,868,448	(114,695)	375	661	(2,078)	(943)	5,503	3,457	1,325	2,762,053



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Non-traded market risk (cont'd.)

Foreign currency risk

Foreign exchange risk arises from the movements in exchange rates that adversely affect the revaluation of the Group and the Bank foreign currency positions.

	Group and Bank			
	2021		2020	
	RM'000	RM'000	RM'000	RM'000
	1%	1%	1%	1%
	appreciation	depreciation	appreciation	depreciation
Impact to profit after tax and reserves	(1,277)	1,277	1,064	(1,064)

Interpretation of impact

The Group and the Bank measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against reporting currency (MYR). The result implies that the Group and the Bank may be subjected to additional translation (loss)/ gain if MYR appreciated/ depreciated against other currencies or vice versa.

(iii) Profit rate risk

Inter-bank Offered Rate ("IBOR") Reformed

London Inter-bank Offered Rate ("LIBOR") which has been widely used in the global financial markets, would be discontinued by end-2021 and be replaced by Risk Free Rates ("RFRs") as part of the global reform of benchmark interest rate. The transition from LIBOR to RFRs will have significant impact on a bank arising from legal implications for existing derivatives and loan contract referenced to LIBOR.

While the Bank only has exposure referenced to the Kuala Lumpur Inter-bank Offered Rate ("KLIBOR") as at 31 December 2021, which is not subject to the reform of transition to RFRs, IBOR reform could expose the Group and the Bank to various risks as follows:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to affect IBOR reform;
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available;



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Profit rate risk (cont'd.)

Inter-bank Offered Rate ("IBOR") Reformed (cont'd.)

- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs; and
- Legal and Compliance risk of litigation due to transition value transfer between bank and its customers and counterparties.

(c) Liquidity and funding risk

Liquidity and funding risk is the potential inability of the Group and the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost while market liquidity risk refers to the Group's and the Bank's potential inability to liquidate positions quickly and with insufficient volumes, at a reasonable price.

The Group and the Bank monitor the maturity profile of assets and liabilities so that adequate liquidity is maintained at all times. The Group's and the Bank's ability to maintain a stable liquidity profile is primarily due to its success in retaining and growing its customer deposits base.

The marketing strategy of the Group and the Bank has ensured a balanced mix of deposits level. Stability of the deposits base thus minimises the Group's and the Bank's dependency on volatile short-term receiving. Considering the effective maturities of deposits are based largely on retention history (behavioral method) and in view of the ready availability of liquidity investments, the Group and the Bank are able to ensure that sufficient liquidity is always available whenever necessary.

The Asset & Liability Committee ("ALCO") chaired by the Chief Executive Officer, is being conducted on monthly basis, which purpose is to review the Liquidity Gap Profile of the Group and the Bank. In addition, the Group and the Bank apply the liquidity stress test which addresses strategic issues concerning liquidity risk.

The tables depicted in the following pages are the analysis of assets and liabilities of the Group and the Bank as at 31 December 2021 based on remaining contractual maturities.



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity:

Group 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Assets							
Cash and short-term funds	1,119,053	23,238	-	-	-	-	1,142,291
Cash and placements with financial institution	-	-	31,184	-	-	-	31,184
Financial investments designated at fair value through profit and loss	-	-	-	5,052	168,384	147,840	321,276
Financial assets at fair value through other comprehensive income	-	-	215,530	286,898	669,885	3,694,457	4,866,770
Financial assets at amortised cost	-	-	-	-	-	107,109	107,109
Islamic derivative financial assets	424	1,375	2,523	1,115	-	-	5,437
Financing of customers	79,347	772,577	1,375,858	1,302,205	2,005,708	15,135,611	20,671,306
Other assets	-	404	-	-	32,796	387,818	421,018
Total assets	1,198,824	797,594	1,625,095	1,595,270	2,876,773	19,472,835	27,566,391
Liabilities							
Deposits from customers	10,347,655	3,685,222	3,241,319	3,741,358	875,146	1,222,466	23,113,166
Investment accounts of customers	216,978	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	-	46	54	84	113	291,569	291,866
Bills and acceptances payable	-	-	7,755	-	-	-	7,755
Islamic derivative financial liabilities	426	451	2,399	891	-	57,376	61,543
Other liabilities	-	75,855	876	1,844	91,943	24,436	194,954
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	427,466	-	-	427,466
Subordinated sukuk	-	-	-	1,051	-	498,825	499,876
Total liabilities	10,565,059	3,761,574	3,252,403	4,172,694	967,202	2,094,672	24,813,604
Net maturity mismatch	(9,366,235)	(2,963,980)	(1,627,308)	(2,577,424)	1,909,571	17,378,163	2,752,787



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Group 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Commitments and contingencies							
Contingent liabilities	-	-	2,404	6,492	25,406	787,968	822,270
Commitments	156,323	916	143,837	121,514	11,459	1,179,093	1,613,142
Other Miscellaneous Commitmen and Contingent Liabilities	72	-	-	-	-	25,701	25,773
Islamic derivative financial instruments	52,567	13,233	198,705	381,249	984,843	1,200,000	2,830,597
Total commitments and contingencies	208,962	14,149	344,946	509,255	1,021,708	3,192,762	5,291,782

Group 2020	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Assets							
Cash and short-term funds	2,369,462	563,710	-	-	-	-	2,933,172
Cash and placements with financial institution	-	-	30,417	-	-	-	30,417
Financial investments designated at fair value through profit and loss	-	-	-	12,176	-	301,161	313,337
Financial assets at fair value through other comprehensive income	-	149,868	635,472	131,976	123,899	2,757,750	3,798,965
Financial assets at amortised cost	-	-	-	-	-	105,544	105,544
Islamic derivative financial assets	6,746	20,059	7,580	12,516	919	-	47,820
Financing of customers	59,498	665,038	1,286,412	1,121,802	1,898,467	13,084,599	18,115,816
Other assets	-	646	-	-	112,027	310,125	422,798
Total assets	2,435,706	1,399,321	1,959,881	1,278,470	2,135,312	16,559,179	25,767,869



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Group 2020	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Liabilities							
Deposits from customers	9,509,884	4,662,369	3,232,770	2,894,806	725,795	475,742	21,501,366
Deposits and placements of banks and other financial institutions	-	25	28	283	485	97,525	98,346
Bills and acceptances payable	-	-	6,310	-	-	-	6,310
Islamic derivative financial liabilities	3,772	24,734	19,277	11,827	208	107,516	167,334
Other liabilities	-	23,084	5,367	943	76,516	40,476	146,386
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	-	-	444,141	444,141
Subordinated sukuk	-	-	-	250,642	-	-	250,642
Senior sukuk	-	-	-	2,811	499,881	-	502,692
Total liabilities	9,513,656	4,710,212	3,263,752	3,161,312	1,302,885	1,165,400	23,117,217
Net maturity mismatch	(7,077,950)	(3,310,891)	(1,303,871)	(1,882,842)	832,427	15,393,779	2,650,652
Commitments and contingencies							
Contingent liabilities	7,439	4,187	31,617	46,925	76,100	565,112	731,380
Commitments	65,182	93,499	199,988	74,779	433,772	785,259	1,652,479
Other Miscellaneous Commitment and Contingent Liabilities	6,455	88	-	161	2	396	7,102
Islamic derivative financial instruments	483,039	820,123	864,001	917,416	241,944	1,200,000	4,526,523
Total commitments and contingencies	562,115	917,897	1,095,606	1,039,281	751,818	2,550,767	6,917,484



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Assets							
Cash and short-term funds	1,119,053	23,238	-	-	-	-	1,142,291
Cash and placements with financial institution	-	-	31,184	-	-	-	31,184
Financial investments designated at fair value through profit and loss	-	-	-	5,052	168,384	147,840	321,276
Financial assets at fair value through other comprehensive income	-	-	215,530	286,898	669,885	3,691,951	4,864,264
Financial assets at amortised cost	-	-	-	-	-	107,109	107,109
Islamic derivative financial assets	424	1,375	2,523	1,115	-	-	5,437
Financing of customers	79,347	772,577	1,375,858	1,302,205	2,005,708	15,125,923	20,661,618
Other assets	-	395	-	-	32,207	400,626	433,228
Total assets	1,198,824	797,585	1,625,095	1,595,270	2,876,184	19,473,449	27,566,407



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Liabilities							
Deposits from customers	10,355,435	3,693,089	3,241,297	3,741,324	875,129	1,222,443	23,128,717
Investment accounts of customers	216,978	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	-	46	54	84	113	291,569	291,866
Bills and acceptances payable	-	-	7,755	-	-	-	7,755
Islamic derivative financial liabilities	426	451	2,399	891	-	57,376	61,543
Other liabilities	-	75,581	876	1,844	91,182	24,436	193,919
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	427,466	-	-	427,466
Subordinated sukuk	-	-	-	1,051	-	498,825	499,876
Senior sukuk	-	-	-	-	-	-	-
Total liabilities	10,572,839	3,769,167	3,252,381	4,172,660	966,424	2,094,649	24,828,120
Net maturity mismatch	(9,374,015)	(2,971,582)	(1,627,286)	(2,577,390)	1,909,760	17,378,800	2,738,287
Commitments and contingencies							
Contingent liabilities	-	-	2,404	6,492	25,406	787,968	822,270
Commitments	156,323	916	143,837	121,514	11,459	1,179,093	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	72	-	-	-	-	25,701	25,773
Islamic derivative financial instruments	52,567	13,233	198,705	381,249	984,843	1,200,000	2,830,597
Total commitments and contingencies	208,962	14,149	344,946	509,255	1,021,708	3,192,762	5,291,782



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2020	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Assets							
Cash and short-term funds	2,369,462	563,710	-	-	-	-	2,933,172
Cash and placements with financial institution	-	-	30,417	-	-	-	30,417
Financial investments designated at fair value through profit and loss	-	-	-	12,176	-	301,161	313,337
Financial assets at fair value through other comprehensive income	-	149,868	635,472	131,976	123,899	2,755,283	3,796,498
Financial assets at amortised cost	-	-	-	-	-	105,544	105,544
Islamic derivative financial assets	6,746	20,059	7,580	12,516	919	-	47,820
Financing of customers	59,498	665,038	1,286,412	1,121,802	1,898,467	13,078,985	18,110,202
Other assets	3	646	-	-	111,198	316,522	428,369
Total assets	2,435,709	1,399,321	1,959,881	1,278,470	2,134,483	16,557,495	25,765,359
Liabilities							
Deposits from customers	9,514,409	4,670,742	3,232,737	2,894,773	725,772	475,725	21,514,158
Deposits and placements of banks and other financial institutions	-	25	28	283	485	97,525	98,346
Bills and acceptances payable	-	-	6,310	-	-	-	6,310
Islamic derivative financial liabilities	3,772	24,734	19,277	11,827	208	107,516	167,334
Other liabilities	-	23,865	5,367	1,305	76,167	32,494	139,198
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	-	-	444,141	444,141
Subordinated sukuk	-	-	-	250,642	-	-	250,642
Senior sukuk	-	-	-	2,811	499,881	-	502,692
Total liabilities	9,518,181	4,719,366	3,263,719	3,161,641	1,302,513	1,157,401	23,122,821
Net maturity mismatch	(7,082,472)	(3,320,045)	(1,303,838)	(1,883,171)	831,970	15,400,094	2,642,538



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(i) Maturity analysis of assets, liabilities, commitments and contingencies based on remaining contractual maturity: (cont'd.)

Bank 2020	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
Commitments and contingencies							
Contingent liabilities	7,439	4,187	31,617	46,925	76,100	565,112	731,380
Commitments	65,182	93,499	199,988	74,779	433,772	785,259	1,652,479
Other Miscellaneous Commitment and Contingent Liabilities	6,455	88	-	161	2	396	7,102
Islamic derivative financial instruments	483,039	820,123	864,001	917,416	241,944	1,200,000	4,526,523
Total commitments and contingencies	562,115	917,897	1,095,606	1,039,281	751,818	2,550,767	6,917,484

(ii) Behavioural maturity of deposits from customers

In practice, deposits from customers behave differently from their contractual terms and typically, short-term customer accounts and non-maturing savings and current deposits extend to a longer period than their contractual maturity. The Group's and the Bank's behavioural maturity for deposits from customers are as follows:

Group	Deposits from customers						
	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	Total RM'000
2021							
By contractual maturity	10,347,655	3,685,222	3,241,319	3,741,358	875,146	1,222,466	23,113,166
By behavioural maturity	1,751,237	1,669,008	901,276	695,475	972,838	17,123,332	23,113,166
Difference	8,596,418	2,016,214	2,340,043	3,045,883	(97,692)	(15,900,866)	-
2020							
By contractual maturity	9,509,884	4,662,369	3,232,770	2,894,806	725,795	475,742	21,501,366
By behavioural maturity	4,050,725	2,971,799	2,454,515	942,106	1,056,324	10,025,897	21,501,366
Difference	5,459,159	1,690,570	778,255	1,952,700	(330,529)	(9,550,155)	-



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(ii) Behavioural maturity of deposits from customers (cont'd.)

Bank	Deposits from customers						Total RM'000
	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year RM'000	
2021							
By contractual maturity	10,355,435	3,693,089	3,241,297	3,741,324	875,129	1,222,443	23,128,717
By behavioural maturity	1,752,328	1,670,182	901,855	695,884	973,449	17,135,019	23,128,717
Difference	8,603,107	2,022,907	2,339,442	3,045,440	(98,320)	(15,912,576)	-
2020							
By contractual maturity	9,514,409	4,670,742	3,232,737	2,894,773	725,772	475,725	21,514,158
By behavioural maturity	4,051,381	2,972,609	2,455,238	942,447	1,056,891	10,035,592	21,514,158
Difference	5,463,028	1,698,133	777,499	1,952,326	(331,119)	(9,559,867)	-

(iii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The financial liabilities in the tables depicted in the following pages will not agree to the balances reported in the statement of financial position as the Tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The cash flows of commitments and contingent liabilities are not presented on an undiscounted basis as the total outstanding contractual amounts do not represent future cash requirements since the Group and the Bank expect many of these contingencies to expire or be unconditionally cancelled without being called or drawn upon and many of the contingent liabilities are reimbursable by customers.



46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Group	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
2021							
Non-derivative liabilities							
Deposits from customers	10,348,087	3,688,921	3,252,809	3,774,348	891,808	1,396,402	23,352,375
Investment accounts of customers	216,978	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	-	46	54	84	113	300,851	301,148
Bills and acceptances payable	-	-	7,755	-	-	-	7,755
Other liabilities	-	75,664	-	-	80,875	-	156,539
Leases liabilities	-	207	914	2,019	5,463	37,428	46,031
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	433,841	-	-	433,841
Subordinated sukuk	-	-	-	12,301	11,250	577,575	601,126
Derivative liabilities	426	451	2,399	891	-	57,376	61,543
Total financial liabilities	10,565,491	3,765,289	3,263,931	4,223,484	989,509	2,369,632	25,177,336
2020							
Non-derivative liabilities							
Deposits from customers	9,509,627	4,659,314	3,228,308	2,885,280	752,815	2,229,190	23,264,534
Deposits and placements of banks and other financial institutions	-	25	28	283	485	102,975	103,796
Bills and acceptances payable	-	-	6,310	-	-	-	6,310
Other liabilities	-	21,960	-	-	66,580	-	88,540
Leases liabilities	-	1,219	5,817	1,064	6,363	36,485	50,948
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	-	-	470,811	470,811
Subordinated sukuk	-	-	-	257,892	-	-	257,892
Senior sukuk	-	-	-	16,561	513,631	-	530,192
Derivative liabilities	3,772	24,734	19,277	11,827	208	107,516	167,334
Total financial liabilities	9,513,399	4,707,252	3,259,740	3,172,907	1,340,082	2,946,977	24,940,357



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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Liquidity and funding risk (cont'd.)

(iii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 Year Months RM'000	Total RM'000
2021							
Non-derivative liabilities							
Deposits from customers	10,355,867	3,696,780	3,252,787	3,774,314	891,791	1,396,380	23,367,919
Investment accounts of customers	216,978	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	-	46	54	84	113	300,851	301,148
Bills and acceptances payable	-	-	7,755	-	-	-	7,755
Other liabilities	-	75,390	-	-	80,581	-	155,971
Leases liabilities	-	207	914	2,019	5,463	37,429	46,032
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	433,841	-	-	433,841
Subordinated sukuk	-	-	-	12,301	11,250	577,575	601,126
Derivative liabilities	426	451	2,399	892	-	57,375	61,543
Total financial liabilities	10,573,271	3,772,874	3,263,909	4,223,451	989,198	2,369,610	25,192,313
2020							
Non-derivative liabilities							
Deposits from customers	9,514,152	4,667,695	3,228,275	2,885,247	752,792	2,229,173	23,277,334
Deposits and placements of banks and other financial institutions	-	25	28	283	485	102,975	103,796
Bills and acceptances payable	-	-	6,310	-	-	-	6,310
Leases liabilities	-	22,741	-	-	66,331	-	89,072
Other liabilities	-	1,219	5,817	1,426	6,363	28,501	43,326
Recourse obligation on financing sold to Cagamas Berhad	-	-	-	-	-	470,811	470,811
Subordinated sukuk	-	-	-	257,892	-	-	257,892
Senior sukuk	-	-	-	16,561	513,631	-	530,192
Derivative liabilities	3,772	24,734	19,277	11,827	208	107,516	167,334
Total financial liabilities	9,517,924	4,716,414	3,259,707	3,173,236	1,339,810	2,938,976	24,946,067

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes and systems, human factors, and/or from various external events. The objective of operational risk management ("ORM") is to effectively manage these risks to minimise possible financial losses arising from operational lapses. In relation to ORM, the key risk organs which play a critical role in the overall integrated risk management framework are the ORM unit, Operational Risk Management Committee ("ORMC"), Internal Audit, Compliance, and the business lines.

The operational risk management processes include establishment of system of internal controls, identification and assessment of operational risk inherent in new and existing products, processes and systems, regular disaster recovery and business continuity planning and simulations, self-compliance audit, and operational risk incident reporting and data collection.

47. FAIR VALUE MEASUREMENTS

(a) Financial and non-financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement either directly (i.e. prices) or indirectly (i.e. derived from prices), observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial and non-financial instruments at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally uses widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal Management's judgement and estimation, due to the low complexity of the financial instruments held.



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47. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Financial and non-financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table shows the financial and non-financial instruments which are measured at fair value at the reporting date analysed by the various level within the fair value hierarchy:

Group 2021	Quoted Market Price Level 1 RM'000	Valuation technique using:		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,286	310,990	321,276
Financial investments at FVOCI	96,704	4,765,435	4,631	4,866,770
Derivative financial assets	-	5,437	-	5,437
Total financial assets measured at fair value	96,704	4,781,158	315,621	5,193,483
Financial liabilities				
Derivative financial liabilities	-	61,543	-	61,543
Total financial liabilities measured at fair value	-	61,543	-	61,543



47. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Financial and non-financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Group 2020	Quoted Market Price Level 1 RM'000	Valuation technique using:		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,492	302,845	313,337
Financial investments at FVOCI	104,410	3,689,924	4,631	3,798,965
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	104,410	3,748,236	307,476	4,160,122
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334



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47. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Financial and non-financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank 2021	Quoted Market Price Level 1 RM'000	Valuation technique using:		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
Non-financial assets				
Investment properties	-	-	56,564	56,564
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,286	310,990	321,276
Financial investments at FVOCI	94,199	4,765,434	4,631	4,864,264
Derivative financial assets	-	5,437	-	5,437
Total financial assets measured at fair value	94,199	4,781,157	315,621	5,190,977
Financial liabilities				
Derivative financial liabilities	-	61,543	-	61,543
Total financial liabilities measured at fair value	-	61,543	-	61,543



47. FAIR VALUE MEASUREMENTS (CONT'D.)

(a) Financial and non-financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank 2020	Quoted Market Price Level 1 RM'000	Valuation technique using:		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments				
designated at fair value through profit or loss	-	10,492	302,845	313,337
Financial investments at FVOCI	101,944	3,689,923	4,631	3,796,498
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	101,944	3,748,235	307,476	4,157,655
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334

Reconciliation of financial assets at fair value measurements in Level 3 of the fair value hierarchy:

	Group and Bank 2021 RM'000	2020 RM'000
At 1 January 2021	307,476	304,353
Gain recognised in profit or loss	2,101	9,007
Sales	-	(2,818)
Foreign exchange translation difference	6,044	(3,066)
At 31 December 2021	315,621	307,476
Total gain recognised in profit or loss for financial instruments measured at fair value at the end of the financial year	2,101	9,007



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47. FAIR VALUE MEASUREMENTS (CONT'D.)

(b) Financial instruments not carried at fair value

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the financial assets and liabilities as disclosed below.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying Amount RM'000
2021					
Financial assets					
Financial investments at amortised cost	-	190,974	-	190,974	107,109
Financing of customers	-	13,450,636	6,523,235	19,973,871	20,671,306
Financial liabilities					
Deposits from customers	-	2,541,205	20,597,965	23,139,170	23,113,166
Deposits and placements of banks and other financial institutions	-	-	2,508	2,508	2,520
Subordinated sukuk	-	497,013	-	497,013	499,876
2020					
Financial assets					
Financial investments at amortised cost	-	186,424	-	186,424	105,544
Financing of customers	-	11,020,267	6,090,278	17,110,545	18,115,817
Financial liabilities					
Deposits from customers	-	2,410,018	19,094,629	21,504,647	21,501,366
Deposits and placements of banks and other financial institutions	-	-	3,863	3,863	3,885
Subordinated sukuk	-	252,595	-	252,595	250,642
Senior sukuk	-	509,481	-	509,481	502,692



47. FAIR VALUE MEASUREMENTS (CONT'D.)

(b) Financial instruments not carried at fair value (cont'd.)

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying Amount RM'000
2021					
Financial assets					
Financial investments at amortised cost	-	190,974	-	190,974	107,109
Financing of customers	-	13,441,767	6,496,627	19,938,394	20,661,618
Financial liabilities					
Deposits from customers	-	2,541,205	20,613,516	23,154,721	23,128,717
Deposits and placements of banks and other financial institutions	-	-	2,508	2,508	2,520
Subordinated sukuk	-	497,013	-	497,013	499,876
2020					
Financial assets					
Financial investments at amortised cost	-	186,424	-	186,424	105,544
Financing of customers	-	11,020,267	6,101,168	17,121,435	18,110,202
Financial liabilities					
Deposits from customers	-	2,410,018	19,107,420	21,517,438	21,514,158
Deposits and placements of banks and other financial institutions	-	-	3,863	3,863	3,885
Subordinated sukuk	-	252,595	-	252,595	250,642
Senior sukuk	-	509,481	-	509,481	502,692

Fair value is the estimated amount at which a financial asset or liability can be exchanged between two (2) parties under normal market conditions. However, for certain assets such as financing and deposits, the respective fair values are not readily available as there is no open market where these instruments are traded. The fair values for these instruments are estimated based on the assumptions depicted below. These methods are subjective in nature, therefore, the fair values presented may not be indicative of the actual realisable value.

Fair value information has been disclosed for the Group's and the Bank's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. The Group and the Bank do not intend to dispose off this investment in the foreseeable future.

Financing of customers

The fair values of financing of customers not designated as hedged item 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 customers with similar credit profiles. In respect of non-performing financing, the fair values are deemed to approximate the carrying values, which are net of individual assessment allowance for bad and doubtful financing.



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47. FAIR VALUE MEASUREMENTS (CONT'D.)

(b) Financial instruments not carried at fair value (cont'd.)

Deposits from customers

The fair values of deposits from customers with maturities of less than one year are estimated to approximate their carrying values due to the relatively short maturity of these instruments. The fair values of deposits from customers with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits with similar remaining maturities.

Subordinated sukuk & Senior sukuk

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

48. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group and Bank	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount set off in the statement of financial position RM'000	Net amount presented in the statement of financial position RM'000	Amount not set off in the statement of financial position		Net amount RM'000
				Amount related to recognised financial instruments RM'000	Amount related to financial collateral RM'000	
2021						
Derivative assets	5,437	-	5,437	-	-	5,437
Derivative liabilities	(61,543)	-	(61,543)	-	-	(61,543)
2020						
Derivative assets	47,820	-	47,820	-	-	47,820
Derivative liabilities	(167,334)	-	(167,334)	-	-	(167,334)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The amount not set off in the statement of financial position relate to transactions where:

- the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set off only in the event of default, insolvency or bankruptcy; and
- cash or securities are received or cash pledged in respect of the transaction described above.



49. CAPITAL AND OTHER COMMITMENTS

Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group	
	2021 RM'000	2020 RM'000
Approved and contracted for	4,338	3,818
Approved but not contracted for	140,158	138,219
	144,496	142,037

	Bank	
	2021 RM'000	2020 RM'000
Approved and contracted for	4,338	3,818
Approved but not contracted for	140,266	138,338
	144,604	142,156

50. CAPITAL ADEQUACY

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Computation of total risk-weighted assets ("RWA")		
Total credit RWA	17,566,888	15,081,238
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(98,453)	-
Total market RWA	16,225	22,546
Total operational RWA	1,321,435	1,259,314
Total RWA	18,806,095	16,363,098



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

50. CAPITAL ADEQUACY (CONT'D.)

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows: (cont'd.)

	Group	
	2021 RM'000	2020 RM'000
Computation of capital ratios		
Tier-I capital		
Share capital	1,195,000	1,195,000
Retained profits	1,569,073	1,392,969
Other Reserves		
Regulatory reserve	28,079	45,411
FVOCI reserve	(40,014)	18,240
Foreign exchange translation reserve	649	(968)
Less: Regulatory Adjustment		
Deferred tax assets	(58,170)	(39,422)
Investment property gain	(8,171)	(7,496)
Regulatory reserve	(28,079)	(45,411)
FVOCI reserve	-	(10,032)
Cumulative gains of financing measured at FVTPL	(19,354)	-
Intangible asset (net of deferred tax liabilities)	(61,002)	(14,293)
Total Common Equity Tier-I Capital	2,578,011	2,533,998
Total Tier-I Capital	2,578,011	2,533,998
Tier-II capital		
Subordinated sukuk	500,000	250,000
Loss provision and regulatory reserve*	180,990	150,659
Add: Investment property gain	3,677	3,373
Total Tier-II Capital	684,667	404,032
Total Capital Base	3,262,678	2,938,030
Ratio (%)		
CET 1 Capital	13.708%	15.486%
Tier 1 Capital	13.708%	15.486%
Total Capital	17.349%	17.955%

* Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve.



50. CAPITAL ADEQUACY (CONT'D.)

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows: (cont'd.)

	Bank	
	2021 RM'000	2020 RM'000
Computation of total risk-weighted assets ("RWA")		
Total credit RWA	17,549,202	15,063,327
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	(98,453)	-
Total market RWA	16,225	22,546
Total operational RWA	1,302,128	1,250,046
Total RWA	18,769,102	16,335,919
Computation of capital ratios		
Tier-I capital		
Share capital	1,195,000	1,195,000
Retained profits	1,554,572	1,384,855
Other Reserves		
Regulatory reserve	28,079	45,411
FVOCI reserve	(40,014)	18,240
Foreign exchange translation reserve	650	(968)
Regulatory Adjustment		
Deferred tax assets	(58,170)	(39,070)
Investment property gain	(8,171)	(7,496)
Regulatory reserve	(28,079)	(45,411)
FVOCI reserve	-	(10,032)
Investment in subsidiaries	(13,159)	(13,159)
Cumulative gains of financing measured at FVTPL	(19,354)	-
Intangible asset (net of deferred tax liabilities)	(60,701)	(14,080)
Total Common Equity Tier-I Capital	2,550,653	2,513,290
Total Tier-I Capital	2,550,653	2,513,290
Tier-II capital		
Subordinated sukuk	500,000	250,000
Loss provision and regulatory reserve*	180,990	150,659
Add: Investment property gain	3,677	3,373
Total Tier-II Capital	684,667	404,032
Total Capital Base	3,235,320	2,917,322

* Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

50. CAPITAL ADEQUACY (CONT'D.)

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows: (cont'd.)

Ratio (%)	Bank	
	2021 RM'000	2020 RM'000
CET 1 Capital	13.590%	15.385%
Tier 1 Capital	13.590%	15.385%
Total Capital	17.237%	17.858%

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 9 December 2020 and 3 May 2019, respectively. The Group and Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement for Islamic Bank Common Equity Tier I capital, Tier I capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA, respectively, for the current period (December 2020: 4.5%, 6.0% and 8.0% of total RWA).

(b) Credit risk disclosure by risk weights of the Group as at 31 December, are as follows:

	Group			
	2021	2021	2020	2020
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	5,863,468	-	6,524,558	-
20%	2,485,451	497,090	1,910,642	382,128
35%	2,787,359	975,576	3,732,543	1,306,390
50%	1,170,444	585,222	1,310,235	655,118
75%	3,564,694	2,673,520	2,941,178	2,205,884
100%	12,698,045	12,698,045	10,511,929	10,511,929
150%	91,623	137,435	13,193	19,789
Risk weighted assets for credit risk	28,661,084	17,566,888	26,944,278	15,081,238
Less: Credit risk absorbed by PSIA		(98,453)		-
Risk weighted assets for market risk		16,225		22,546
Risk weighted assets for operational risk		1,321,435		1,259,314
Total risk weighted assets		18,806,095		16,363,098



50. CAPITAL ADEQUACY (CONT'D.)

(b) Credit risk disclosure by risk weights of the Group as at 31 December, are as follows: (cont'd.)

	2021		Bank		2020	
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total risk weighted assets RM'000	Total risk weighted assets RM'000
0%	5,863,468	-	6,524,558	-	-	-
20%	2,485,451	497,090	1,910,642	382,128	382,128	382,128
35%	2,787,359	975,576	3,732,543	1,306,390	1,306,390	1,306,390
50%	1,170,444	585,222	1,310,235	655,118	655,118	655,118
75%	3,564,694	2,673,520	2,941,178	2,205,884	2,205,884	2,205,884
100%	12,694,891	12,694,891	10,502,441	10,502,441	10,502,441	10,502,441
150%	81,935	122,903	7,578	11,366	11,366	11,366
Risk weighted assets for credit risk	28,648,242	17,549,202	26,929,175	15,063,327	15,063,327	15,063,327
Less: Credit risk absorbed by PSIA		(98,453)		-	-	-
Risk weighted assets for market risk		16,225		22,546	22,546	22,546
Risk weighted assets for operational risk		1,302,128		1,250,046	1,250,046	1,250,046
Total risk weighted assets		18,769,102		16,335,919	16,335,919	16,335,919

Capital management

Board of Directors holds the ultimate responsibility in approving the capital management strategy. At the Management level, capital management strategy review is a periodic exercise that is under the purview of Asset-Liability Committee ("ALCO"). The said exercise refers to an assessment of the Bank's capital requirement vis-à-vis the development of the Bank as well as broad environment, i.e. regulatory and macroeconomic setting.

Latest review exercise revealed that the management of the Bank's capital has remained consistent with the development of the 5-year business plan. This indicates that the present depth in capital is sufficient to meet the requirements of the business plan outlined.

Meanwhile, there were series of developments made from the regulatory perspective, in particular, the proposal by the Basel Committee on Banking Supervision on Basel III. Much have been deliberated as regulators globally strive to address reform in banking supervision, especially in the quality of capital and liquidity standards.

The Bank has adopted the Standardised Approach for the measurement of credit and market risks, and the Basic Indicator Approach for operational risk, in compliance with BNM's requirements vis-à-vis the Capital Adequacy Framework for Islamic Bank. In addition, the stress testing process forecast the Bank's capital requirements under plausible and worst case stress scenarios to assess the Bank's capital to withstand the shocks.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

51. SEGMENT INFORMATION

(a) Business segments

The Bank is organised into three (3) major business segments:

- (i) Business banking - this segment comprises the full range of products and services offered to business customers in the region, ranging from large corporates and the public sector and also commercial enterprises. The products and services offered include long-term financing such as project financing, short-term credit (e.g Muamalat Cashline and trade financing), and fee-based services (e.g cash management).
- (ii) Consumer banking - this segment comprises the full range of products and services offered to individual customers in Malaysia, including savings accounts, current accounts, fixed term accounts, remittance services, internet banking services, cash management services, consumer financing such as mortgage financing, personal financing, hire purchases financing, micro financing, wealth management and bancatakaful products, where the Bank act as an intermediary to takaful companies.
- (iii) Treasury and investment banking - this segment comprises the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market securities.

Investment banking focuses on business needs of mainly large corporate customers and financial institutions, which include corporate advisory services, bond issuances, Initial Public Offerings ("IPOs") and debt restructuring advisory services. It also explores investment opportunities via private equity investments for the Bank.

Other business segments include rental services, none of which is of sufficient size to be reported separately.

Group 2021	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	290,994	706,688	172,055	(30,799)	1,138,938
Total income	173,538	404,973	43,557	178,544	800,612
Allowance for impairment on financing	(6,851)	(47,093)	-	-	(53,944)
Writeback of impairment losses on investments	-	-	296	-	296
Writeback of/(allowance for) impairment losses on other financial assets, net	-	-	20	(414)	(394)
Other expenses	-	-	-	(22,726)	(22,726)
Total net income	166,687	357,880	43,873	155,404	723,844
Total overhead expenses					(467,268)
Profit before zakat and taxation					256,576
Zakat					(6,447)
Taxation					(91,070)
Profit for the year					159,059



51. SEGMENT INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

Group 2020	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	296,354	604,788	248,816	21,442	1,171,400
Total income	170,241	344,133	107,423	123,463	745,261
Allowance for impairment on financing	(16,212)	(63,855)	-	-	(80,067)
Allowance for impairment on investments	-	-	(36)	-	(36)
Writeback of/(allowance for) impairment on other financial assets, net	-	-	313	(689)	(376)
Other expenses	-	-	-	(18,814)	(18,814)
Total net income	154,029	280,278	107,700	103,960	645,968
Total overhead expenses					(471,200)
Profit before zakat and taxation					174,768
Zakat					(3,352)
Taxation					1,441
Profit for the year					172,857



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

51. SEGMENT INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

Bank 2021	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	290,994	706,688	161,201	(30,799)	1,128,084
Total income	173,538	404,973	32,502	178,544	789,557
Allowance for impairment on financing	(6,851)	(47,093)	-	-	(53,944)
Writeback of impairment losses on investments	-	-	296	-	296
Writeback of/(allowance for) impairment losses on other financial assets, net	-	-	20	(414)	(394)
Other expenses	-	-	-	(22,726)	(22,726)
Total net income	166,687	357,880	32,818	155,404	712,789
Total overhead expenses					(464,920)
Profit before zakat and taxation					247,869
Zakat					(6,043)
Taxation					(89,154)
Profit for the year					152,672



51. SEGMENT INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

Bank 2020	Business banking RM'000	Consumer banking RM'000	Treasury and investment banking RM'000	Others RM'000	Total RM'000
Revenue	296,354	604,788	243,911	21,442	1,166,495
Total income	170,241	344,133	102,258	123,463	740,096
Allowance for impairment on financing	(16,212)	(63,855)	-	-	(80,067)
Allowance for impairment losses on investments	-	-	(36)	-	(36)
Writeback of/(allowance for) impairment losses on other financial assets, net	-	-	313	(689)	(376)
Other expenses	-	-	-	(18,814)	(18,814)
Total net income	154,029	280,278	102,535	103,960	640,803
Total overhead expenses					(469,587)
Profit before zakat and taxation					171,216
Zakat					(3,282)
Taxation					3,334
Profit for the year					171,268



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (26 JAMADIL AWAL 1443H)

52. SHARIAH DISCLOSURES

(a) Shariah governance

Overview

The Group's and the Bank's shariah governance structure are governed by BNM's guidelines on Shariah Governance Policy Document which comes into effect on 1 April 2020 and any related guidelines issued by the authorities, subject to variations and amendments from time to time.

In this context, Shariah non-compliance risk defined as the risk that arises from the Group's and the Bank's failure to comply with the Shariah rules and principles determined by the Shariah Committee ("SC") of the Group and the Bank and relevant Shariah Authorities ("SA") committees.

This risk is managed through the Bank Muamalat Malaysia Berhad ("BMMB") Shariah Governance Policy, which was endorsed by the SC and approved by the Board of Directors. The policy is drawn up in accordance to the BNM Shariah Governance Policy Document.

To ensure the operations and business activities of the Group and the Bank remain consistent with Shariah principles and its requirements, the Bank has established its own internal SC and internal Shariah organisation, which consists of the Shariah Department, Shariah Audit under the Internal Audit Department, Shariah Review under Regulatory Advisory & Compliance Department, and Shariah Risk under the Risk Management Department.

Rectification Process of Shariah Non-Compliance Income ("SNCI") and Unidentified Funds

Policy on Management of Shariah Non-Compliance Income was formulated pursuant to the Shariah Governance Policy Document, which defines the principles and practices to be applied by the Bank in managing its SNCI.

SNCI is an income generated from any transactions that breaches the governing Shariah principles and requirements as determined by the Group's and the Bank's SC and/or other Shariah Authorities ("SA").

The SA are as follows:

- Shariah Advisory Council of Bank Negara Malaysia.
- Shariah Advisory Council of Securities Commission Malaysia.
- Any other relevant Shariah resolutions and rulings as prescribed and determined by the SC of the Bank from time to time.

(i) Shariah non-compliance income and events

2021	No. of event	RM
Shariah non-compliance events/income during the year	6	4
2020	No. of event	RM
Shariah non-compliance events/income during the year	2	-

Any reported SNCI will be utilised to fund charitable activities as guided by SC of the Bank.



52. SHARIAH DISCLOSURES (CONT'D.)

(a) Shariah governance (cont'd.)

(ii) Unidentified fund

During the Group's and the Bank's daily operations, there are certain funds received by the Group and the Bank where the source is not clear or uncertain. These funds are therefore not recognised as income and are retained in the Maslahah Ammah account. The utilisation of the funds follow the similar procedures set for the SNCI funds.

Examples of unidentified funds are cash excess discovered at branch counter and ATMs, and unidentified credit balances.

	2021 RM'000	2020 RM'000
At 1 January 2021/2020	648	712
Sources of charity funds		
Unidentified credit balances during the year	-	409
Uses of charity funds		
Contribution to non-profit organisation	(89)	(473)
Undistributed charity funds as at 31 December 2021/2020	559	648

(b) Recognition and measurement by main class of Shariah contracts

The recognition and measurement of each main class of Shariah contract is dependent on the nature of the products, either financing or deposit product. The accounting policies for each of these products are disclosed in their respective policies.

BASEL II PILLAR 3 DISCLOSURE

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BASEL II – PILLAR 3 DISCLOSURE

STATEMENT BY CHIEF EXECUTIVE OFFICER

In the name of Allah, The Most Beneficent, The Most Merciful

In accordance with the requirement of BNM's Guideline on Capital Adequacy Framework for Islamic Banks ('CAFIB') – Disclosure Requirement ('Pillar 3'), and on behalf of the Board and management of Bank Muamalat Malaysia Berhad, I am pleased to provide an attestation on the Pillar 3 disclosures of the Group and the Bank for year ended 31 December 2021.



Khairul Kamarudin
Chief Executive Officer



BASEL II – PILLAR 3 DISCLOSURE

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BASEL II – PILLAR 3 DISCLOSURE

ABBREVIATIONS

ABBREVIATIONS

ALCO	Asset-Liability Management Committee	IFSB-10	Institutions Offering Islamic Financial Services
ALM	Asset and Liability Management	IPRS	Islamic Profit Rate Swap
BCM	Business Continuity Management	IRB Approach	Internal Ratings Based Approach
BCP	Business Continuity Plan	MFRS 9	Malaysian Financial Reporting Standards
BIA	Business Impact Analysis	MARC	Malaysian Rating Corporation Berhad
BOD	Board of Director	MDB	Multilateral Development Bank
BNM	Bank Negara Malaysia	MISB	Muamalat Invest Sdn Bhd
BRMC	Board Risk Management Committee	MR	Market Risk
BU	Business Unit	OR	Operational Risk
CAFIB	Capital Adequacy Framework for Islamic Banks	ORM	Operational Risk Management
CBs	Corporate Bonds	ORMC	Operational Risk Management Committee
CC	Credit Committee	PDS	Private Debt Securities
CCR	Counterparty Credit Risk	PSEs	Non- Federal Government Public Sector Entities
CEO	Chief Executive Officer	RA	Risk Assessment
CPs	Commercial Papers	R&I	Rating and Investment Information, Inc
CR	Credit Risk	RAM	RAM Rating Services Berhad
CRP	Credit Risk Policy	RORBB	Rate of Return Risk in Banking Book
CRM	Credit Risk Mitigation	RMD	Risk Management Department
CSRD	Credit Supervision and Recovery Department	RWA	Risk Weighted Assets
EAR	Earning At Risk	RWCAF	Risk Weighted Capital Adequacy Framework
ECAI	External Credit Assessment Institutions	TBPS	Trading Book Policy Statement
ERMC	Executive Risk Management Committee	S&P	Standard and Poor's
EVE	Economic Value Perspective	SC	Shariah Committee
FDI	Foreign Direct Investments	SNCI	Shariah Non-Compliance Income
GCRP	Guidelines to Credit Risk Policies	SRP	Shariah Review Program
IC	Investment Committee	SU	Support Unit
ICAAP	Internal Capital Adequacy Assessment Process	VaR	Value at Risk
IFIs	Islamic Financial Institutions		



BASEL II PILLAR 3 DISCLOSURE

OVERVIEW

The Pillar 3 Disclosure is a regulatory requirement aimed at enhancing market transparency and discipline. It is prepared in accordance to the Bank Negara Malaysia's ("BNM's") guidelines "Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosure Requirements ("Pillar 3")" and contains qualitative and quantitative information on Bank Muamalat Malaysia Berhad's ("BMMB") risk exposures and capital adequacy levels as well as on its capital and risk management practices.

In assessing its capital position, BMMB applies the prescribed Standardised Approach to measure its credit and market risk exposures and the Basic Indicator Approach for operational risk, as outlined under the BNM's CAFIB guidelines.

This Pillar 3 disclosure is published for the financial year ended 31 December 2021 and should be read in conjunction with BMMB's audited financial statement for the year ended 31 December 2021.

1.0 SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on BMMB and its subsidiaries (hereinafter referred as "the Group and the Bank"). Information on subsidiaries is available in Note 11 to the financial statements.

The basis of consolidation for financial accounting purposes is described in Notes 2.2 to the financial statements, and differs from that used for regulatory capital purposes. The investment in subsidiary companies is deducted from regulatory capital at entity level and consolidated at group level.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiary companies of the Group as at the financial year end.

All information in the ensuing paragraphs is based on the Group's position. Certain information on capital adequacy relating to the Group and the Bank is presented on a voluntary basis to provide additional information to users. The capital-related information of the Group and the Bank, which is presented on a global basis, includes its offshore banking activities in Labuan as determined under the CAFIB.

This document discloses the Group's and the Bank's quantitative disclosures in accordance with the disclosure requirements as outlined in the CAFIB – Disclosure Requirements ("Pillar 3") issued by BNM.

These disclosures have been reviewed and verified by internal auditors and approved by the Board and Directors of the Group.

Scope of disclosure

The detailed scope of published disclosure is subject to the following classification of information:

- Insignificant, i.e. its exclusion or distortion cannot influence the assessment or decision of a person using such information to make economic decisions, or influence such an assessment or decision,
- Reserved, i.e. its public distribution might adversely influence the position of the Group and the Bank on the market according to regulations on competition and consumer protection,
- Subject to law-protected confidentiality, such information is not published. In case of not publishing reserved information or the one which is subject to law-protected confidentiality, the Group and the Bank disclose information which is less detailed.



BASEL II PILLAR 3 DISCLOSURE

2.0 CAPITAL MANAGEMENT

BMMB's capital management framework was designed to protect the interests of its key stakeholders and maximise shareholder value through optimum use of its capital resources. The primary capital management objective is to ensure efficient capital utilisation while in pursuit of strategic and business objectives. It is also aimed at ensuring sufficient level of capital is maintained at all times to support the business growth targets and that it is kept in line with the Bank's risk appetite and regulatory requirements.

To determine the appropriate level and composition of capital to be held, the Bank uses the risk and capital adequacy assessment approaches as outlined under the Internal Capital Adequacy Assessment Process ("ICAAP"). The capital levels are assessed based on the Bank's strategic and business targets, taking into account current and forecasted economic and market conditions as well as the regulatory capital standards.

The Bank prepares its strategic, business and capital plans on an annual basis. Guided by the Board-approved risk appetite statement, the plans cover a minimum three-year planning horizon and are subjected to a stress test covering several possible stressed scenarios. Based on the ICAAP and stress test analysis, internal capital targets are set for key capital ratios to facilitate ongoing capital management and monitoring.

Arising from the strategic planning and capital assessment process, an annual capital plan is drawn up to ensure that sufficient capital is held to meet business growth targets as well as to maintain adequate buffer under adverse economic scenarios. The capital plan also addresses any capital issuance requirements, capital instrument composition and maturity profile, and capital contingency planning.

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

BMMB's approach towards assessing the adequacy of its internal capital levels in relation to its risk profile is addressed in the Internal Capital Adequacy Assessment Process ("ICAAP"). This is in line with BNM's requirement as stipulated under the guideline, "Capital Adequacy Framework for Islamic Banks ("CAFIB") - Internal Capital Adequacy Assessment Process ("Pillar 2")".

The ICAAP covers an assessment of all risk exposures, particularly on those deemed as material risks, and the effectiveness of related risk controls and mitigations. The risk and capital assessment also looks at the adequacy of capital in relation to other discretionary and non-discretionary risk and where required, additional capital and buffers are allocated for risk exposures that are deemed inadequately covered under the Pillar 1 capital.

The ICAAP further addresses the current and future capital levels to be considered or maintained to ensure its adequacy to support the Bank's business operations on a going-concern basis. In terms of its capital mix, the Bank's capital consists primarily of Tier 1 capital and common equity, which enhances the Bank's ability to absorb potential losses under unforeseeable circumstances.

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D)

Stress Test

Stress testing is an important tool used in assessing and determining appropriateness of capital levels to ensure its ability to absorb stress events in order to protect the depositors and other stakeholders.

Stress testing is performed to identify early warning signs and potential risk events that may adversely impact the Bank's risk profile. Stress testing is also used to determine the level of capital buffers that are considered adequate to ensure that the Bank does not breach the minimum regulatory ratios under stress scenarios and to formulate appropriate management actions.

The Bank employs two stress test approaches, namely sensitivity and scenario analyses. The stress testing supports management and decision making in the following areas:

- i. Assessment of the Bank's material risk profile under stress events and estimate the potential impact and implications to the Bank;
- ii. Assessment of capital adequacy in relation to the Bank's risk profile, which is integral to the ICAAP;
- iii. Facilitate capital and liquidity contingency planning across a range of stressed conditions and aiding in the development and formulation of appropriate strategies for maintaining required level of capital and management of identified risks; and
- iv. Embedded as an integral part of the strategic planning and management process.

The tables below present the capital adequacy ratios of the Group and the Bank.

Table 1: Capital adequacy ratios

	Group		Bank	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Core Capital Ratio	13.708%	15.486%	13.590%	15.385%
Risk-weighted capital ratio	17.349%	17.955%	17.237%	17.858%

The following table represents the Group's and Bank's capital position as at 31 December 2021. Details on capital instruments, including share capital and reserves are found in Notes 25 to 26 of the financial statements.

BASEL II

PILLAR 3 DISCLOSURE

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D)

Table 2: Capital structure

	Group		Bank	
	31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Tier-I capital				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	1,569,073	1,392,969	1,554,572	1,384,855
Other Reserves				
Regulatory reserve	28,079	45,411	28,079	45,411
Unrealised losses on fair value through other comprehensive income ("FVOCI") financial instruments	(40,014)	18,240	(40,014)	18,240
Foreign exchange translation reserve	649	(968)	650	(968)
Regulatory Adjustment				
Less: Regulatory reserve	(28,079)	(45,411)	(28,079)	(45,411)
Unrealised losses on fair value through other comprehensive income ("FVOCI") financial instruments	-	(10,032)	-	(10,032)
Less: Investment property gain	(8,171)	(7,496)	(8,171)	(7,496)
Less: Deferred tax assets	(58,170)	(39,422)	(58,170)	(39,070)
Less: Investment in subsidiaries	-	-	(13,159)	(13,159)
Less: Cumulative gains of financing measured at FVTPL	(19,354)	-	(19,354)	-
Less: Intangible Asset (net of deferred tax liabilities)	(61,002)	(14,293)	(60,701)	(14,080)
Total Tier-I Capital	2,578,011	2,533,998	2,550,653	2,513,290
Tier-II capital				
Subordinated sukuk	500,000	250,000	500,000	250,000
Collective assessment allowance for non-impaired financing and regulatory reserve	180,990	150,659	180,990	150,659
Add: Investment property gain	3,677	3,373	3,677	3,373
Total Tier-II Capital	684,667	404,032	684,667	404,032
Total Capital	3,262,678	2,938,030	3,235,320	2,917,322

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets) issued on 9 December 2020 and 3 May 2019, respectively. The Group and Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement for Islamic Bank Common Equity Tier I capital, Tier I capital, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA, respectively, for the current period (December 2020: 4.5%, 6.0% and 8.0% of total RWA).

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D)

The following tables present the minimum regulatory capital requirement to support the Group’s and the Bank’s risk-weighted assets:

Table 3: Minimum capital requirement and risk-weighted assets

	31 December 2021		31 December 2020	
	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Group				
Credit Risk	17,566,888	1,405,351	15,081,238	1,206,499
Less: Credit risk absorbed by profit-sharing investment account (“PSIA”)	98,453	-	-	-
Market Risk	16,225	1,298	22,546	1,804
Operational Risk	1,321,435	105,715	1,259,314	100,745
Total	18,806,095	1,512,364	16,363,098	1,309,048
	31 December 2021		31 December 2020	
	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Bank				
Credit Risk	17,549,202	1,403,936	15,063,327	1,205,066
Less: Credit risk absorbed by profit-sharing investment account (“PSIA”)	98,453	-	-	-
Market Risk	16,225	1,298	22,546	1,803
Operational Risk	1,302,128	104,170	1,250,046	100,004
Total	18,769,102	1,509,404	16,335,919	1,306,873

The Group and the Bank do not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM’s RWCAF.



BASEL II PILLAR 3 DISCLOSURE

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows:

Table 4: Minimum capital requirement and risk-weighted assets by exposures

Group 31 December 2021	Gross Exposures RM'000	*Net Exposures RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	5,576,883	5,576,883	-	-
Public Sector Entities	944,437	944,417	188,883	15,111
Banks, Development Financial Institution & MDBs	154,038	154,038	59,067	4,725
Takaful Cos, Securities Firms & Fund Managers	52,758	52,758	10,552	844
Corporates	6,331,648	6,179,355	5,519,176	441,534
Regulator Retail	9,475,555	9,468,994	8,489,137	679,131
Residential Real Estate	4,610,191	4,610,191	1,901,060	152,085
Higher Risk Assets	75,444	75,444	113,166	9,053
Other Assets	269,709	269,710	132,882	10,630
Defaulted Exposures	95,860	95,860	87,171	6,974
	27,586,523	27,427,650	16,501,094	1,320,087
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	1,160,991	1,160,991	1,042,399	83,392
Islamic derivative financial instruments	72,443	72,443	23,395	1,872
	1,233,434	1,233,434	1,065,794	85,264
Total Credit Exposures	28,819,957	28,661,084	17,566,888	1,405,351
(c) Credit Risk Absorb by PSIA	98,453	98,453	98,453	-
	Long Position	Short Position	Risk Weighted Assets	Capital Requirement
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	1,319	1,384	4,977	398
Foreign Currency Risk	7,011	19,928	11,248	900
Equity Position Risk	-	-	-	-
			16,225	1,298
(iii) Operational Risk (Basic Indicators Approach)			1,321,435	105,715
(iv) Total RWA and Capital Requirements			18,806,095	1,512,364

* After netting and credit risk mitigation

** Credit Risk of off balance sheet items

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") (CONT'D)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows: (cont'd)

Table 4: Minimum capital requirement and risk-weighted assets by exposures (cont'd)

Group 31 December 2020	Gross Exposures RM'000	*Net Exposures RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	6,058,325	6,058,325	-	-
Public Sector Entities	251,982	251,793	50,359	4,029
Banks, Development Financial Institution & MDBs	669,900	669,900	164,563	13,165
Corporates	6,517,329	6,409,389	5,078,644	406,292
Regulator Retail	7,106,909	7,095,842	6,390,952	511,276
Residential Real Estate	4,640,167	4,640,167	1,926,428	154,114
Higher Risk Assets	826	826	1,239	99
Other Assets	447,352	447,351	304,027	24,321
Defaulted Exposures	107,289	107,289	83,954	6,716
	25,800,079	25,680,882	14,000,166	1,120,012
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	1,115,215	1,115,215	1,029,179	82,334
Islamic derivative financial instruments	148,181	148,181	51,893	4,151
	1,263,396	1,263,396	1,081,072	86,485
Total Credit Exposures	27,063,475	26,944,278	15,081,238	1,206,497
	Long Position RM'000	Short Position RM'000	Risk Weighted Assets RM'000	Capital Requirement RM'000
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	1,432	(1,817)	14,850	1,190
Foreign Currency Risk	7,695	(6,075)	7,695	616
Equity Position Risk	-	-	-	-
			22,545	1,806
(iii) Operational Risk (Basic Indicators Approach)			1,259,315	100,745
(iv) Total RWA and Capital Requirements			16,363,098	1,309,048

* After netting and credit risk mitigation

** Credit Risk of off balance sheet items

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (“ICAAP”) (CONT’D)

Risk-weighted and capital requirements for credit risk, market risk and operational risk are as follows: (cont’d)

Table 4: Minimum capital requirement and risk-weighted assets by exposures (cont’d)

Bank 31 December 2020	Gross Exposures RM’000	*Net Exposures RM’000	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
(i) Credit Risk (Standardised Approach)				
(a) On Balance Sheet Exposures				
Sovereign/Central Banks	6,058,325	6,058,325	-	-
Public Sector Entities	251,982	251,793	50,359	4,029
Banks, Development Financial Institution & MDBs	669,900	669,900	164,563	13,165
Corporates	6,509,247	6,401,307	5,067,754	405,420
Regulator Retail	7,106,909	7,095,842	6,390,952	511,276
Residential Real Estate	4,640,167	4,640,167	1,926,428	154,114
Other Assets	440,330	440,330	297,006	23,758
Defaulted Exposures	107,289	107,289	83,954	6,716
	25,784,975	25,665,779	13,982,255	1,118,577
(b) Off-Balance Sheet Exposures**				
Credit-related off-balance sheet exposure	1,115,215	1,115,215	1,029,179	82,334
Islamic derivative financial instruments	148,181	148,181	51,893	4,151
	1,263,396	1,263,396	1,081,072	86,485
Total Credit Exposures	27,048,371	26,929,175	15,063,327	1,205,062
	Long Position RM’000	Short Position RM’000	Risk Weighted Assets RM’000	Capital Requirement RM’000
(ii) Market Risk (Standardised Approach)				
Benchmark Rate Risk	1,432	(1,817)	14,851	1,190
Foreign Currency Risk	7,695	(6,075)	7,695	616
Equity Position Risk	-	-	-	-
			22,546	1,806
(iii) Operational Risk (Basic Indicators Approach)			1,250,046	100,004
(iv) Total RWA and Capital Requirements			16,335,919	1,306,872

* After netting and credit risk mitigation

**Credit Risk of off balance sheet items



BASEL II PILLAR 3 DISCLOSURE

3.0 RISK MANAGEMENT

Overview

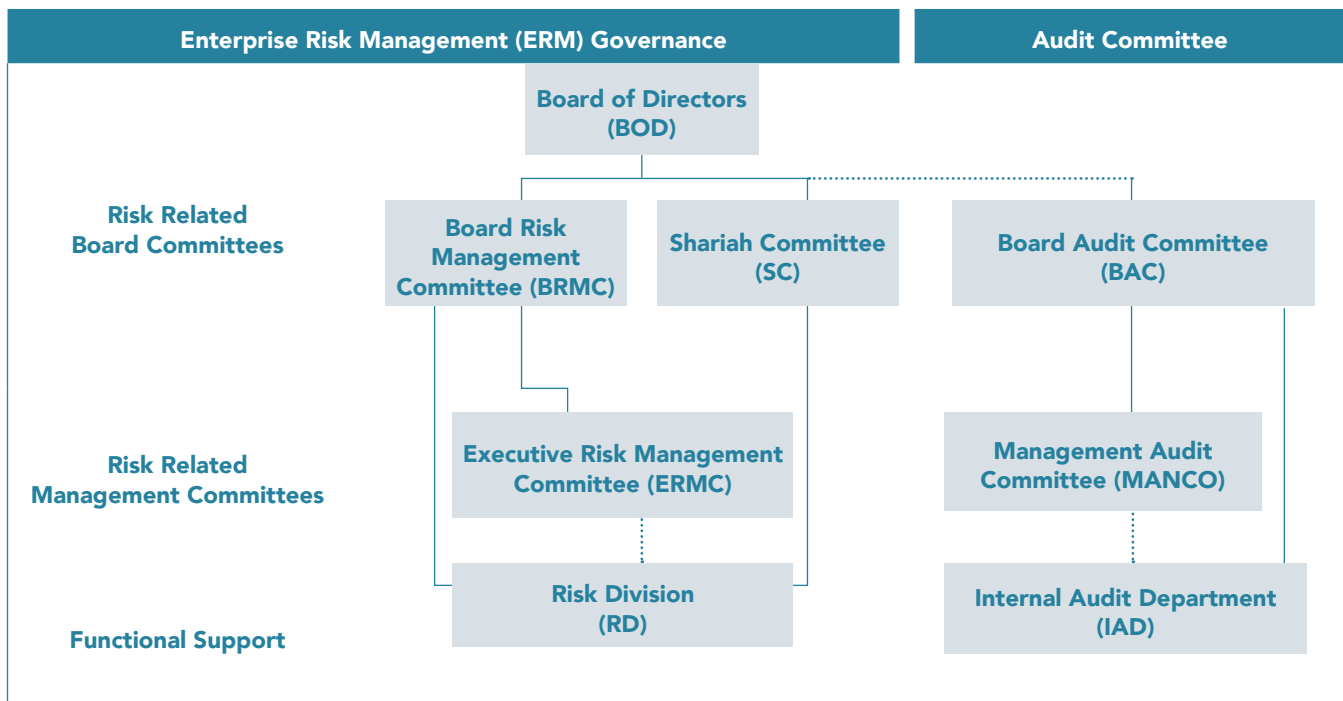
Risk is inherent in every aspect of our business activity and to manage this effectively, BMMB has undertaken an integrated risk management approach to ensure that a broad spectrum of risk types are considered and addressed. The Bank's risk management framework and structure are built on formal governance processes that outline responsibilities for risk management activities, as well as the governance and oversight of these activities.

An integral part of this approach is the systematic process of risk identification and measurement. Appropriate risk management strategies are then developed in line with the Bank's business plans and objectives, which include the ongoing monitoring and control of the identified risk exposures. The management and control over the principal risk areas of credit, market, asset and liability management, operational and Shariah are integrated to optimise and secure the Bank's strategic and competitive advantage.

Risk Governance

The Board of Directors holds the ultimate responsibility for the overall risk governance and oversight. This includes determining the appropriate risk strategies, setting the Bank's risk appetite and ensuring that the risks are monitored and controlled effectively. The Board oversees the risk management of the Bank through a clearly defined governance structure, which include board and management level committees with distinct roles and responsibilities.

Table 5: Risk Governance Structure



3.0 RISK MANAGEMENT (CONT'D)

Risk Governance (cont'd)

The Board's primary oversight role is to understand the risks undertaken by the Bank and ensure that these risks are properly managed. While the Board is ultimately responsible for the Bank's management of risks, it has entrusted the Board Risk Management Committee ("BRMC") to carry out specific risk management oversight functions on its behalf.

BRMC, which is chaired by an independent director of the Board, is a board-level committee that oversees the overall management of risks and deliberates on risk-related issues and resolutions. The BRMC, acting on behalf of the Board, also ensures that the appropriate processes, resources, policies and guidelines are in place to manage the Bank's risks.

In addition, the Board is also supported by the Shariah Committee ("SC"), which was set up as an independent external body to decide on Shariah issues and to simultaneously assist towards risk mitigation and compliance with the Shariah principles.

The execution of the board-approved risk strategies and policies is the responsibility of the Bank's management and these functions are also exercised under a committee structure. Heading the management-level risk committees is the Executive Risk Management Committee ("ERMC"), which is chaired by the Chief Executive Officer ("CEO"). The ERMC focuses on the overall business strategies and the Bank's day-to-day operations in respect of risk management.

Other management-level risk committees are set up to oversee specific risk areas and its related control functions as described below:

Table 6: Risk Committees & Functions

Committee	Objective
Asset & Liability Working Committee ("ALCO")	To ensure that all strategies conform to the Bank's risk appetite and levels of exposure as determined by the BRMC. These include areas of capital management, funding and liquidity management and market risk.
Credit Committee ("CC")	To manage the direction of the Bank's financing exposures (business and consumer). These include authority to decide on new and/or additional exposures and review the direction of existing exposure.
Investment Committee ("IC")	To manage the Bank's investments and decide on new and/or additional investment in securities and/or other Treasury investment-related activities.
Operational Risk Management Committee ("ORMC")	To ensure effective implementation of Operational Risk Management Framework.

A dedicated and independent Risk Management Department ("RMD") supports the above committees by carrying out the day-to-day risk management functions, drafting of risk-related policies and procedures, and providing reports, risk analyses and recommendations for the Management's and the Board's decision-making.

The Bank's risk governance structure is based on the principle that each line of business is responsible for managing the risk inherent in their undertaken business activities. The line managers are therefore responsible for the identification, measurement and management of risks within their respective areas of responsibility.



BASEL II PILLAR 3 DISCLOSURE

3.0 RISK MANAGEMENT (CONT'D)

The risk governance framework is implemented under a “distributed function” approach where risk is being managed based on the three lines of defense model. The components and their respective roles are as described below:

Table 7: Risk Management Model

Three (3) Lines of Defence Model	
All units have a specific responsibility for risk management under the above model	
First Line Defense Model <i>Business Units</i>	<ul style="list-style-type: none"> Risks are directly undertaken and assumed in the day-to-day business activities and operations. As front-liners, responsible for carrying out the established processes for identifying, mitigating and managing risks within their respective environment aligned with the Bank’s strategic targets.
Second Line Defense Model <i>Risk Management & Control Compliance</i>	<ul style="list-style-type: none"> Ensures independent oversight and management of all material risks undertaken by the Bank. Provides specialised resources for developing risk frameworks, policies, methodologies and tools for risk identification, measurement and control. Provides the control function, which monitors the risk by using various key indicators and reports, guided by established risk appetite and tolerance limits.
Third Line Defense Model <i>Internal Audit</i>	<ul style="list-style-type: none"> Provides independent review and assurance on adequacy of risk management processes and effectiveness of the first two lines of defence in fulfilling their mandates.

Risk Appetite

Central to the Bank’s risk management framework is the risk appetite. The risk appetite is defined as the level of risk that the Bank is willing to accept in fulfilling its business objectives. The Board, BRMC and senior management is responsible for determining the Bank’s risk appetite and risk management strategy. The risk appetite is reviewed by the Board on an annual basis, in alignment with the annual strategic and business planning process.

The risk appetite framework is embedded within the Bank’s key decision-making processes and supports the implementation of its strategy. It sets out the principles and policies that guide the Bank’s behavior and decision-making for all risk taking activities towards achieving an optimal balance between risk and return. It also provides a clear reference point to monitor risk taking, to trigger appropriate action as the boundaries are approached or breached, and to minimise the likelihood of ‘surprises’ when adverse risk events occur.

As outlined in the risk appetite framework, a set of risk appetite statements has been developed to define the related risk capacity, appetite, tolerance and limits/targets of the Bank. The risk appetite statements, together with the risk tolerance limits and thresholds, are formulated to cover several key strategic and business risk levels or metrics such as capital ratios, liquidity, earnings volatility, asset portfolio composition and asset quality. The risk appetite, which is expressed in quantitative and qualitative forms, also incorporates the Bank’s key performance indicators and states its stance towards reputational and Shariah non-compliance.

4.0 CREDIT RISK (GENERAL DISCLOSURE)

Credit risk is defined as the potential financial loss caused by a retail customer or a wholesale counterparty failing to meet their obligations to the Bank as they become due. This covers all credit exposures, including guarantees and irrevocable undrawn facilities.

Risk arising from changes in credit quality is a central feature of the Bank's business, where uncertainty over the recoverability of financing and other amounts due from counterparties are inherent across most of the Bank's activities.

Adverse changes in the credit quality of a customer/counterparty or a general deterioration in the economic condition could affect the value of the Bank's assets and its overall financial performance. To a lesser degree, the Bank is also exposed to other forms of credit risk, such as settlement and pre-settlement risks, arising mainly from activities involving foreign exchange, investment securities, equities, commodities and derivatives transactions.

The BRMC and ERMC are the key board and management-level oversight committees responsible for the overall credit risk management activities. These include approving and review of risk strategies and policies, resolving any policy-related issues, and monitoring of the Bank's asset portfolios and risk profile.

Credit risk is managed under an established framework of policies, processes and procedures, which forms part of the overall risk governance framework. The risk management processes include assessing, measuring, mitigating and managing credit risk and maintaining it within the Bank's risk appetite.

Key components of the framework are the Credit Risk Policy ("CRP") and Guidelines to Credit Risk Policies ("GCRP"), which contain credit-related policies and procedures for the management of credit risk. These policies and procedures cover risk policies, controls and prudential limits; risk rating methodologies and application; financing underwriting standards and pricing; delegated credit approving authority; credit review and management of distressed assets; and rehabilitation, restructuring and provisioning for impaired financing. The policies are periodically reviewed and updated to ensure its efficacy and continued relevance.

An important element of credit risk management involves the allocation of the Bank's financing exposures into risk rating categories. This approach provides for sufficient level of granularity and detail of the financing assets to facilitate the identification, monitoring and management of the overall credit risk profile on a regular basis. These rating categories are also linked credit pricing and defined in relation to profit spread.

Credit approvals are performed under a formal delegated approving structure comprising a hierarchy of approving authorities with clearly defined scope and limits. The Credit Committee ("CC") is the main management-level committee involved in the approval of credit proposals (for amounts exceeding that of the lower individual authority limits) and the monitoring and management of distressed financing assets.

The Bank conducts regular review of its credit exposures based on portfolio segments and concentrations to ensure that these exposures are kept within the Board-approved risk appetite and risk tolerance levels. These review and analysis reports also provide the basis for ongoing risk management strategy and policy formulation.



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration

Table 8: Credit risk exposures and credit risk concentration by sector analysis

Group 31 December 2021	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport Storage and Communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	1,142,291	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	31,184	-	-	-	-	-	31,184
Financial investments at fair value through profit and loss	152,891	168,385	-	-	-	-	-	321,276
Financial investments at fair value through other comprehensive income	4,354,427	46,046	53,080	5,118	-	-	408,099	4,866,770
Financial assets at amortised cost	-	-	107,109	-	-	-	-	107,109
Islamic derivative financial assets	-	5,437	-	-	-	-	-	5,437
Financing of customers	992,353	1,361,404	1,980,056	1,698,795	66,666	13,890,033	681,999	20,671,306
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	130,148
Other assets	-	-	-	-	-	-	17,606	17,606
	5,629,819	2,754,747	2,140,245	1,703,913	66,666	13,890,033	1,107,704	27,293,127
Commitments and contingencies								
Contingent liabilities	38,285	165,515	134,003	374,182	11,957	5,518	92,810	822,270
Commitments	18,210	265,013	326,423	149,305	15,070	335,323	503,798	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	-	240	1,669	21,518	855	1,357	134	25,773
Islamic derivative financial instruments	-	2,051,516	779,081	-	-	-	-	2,830,597
	56,495	2,482,284	1,241,176	545,005	27,882	342,198	596,742	5,291,782
Total credit exposures	5,686,314	5,237,031	3,381,421	2,248,918	94,548	14,232,231	1,704,446	32,584,909

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Group	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport Storage and Communication RM'000	Household RM'000	Others RM'000	Total RM'000
31 December 2020								
On balance sheet exposures								
Cash and short-term funds	-	2,933,172	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	30,417	-	-	-	-	-	30,417
Financial investments at fair value through profit and loss	148,085	165,252	-	-	-	-	-	313,337
Financial investments at fair value through other comprehensive income	2,746,349	437,428	63,083	32,050	-	-	520,055	3,798,965
Financial assets at amortised cost	-	-	105,544	-	-	-	-	105,544
Islamic derivative financial assets	-	47,820	-	-	-	-	-	47,820
Financing of customers	1,042,824	1,057,648	2,136,502	1,753,798	59,420	11,662,015	403,610	18,115,817
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	95,255
Other assets	-	-	-	-	-	-	95,760	95,760
	4,032,513	4,671,737	2,305,129	1,785,848	59,420	11,662,015	1,019,425	25,536,087
Commitments and contingencies								
Contingent liabilities	28,714	238,833	104,814	334,608	4,438	5,006	14,967	731,380
Commitments	18,083	476,073	455,773	369,035	799	164,956	167,760	1,652,479
Other Miscellaneous Commitment and Contingent Liabilities	-	711	3,762	1,130	250	1,249	-	7,102
Islamic derivative financial instruments	-	4,526,523	-	-	-	-	-	4,526,523
	46,797	5,242,140	564,349	704,773	5,487	171,211	182,727	6,917,484
Total credit exposures	4,079,310	9,913,877	2,869,478	2,490,621	64,907	11,833,226	1,202,152	32,453,571



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Bank 31 December 2021	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport Storage and Communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	1,142,291	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	31,184	-	-	-	-	-	31,184
Financial investments at fair value through profit and loss	152,891	168,385	-	-	-	-	-	321,276
Financial investments at fair value through other comprehensive income	4,354,427	46,046	53,080	5,118	-	-	405,593	4,864,264
Financial assets at amortised cost	-	-	107,109	-	-	-	-	107,109
Islamic derivative financial assets	-	5,437	-	-	-	-	-	5,437
Financing of customers	992,353	1,361,404	1,980,056	1,698,795	66,666	13,890,033	672,311	20,661,618
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	130,148
Other assets	-	-	-	-	-	-	17,058	17,058
	5,629,819	2,754,747	2,140,245	1,703,913	66,666	13,890,033	1,094,962	27,280,385
Commitments and contingencies								
Contingent liabilities	38,285	165,515	134,003	374,182	11,957	5,518	92,810	822,270
Commitments	18,210	265,013	326,423	149,305	15,070	335,323	503,798	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	-	240	1,669	21,518	855	1,357	134	25,773
Islamic derivative financial instruments	-	2,051,516	779,081	-	-	-	-	2,830,597
	56,495	2,482,284	1,241,176	545,005	27,882	342,198	596,742	5,291,782
Total credit exposures	5,686,314	5,237,031	3,381,421	2,248,918	94,548	14,232,231	1,691,704	32,572,167

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 8: Credit risk exposures and credit risk concentration by sector analysis (cont'd)

Bank 31 December 2020	Government and statutory bodies RM'000	Finance, takaful and business services RM'000	Agriculture, manufacturing, wholesale, retail and restaurant RM'000	Construction and real estate RM'000	Transport Storage and Communication RM'000	Household RM'000	Others RM'000	Total RM'000
On balance sheet exposures								
Cash and short-term funds	-	2,933,172	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	30,417	-	-	-	-	-	30,417
Financial investments at fair value through profit and loss	148,085	165,252	-	-	-	-	-	313,337
Financial investments at fair value through other comprehensive income	2,746,349	437,428	63,083	32,050	-	-	517,588	3,796,498
Financial assets at amortised cost	-	-	105,544	-	-	-	-	105,544
Islamic derivative financial assets	-	47,820	-	-	-	-	-	47,820
Financing of customers	1,042,824	1,057,649	2,136,502	1,753,798	59,420	11,662,015	397,994	18,110,202
Statutory deposits with Bank Negara Malaysia	95,255	-	-	-	-	-	-	95,255
Other assets	-	-	-	-	-	-	94,984	94,984
	4,032,513	4,671,738	2,305,129	1,785,848	59,420	11,662,015	1,010,556	25,527,229
Commitments and contingencies								
Contingent liabilities	28,714	238,833	104,814	334,608	4,438	5,006	14,967	731,380
Commitments	18,083	476,073	455,773	369,035	799	164,956	167,760	1,652,479
Other Miscellaneous Commitment and Contingent Liabilities	-	711	3,762	1,130	250	1,249	-	7,102
Islamic derivative financial instruments	-	4,526,523	-	-	-	-	-	4,526,523
	46,797	5,242,140	564,349	704,773	5,487	171,211	182,727	6,917,484
Total credit exposures	4,079,310	9,913,878	2,869,478	2,490,621	64,907	11,833,226	1,193,293	32,444,713



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4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 9: Credit risk exposures and credit risk concentration by geographical analysis

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

31 December 2021	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
On Balance Sheet Exposures				
Cash and short-term funds	1,088,191	54,100	1,088,191	54,100
Cash and placements with financial institutions	31,184	-	31,184	-
Financial investment at fair value through profit and loss	152,891	168,385	152,891	168,385
Financial investments at fair value through other comprehensive income	4,866,770	-	4,864,264	-
Financial investments amortised cost	107,109	-	107,109	-
Islamic derivative financial assets	5,437	-	5,437	-
Financing of customers	20,671,306	-	20,661,618	-
Statutory deposits with Bank Negara Malaysia	130,148	-	130,148	-
Other assets	17,603	3	17,055	3
	27,070,639	222,488	27,057,897	222,488
Commitments and contingencies				
Contingent liabilities	822,270	-	822,270	-
Commitments	1,613,142	-	1,613,142	-
Other Miscellaneous Commitment and Contingent Liabilities	25,773	-	25,773	-
Islamic derivative financial instruments	2,830,597	-	2,830,597	-
	5,291,782	-	5,291,782	-
Total credit exposures	32,362,421	222,488	32,349,679	222,488

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures and Credit Risk Concentration (cont'd)

Table 9: Credit risk exposures and credit risk concentration by geographical analysis (cont'd)

The analysis of credit concentration risk of financial assets and commitments and contingencies of the Group and the Bank categorised by geographical distribution (based on the geographical location where the credit risk resides) are as follows:

31 December 2020	Group		Bank	
	Domestic RM'000	Labuan RM'000	Domestic RM'000	Labuan RM'000
On Balance Sheet Exposures				
Cash and short-term funds	2,794,518	138,654	2,794,518	138,654
Cash and placements with financial institutions	30,417	-	30,417	-
Financial investment at fair value through profit and loss	148,084	165,252	148,084	165,252
Financial investments at fair value through other comprehensive income	3,798,965	-	3,796,498	-
Financial investments amortised cost	105,544	-	105,544	-
Islamic derivative financial assets	47,820	-	47,820	-
Financing of customers	18,115,817	-	18,110,202	-
Statutory deposits with Bank Negara Malaysia	95,255	-	95,255	-
Other assets	113,167	3	112,343	3
	25,249,587	303,909	25,240,681	303,909
Commitments and contingencies				
Contingent liabilities	731,381	-	731,381	-
Commitments	1,652,479	-	1,652,479	-
Other Miscellaneous Commitment and Contingent Liabilities	7,102	-	7,102	-
Islamic derivative financial instruments	4,526,523	-	4,526,523	-
	6,917,485	-	6,917,485	-
Total credit exposures	32,167,072	303,909	32,158,166	303,909

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4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures of Financial Assets by Maturity Distribution

Table 10: Credit risk exposures of financial assets by remaining contractual maturity

Group 31 December 2021	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	1,142,291	-	-	-	1,142,291
Cash and placements with financial institutions	31,184	-	-	-	31,184
Financial investments at fair value through profit and loss	5,052	168,384	147,840	-	321,276
Financial investments at fair value through other comprehensive income	502,428	669,885	3,587,562	106,895	4,866,770
Financial investments amortised cost	-	-	-	107,109	107,109
Islamic derivative financial assets	5,437	-	-	-	5,437
Financing of customers	3,529,987	2,005,708	6,809,225	8,326,386	20,671,306
Statutory deposits with Bank Negara Malaysia	-	-	-	130,148	130,148
Other assets	400	16,706	500	-	17,606
Total On-Balance Sheet Exposures	5,216,779	2,860,683	10,545,127	8,670,538	27,293,127
Group 31 December 2020	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,933,172	-	-	-	2,933,172
Cash and placements with financial institutions	30,417	-	-	-	30,417
Financial investments at fair value through profit and loss	12,176	-	301,161	-	313,337
Financial investments at fair value through other comprehensive income	917,316	123,899	2,607,258	150,492	3,798,965
Financial investments amortised cost	-	-	-	105,544	105,544
Islamic derivative financial assets	46,901	919	-	-	47,820
Financing of customers	3,132,750	1,898,467	6,046,320	7,038,280	18,115,817
Statutory deposits with Bank Negara Malaysia	-	-	-	95,255	95,255
Other assets	646	94,614	500	-	95,760
Total On-Balance Sheet Exposures	7,073,378	2,117,899	8,955,239	7,389,571	25,536,087

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Exposures of Financial Assets by Maturity Distribution (cont'd)

Table 10: Credit risk exposures of financial assets by remaining contractual maturity (cont'd)

Bank 31 December 2021	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	1,142,291	-	-	-	1,142,291
Cash and placements with financial institutions	31,184	-	-	-	31,184
Financial investments at fair value through profit and loss	5,052	168,384	147,840	-	321,276
Financial investments at fair value through other comprehensive income	502,428	669,885	3,585,057	106,894	4,864,264
Financial investments amortised cost	-	-	-	107,109	107,109
Islamic derivative financial assets	5,437	-	-	-	5,437
Financing of customers	3,529,987	2,005,708	6,809,225	8,316,698	20,661,618
Statutory deposits with Bank Negara Malaysia	-	-	-	130,148	130,148
Other assets	395	16,163	500	-	17,058
Total On-Balance Sheet Exposures	5,216,774	2,860,140	10,542,622	8,660,849	27,280,385
Bank 31 December 2020	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures					
Cash and short-term funds	2,933,172	-	-	-	2,933,172
Cash and placements with financial institutions	30,417	-	-	-	30,417
Financial investments at fair value through profit and loss	12,176	-	301,161	-	313,337
Financial investments at fair value through other comprehensive income	917,316	123,899	2,604,791	150,492	3,796,498
Financial investments amortised cost	-	-	-	105,544	105,544
Islamic derivative financial assets	46,901	919	-	-	47,820
Financing of customers	3,132,750	1,898,467	6,046,320	7,032,665	18,110,202
Statutory deposits with Bank Negara Malaysia	-	-	-	95,255	95,255
Other assets	649	93,835	500	-	94,984
Total On-Balance Sheet Exposures	7,073,381	2,117,120	8,952,772	7,383,956	25,527,229



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Risk Management Approach

Credit risk is inherent in all credit-related activities such as in the granting of financing facilities and participation in treasury and investment banking activities.

Credit risk exposures are controlled and managed at every stage of the credit process through various methods and techniques. At the point of origination, the credit exposure is assessed with well-defined financing granting criteria, which include the identification of a clear and adequate source of payment or income generation from the customer, structuring of an effective financing package and incorporation of appropriate risk mitigants.

The Bank's credit-origination and granting activities are segregated by business lines based on customer types/business segments. Specifically, these are Business Banking for corporate, commercial and retail SME customers, Consumer Banking for retail/individual customers and Investment Banking for syndications and capital market instruments. These departments are responsible for marketing, developing and managing the Bank's financing and investment assets as well as ensuring the quality and timely delivery of its products and services.

The Bank has an established structure to facilitate the credit approval process which defines the appropriate level of approving authority and limits. These approving authority and limits are duly sanctioned by the Board and are subject to periodic reviews to assess its effectiveness as well as compliance. To enhance the risk identification process, the financing proposals by the origination departments are subjected to independent credit reviews and risk assessments by the relevant credit assessment departments prior to submission to the approving authority for decision.

Credit portfolios are managed and monitored against stipulated portfolio exposure limits with the objective to avoid credit concentration and excessive build-up of exposures and to preserve the credit portfolios' quality through timely and appropriate corrective actions.

The Credit Risk report is produced and deliberated at the management and board level committees on a monthly basis to monitor the overall exposures and limits. Risk Profiling Analysis on selected asset portfolios is conducted on a regular basis to analyze the asset quality for possible deterioration or concentration build-up and potential weaknesses or threats arising from internal and external factors.

Stress Test on credit exposures is used as a tool to identify possible events or future changes in the financial and economic conditions that could have an unfavorable impact on the Bank's exposures. It is also used to assess the Bank's ability to withstand such changes in relation to the capacity of capital and earnings to absorb potentially significant losses.

The monitoring and recovery of delinquent and problematic financing accounts are undertaken by two departments; namely the Consumer Financing Supervision and Recovery Department ("CFSRD") and the Business Financing Supervision and Recovery Department ("BFSRD"). Within the BFSRD, the Early Care and Remedial Management units have been tasked to monitor and undertake pre-emptive measures on business financing with early warning signs to prevent further deterioration and/or initiate rehabilitation actions such as rescheduling and restructuring of the affected accounts.

Classification and loss provisioning of the Bank's impaired financing and investment assets is performed upon determination of impairment evidence and by categorisation into individual and collective assessment. The process and approach is defined in the GCRP and other related policies and SOPs as prescribed under the MFRS 9 and BNM guidelines.

The Bank implemented a new risk rating approach for its business and consumer financing portfolios, introduced gradually from year 2011. Credit scorecards using statistical and heuristic-based methodologies were developed and applied to assess the customers' risk levels and assist in the Bank's credit decision. The credit risk grades are also used in portfolio monitoring and limit setting and in building a more robust estimation of credit losses in the future as prescribed under the Internal Rating Based ("IRB") approach.

Aside from the credit risk rating, the Bank is also enhancing its portfolio management capability through the development of a data mart and acquisition of more analytical and risk management systems.

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers

Table 11: Credit quality of financing of customers

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Group 31 December 2021	Neither past due nor impaired Good RM'000	Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	5,579,616	132,386	18,714	68,345	5,799,061
- Syndicated financing	561,017	-	-	-	561,017
- Hire purchase receivables	636,718	8,013	4,360	1,384	650,475
- Other term financing	9,660,937	101,443	16,301	60,821	9,839,502
Other financing	3,975,628	30,669	379	41,523	4,048,199
	20,413,916	272,511	39,754	172,073	20,898,254
Less:					
- Stage 1 - 12 Months ECL	-	-	-	-	(116,768)
- Stage 2 - Lifetime ECL not credit impaired	-	-	-	-	(34,046)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(76,134)	(76,134)
Total net financing	20,413,916	272,511	39,754	95,939	20,671,306



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

Financing of customers are analysed as follows:

Group 31 December 2020	Neither past due Good RM'000	nor impaired Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	4,501,078	89,050	184,885	91,069	4,866,082
- Syndicated financing	550,719	-	-	-	550,719
- Hire purchase receivables	621,639	4,405	8,886	1,880	636,810
- Other term financing	8,120,932	26,053	56,289	56,067	8,259,341
Other financing	3,942,335	1,909	4,415	45,695	3,994,354
	17,736,703	121,417	254,475	194,711	18,307,306
Less:					
- Stage 1 - 12 Months ECL	-	-	-	-	(94,984)
- Stage 2 - Lifetime ECL not credit impaired	-	-	-	-	(8,561)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(87,944)	(87,944)
Total net financing	17,736,703	121,417	254,475	106,767	18,115,817

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

The credit quality for financing of customers is managed by the Group and the Bank using the internal credit ratings. The table below shows the credit quality for financing of customers exposed to credit risk, based on the Group's and the Bank's internal credit ratings.

Financing of customers are analysed as follows:

Bank 31 December 2021	Neither past due Good RM'000	nor impaired Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	5,579,616	132,386	18,714	68,345	5,799,061
- Syndicated financing	561,017	-	-	-	561,017
- Hire purchase receivables	636,718	8,013	4,360	1,384	650,475
- Other term financing	9,651,249	101,443	16,301	60,821	9,829,814
Other financing	3,975,628	30,669	379	41,523	4,048,199
	20,404,228	272,511	39,754	172,073	20,888,566
Less:					
- Stage 1 - 12 Months ECL	-	-	-	-	(116,768)
- Stage 2 - Lifetime ECL not credit impaired	-	-	-	-	(34,046)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(76,134)	(76,134)
Total net financing	20,404,228	272,511	39,754	95,939	20,661,618



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Table 11: Credit quality of financing of customers (cont'd)

Financing of customers are analysed as follows:

Bank 31 December 2020	Neither past due Good RM'000	nor impaired Satisfactory RM'000	Past due but not impaired RM'000	Impaired financing RM'000	Total RM'000
Term financing					
- Home financing	4,501,078	89,050	184,885	91,069	4,866,082
- Syndicated financing	550,719	-	-	-	550,719
- Hire purchase receivables	621,639	4,405	8,886	1,880	636,810
- Other term financing	8,115,317	26,053	56,289	56,067	8,253,726
Other financing	3,942,335	1,909	4,415	45,695	3,994,354
	17,731,088	121,417	254,475	194,711	18,301,691
Less:					
- Stage 1 - 12 Months ECL	-	-	-	-	(94,984)
- Stage 2 - Lifetime ECL not credit impaired	-	-	-	-	(8,561)
- Stage 3 - Lifetime ECL credit impaired	-	-	-	(87,944)	(87,944)
Total net financing	17,731,088	121,417	254,475	106,767	18,110,202

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Financing of customers are analysed as follows: (cont'd.)

(i) Neither past due nor impaired

Financing of customers which are neither past due nor impaired are identified into the following grades:

- "Good grade" refers to financing of customers which are neither past due nor impaired in the last six months and have never undergone any rescheduling or restructuring exercise previously.
- "Satisfactory grade" refers to financing of customers which may have been past due but not impaired or impaired during the last six months or have undergone a rescheduling or restructuring exercise previously.

(ii) Past due but not impaired

Past due but not impaired financing of customers refers to where the customer has failed to make a principal or profit payment after the contractual due date for more than one day but less than three (3) months.

Aging analysis of past due but not impaired is as follows:

Table 12: Past due but not impaired

Group and Bank 31 December 2021	Less than 1 month RM'000	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing				
- Home financing	-	14,430	4,284	18,714
- Hire purchase receivables	-	2,807	1,553	4,360
- Other term financing	-	9,309	6,992	16,301
Other financing	-	160	219	379
Total	-	26,706	13,048	39,754
Group and Bank 31 December 2020	Less than 1 month RM'000	1 - 2 months RM'000	>2 - 3 months RM'000	Total RM'000
Term financing				
- Home financing	-	102,958	81,928	184,886
- Hire purchase receivables	-	5,055	3,831	8,886
- Other term financing	-	33,732	22,557	56,289
Other financing	-	634	3,780	4,414
Total	-	142,379	112,096	254,475



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

The following tables present an analysis of the past due but not impaired financing by economic purpose.

Group and Bank	31 December 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	4,360	8,886
Purchase of landed properties of which:		
– residential	18,498	178,297
– non-residential	515	15,644
Personal use	14,890	50,518
Construction	1,092	-
Purchase of securities	-	106
Working capital	160	199
Other purpose	239	825
	39,754	254,475

The following table presents an analysis of the past due but not impaired financing by geographical area:

Group and Bank	31 December 2021 RM'000	31 December 2020 RM'000
Domestic	39,754	254,475

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

(iii) Impaired financing

A financing of customer is considered past due when any payment (whether principal and/or profit) due under the contractual terms are received late or missed.

Financing and advances are classified as credit-impaired when they fulfil any of the following criteria:

- (a) principal or profit or both are past due for ninety (90) days or more; or
- (b) outstanding amount is in excess of approved limit for ninety (90) days or more in the case of revolving facilities; or
- (c) where a financing is in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the financing exhibits indications of significant credit weaknesses; or
- (d) where a financing has been classified as rescheduled and restructured ("R&R"), the financing will be classified as credit-impaired until payments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months; or
- (e) for payments scheduled on intervals of ninety (90) days or more, as soon as default occurs.

In addition, financing that is considered individually significant, the Bank assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a financing is credit-impaired.

The financial effects of the adoption of MFRS 9 in relation to other areas on the Group's and the Bank's financial statements are disclosed in Note 2.4.



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose

The following tables present an analysis of the impaired financing by economic purpose.

Group	31 December 2021						Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000		
Purchase of securities	4	-	-	-	145	145	
Purchase of transport vehicles	1,384	-	23	23	1,673	1,696	
Purchase of landed properties							
of which:							
– residential	67,385	8,450	4,646	13,096	55,707	68,803	
– non-residential	22,955	1,511	(58)	1,454	1,989	3,443	
Purchase of fixed assets (excluding landed properties)	-	-	-	-	1,090	1,090	
Personal use	38,085	671	(269)	402	75,956	76,358	
Construction	-	-	-	-	1,879	1,879	
Working capital	41,797	19,586	(820)	18,771	40,042	58,813	
Other purpose	463	-	-	-	14,721	14,721	
	172,073	30,218	3,522	33,746	193,202	226,948	

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose. (cont'd)

Group	31 December 2020					
	Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	Total Impairment Allowances for Financing RM'000
Purchase of securities	-	-	-	-	297	297
Purchase of transport vehicles	1,880	14	(14)	-	3,547	3,547
Purchase of landed properties of which:						
– residential	89,146	9,479	(1,029)	8,450	52,667	61,117
– non-residential	27,109	2,306	(795)	1,511	2,975	4,486
Purchase of fixed assets (excluding landed properties)	-	-	-	-	358	358
Personal use	32,772	448	224	671	71,599	72,270
Construction	-	-	-	-	1,816	1,816
Working capital	41,122	13,298	6,287	19,586	26,792	46,378
Other purpose	2,682	-	-	-	1,220	1,220
	194,711	25,545	4,673	30,218	161,271	191,489



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose.

Bank	31 December 2021						Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance, at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000		
Purchase of securities	4	-	-	-	145	145	
Purchase of transport vehicles	1,384	-	23	23	1,673	1,696	
Purchase of landed properties							
of which:							
- residential	67,385	8,450	4,646	13,096	55,707	68,803	
- non-residential	22,955	1,511	(58)	1,454	1,989	3,443	
Purchase of fixed assets (excluding landed properties)	-	-	-	-	1,090	1,090	
Personal use	38,085	671	(269)	402	75,956	76,358	
Construction	-	-	-	-	1,879	1,879	
Working capital	41,797	19,586	(820)	18,771	40,042	58,813	
Other purpose	463	-	-	-	14,721	14,721	
	172,073	30,218	3,522	33,746	193,202	226,948	

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Impaired financing (cont'd)

Table 13: Impaired financing by economic purpose (cont'd)

The following tables present an analysis of the impaired financing by economic purpose. (cont'd)

Bank	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	31 December 2020			Total Impairment Allowances for Financing RM'000
				Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	
Purchase of securities	-	-	-	-	-	297	297
Purchase of transport vehicles	1,880	-	-	-	-	3,547	3,547
Purchase of landed properties							
of which:							
- residential	89,146	8,594	3,870	4,014	8,450	52,667	61,117
- non-residential	27,109	2,409	(898)	-	1,511	2,975	4,486
Purchase of fixed assets (excluding landed properties)	-	-	-	-	-	358	358
Personal use	32,772	614	58	-	671	71,599	72,270
Construction	-	-	-	-	-	1,816	1,816
Working capital	41,122	15,118	16,718	12,250	19,586	26,792	46,378
Other purpose	2,682	-	-	-	-	1,220	1,220
	194,711	26,735	19,748	16,264	30,218	161,271	191,489



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Table 14: Impaired financing by geographical distribution

The following tables present an analysis of the impaired financing by geographical distribution.

Group	31 December 2021					Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	
Domestic	172,073	30,218	3,522	33,746	193,202	226,948

Group	31 December 2020					Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	
Domestic	194,711	25,545	4,674	30,219	161,270	191,489

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

Table 14: Impaired financing by geographical distribution (cont'd)

The following tables present an analysis of the impaired financing by geographical distribution.

Bank	31 December 2021						Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000		
Domestic	172,073	30,218	3,522	33,746	193,202	226,948	

Bank	31 December 2020						Total Impairment Allowances for Financing RM'000
	Impaired Financing RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December RM'000	
Domestic	194,711	26,735	19,748	16,264	30,219	161,270	191,489



BASEL II PILLAR 3 DISCLOSURE

4.0 CREDIT RISK (GENERAL DISCLOSURE) (CONT'D)

Credit Quality Financing of Customers (cont'd)

(iv) Impaired financing (cont'd)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types and collateral and valuation parameters.

The main types of collateral obtained by the Group and the Bank are as follows:

- For home financing - mortgages over residential properties;
- For syndicated financing - charges over the properties being financed;
- For hire purchase financing - charges over the vehicles financed;
- For share margin financing - pledges over securities from listed exchange;
- For other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing of customer for the Group and the Bank are at **82.4%** and **82.5%** respectively as at 31 December 2021 (The Group and the Bank are at 87.2% and 87.2% respectively as at 31 December 2020). The financial effect of collateral held for other financial assets is not significant.

As at 31 December 2021, the fair value of collateral that the Group and the Bank hold relating to financing of customers individually determined to be impaired amounts to RM55,757,689 as compared against 31 December 2020 total amount of RM58,150,345. The collateral consists of cash, securities, letters of guarantee, and properties.

(v) Repossessed Collateral

It is the Group's and the Bank's policy to dispose of repossessed collateral in an orderly manner. The proceeds are used to reduce or pay the outstanding balance of financing and securities. Collateral's repossessed by the Bank are subject to disposal as soon as practicable. Foreclosed properties are recognised in other assets on the statement of financial position. The Group and the Bank do not occupy repossessed properties for its own business use.

5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH)

The Group and the Bank use the external rating agencies such as MARC, RAM, Moody's, Standard & Poors, Fitch and R&I for rating of commercial papers (CPs) and corporate bonds (CBs) or participation of syndication or underwriting of PDS issuance.

Each ECAI is used based on the types of exposures as described per Capital Adequacy Framework for Islamic Banks (CAFIB). The Group's and the Bank's credit exposures that are presently not mapped to the ECAI ratings are depicted below as unrated. Rating for financing exposure based on the obligor rating and treasury exposure based on issue rating of the exposure.

Table 15: Rating distribution on credit exposures

Group 31 December 2021		Rating by Approved ECAIS										Grand Total	
Exposure Class	AAA RM'000	AA+	AA	AA-	A	BBB	BB+	BB-	P1/MARC1	Unrated	Others	Grand Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance-Sheet Exposures													
Credit Exposures													
– Standardised Approach													
Sovereigns/Central Banks	5,592,032	-	-	-	-	-	-	-	-	-	-	5,592,032	
Public Sector Entities	-	-	-	-	-	-	-	-	-	948,552	-	948,552	
Banks, Development Financial Institutions & MDBs	29,992	-	22,200	-	94,199	-	-	14,311	-	54,647	-	215,349	
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	52,758	-	52,758	
Corporates	382,643	15,260	73,191	24,377	159,278	107,109	-	53,106	6,224,725	280,859	-	7,320,548	
Regulatory Retail	-	-	-	-	-	-	-	-	9,711,064	-	-	9,711,064	
Residential Mortgages	-	-	-	-	-	-	-	-	4,634,870	-	-	4,634,870	
Higher Risk Assets	-	-	-	-	-	-	-	-	75,722	-	-	75,722	
Other Assets	-	-	-	-	-	-	-	-	269,062	-	-	269,062	
Total	6,004,667	15,260	95,391	24,377	253,477	107,109	-	67,417	21,971,400	280,859	-	28,819,957	
Group 31 December 2020													
Exposure Class	AAA RM'000	AA+	AA	AA-	A	BBB	BB+	BB-	P1/MARC1	Unrated	Others	Grand Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
On and Off Balance-Sheet Exposures													
Credit Exposures													
– Standardised Approach													
Sovereigns/Central Banks	6,073,117	-	-	-	-	-	-	-	-	-	-	6,073,117	
Public Sector Entities	-	-	-	-	-	-	-	-	-	264,268	-	264,268	
Banks, Development Financial Institutions & MDBs	5,283	12,640	349,370	-	101,944	-	-	-	-	333,275	-	789,872	
Corporates	714,438	-	137,102	-	293,375	105,544	-	-	6,295,998	7,259,287	-	7,559,097	
Regulatory Retail	-	-	-	-	-	-	-	-	4,676,399	-	-	4,676,399	
Residential Mortgages	-	-	-	-	-	-	-	-	1,105	-	-	1,105	
Higher Risk Assets	-	-	-	-	-	-	-	-	440,330	-	-	440,330	
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Total	6,792,838	12,640	486,472	-	395,319	105,544	-	-	19,270,662	-	-	27,063,475	



BASEL II PILLAR 3 DISCLOSURE

5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH) (CONT'D)

Table 15: Rating distribution on credit exposures (cont'd)

Bank 31 December 2021		AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	Rating by Approved ECAIS BBB BB+ TO BB- RM'000		P1/MARC1 RM'000	Unrated RM'000	Others RM'000	Grand Total RM'000
On and Off Balance-Sheet Exposures											
Credit Exposures											
– Standardised Approach											
Sovereigns/Central Banks	5,592,032	-	-	-	-	-	-	-	-	-	5,592,032
Public Sector Entities	-	-	-	-	-	-	-	-	948,552	-	948,552
Banks, Development Financial Institutions & MDBs	29,992	-	22,200	-	94,199	-	14,311	-	54,647	-	215,349
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	52,758	-	52,758
Corporates	382,643	15,260	73,191	24,377	159,278	107,109	53,106	6,211,884	280,859	280,859	7,307,707
Regulatory Retail	-	-	-	-	-	-	-	9,711,064	9,711,064	-	9,711,064
Residential Mortgages	-	-	-	-	-	-	-	4,634,870	4,634,870	-	4,634,870
Higher Risk Assets	-	-	-	-	-	-	-	75,723	75,723	-	75,723
Other Assets	-	-	-	-	-	-	-	269,060	269,060	-	269,060
Total	6,004,667	15,260	95,391	24,377	253,477	107,109	67,417	21,958,558	280,859	280,859	28,807,115
Bank 31 December 2020											
Exposure Class	AAA RM'000	AA+ RM'000	AA RM'000	AA- RM'000	Rating by Approved ECAIS BBB BB+ TO BB- RM'000		P1/MARC1 RM'000	Unrated RM'000	Others RM'000	Grand Total RM'000	
On and Off Balance-Sheet Exposures											
Credit Exposures											
– Standardised Approach											
Sovereigns/Central Banks	6,073,117	-	-	-	-	-	-	-	-	-	6,073,117
Public Sector Entities	-	-	-	-	-	-	-	264,268	-	-	264,268
Banks, Development Financial Institutions & MDBs	5,283	-	349,370	-	101,944	-	-	333,275	-	-	789,872
Corporates	714,438	12,640	137,102	-	293,375	105,544	-	6,280,894	-	-	7,543,993
Regulatory Retail	-	-	-	-	-	-	-	7,259,287	-	-	7,259,287
Residential Mortgages	-	-	-	-	-	-	-	4,676,399	-	-	4,676,399
Higher Risk Assets	-	-	-	-	-	-	-	1,105	-	-	1,105
Other Assets	-	-	-	-	-	-	-	440,330	-	-	440,330
Total	6,792,838	12,640	486,472	-	395,319	105,544	-	19,255,558	-	-	27,048,371

5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH) (CONT'D)

Table 15: Rating distribution on credit exposures (cont'd)

Exposure Class	Ratings of Corporate by Approved ECAIs							Unrated RM'000
	Moody's S&P Fitch RAM MARC RII Inc	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A- A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- BBB+ to BB-	B1 to C B+ to D B+ to D B to D B+ to D B+ to D	B1 to C B+ to D B+ to D B to D B+ to D B+ to D	Unrated RM'000	
On and Off Balance-Sheet Exposures								
Credit Exposures (Using Corporate Risk Weights)								
Group and Bank 31 December 2021								
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	-	-	-	-	-	-	948,552	
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	495,471	159,278	107,109	-	-	-	6,492,743	
Total	495,471	159,278	107,109	-	-	-	7,441,295	
Group and Bank 31 December 2020								
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)	-	-	-	-	-	-	264,268	
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	864,180	293,375	105,544	-	-	-	6,280,894	
Total	864,180	293,375	105,544	-	-	-	6,545,162	



5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH) (CONT'D)

Table 15: Rating distribution on credit exposures (cont'd)

Exposure Class	Moody's S&P Fitch RII Inc	Ratings of Sovereigns and Central Banks by Approved ECAIs							
		Aaa to Aa3 RM'000	A+ to A- RM'000	Baa1 to Baa3 RM'000	Ba1 to B3 RM'000	Caa1 to C RM'000	Unrated RM'000	Unrated RM'000	Unrated RM'000
Group and Bank 31 December 2021									
On and Off Balance-Sheet Exposures									
Sovereigns and Central Banks		5,592,032	-	-	-	-	-	-	-
Total		5,592,032							
Group and Bank 31 December 2020									
On and Off Balance-Sheet Exposures									
Sovereigns and Central Banks		6,073,117	-	-	-	-	-	-	-
Total		6,073,117							

5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH) (CONT'D)

Credit risk disclosure by risk weights (including deducted exposures) are as follows:

Table 16: Credit risk disclosure by risk weights

	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting and Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000	
	Sovereign & Central Banks RM'000	Public Sector Entities RM'000	Banks, MDBs and FDIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Fund Managers Exposures RM'000	Equity Exposures RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting and Credit Risk Mitigation RM'000			
31 December 2021														
Group														
Risk-Weights														
0%	5,592,032	-	-	134,609	-	-	-	-	-	-	136,827	-	5,863,468	-
20%	-	948,532	121,150	426,384	230,239	706,388	52,758	-	-	-	-	-	2,485,451	497,089
35%	-	-	-	-	-	2,787,359	-	-	-	-	-	-	2,787,359	975,576
50%	-	-	94,199	442,424	1,974	631,847	-	-	-	-	-	-	1,170,444	585,222
75%	-	-	-	-	3,456,207	108,487	-	-	-	-	-	-	3,564,694	2,673,520
100%	-	-	-	6,154,503	6,010,010	400,650	-	-	-	-	132,882	-	12,698,045	12,698,046
150%	-	-	-	9,688	6,074	139	-	-	-	-	-	75,722	91,623	137,435
Total	5,592,032	948,532	215,349	7,167,608	9,704,504	4,634,870	52,758	-	75,722	269,709	28,661,084	17,566,888		
31 December 2020														
Group														
Risk-Weights														
0%	-	6,073,117	-	-	308,116	-	-	-	-	-	143,325	-	6,524,558	-
20%	-	-	264,078	687,928	958,636	-	-	-	-	-	-	-	1,910,642	382,127
35%	-	-	-	-	-	-	-	3,732,543	-	-	-	-	3,732,543	1,306,390
50%	-	-	-	101,944	606,308	1,626	600,357	-	-	-	-	-	1,310,235	655,118
75%	-	-	-	-	-	2,924,445	16,733	-	-	-	-	-	2,941,178	2,205,884
100%	-	-	-	-	5,565,460	4,315,795	326,647	-	-	-	304,027	-	10,511,929	10,511,929
150%	-	-	-	-	5,615	6,353	120	-	-	-	-	1,105	13,193	19,790
Total		6,073,117	264,078	789,872	7,444,135	7,248,219	4,676,400	-	1,105	447,352	26,944,278	15,081,238		



BASEL II PILLAR 3 DISCLOSURE

5.0 CREDIT RISK (DISCLOSURES FOR PORTFOLIO UNDER THE STANDARDISED APPROACH) (CONT'D)

Credit risk disclosure by risk weights (including deducted exposures) are as follows: (cont'd)

Table 16: Credit risk disclosure by risk weights (cont'd)

	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000	
	Sovereign & Central Banks RM'000	Public Sector Entities RM'000	Banks, MDBs and FDIs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Fund Managers Exposures RM'000	Equity Exposures RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Netting and Credit Risk Mitigation RM'000			
31 December 2021														
Bank														
Risk-Weights	5,592,032	948,532	121,150	134,609	-	-	-	-	-	-	136,827	5,863,468	-	497,090
0%	-	-	-	426,384	230,239	706,388	52,758	-	-	-	-	2,485,451	-	975,576
20%	-	-	-	-	-	2,787,359	-	-	-	-	-	2,787,359	-	585,222
35%	-	-	94,199	442,424	1,974	631,847	-	-	-	-	-	1,170,444	-	2,673,520
50%	-	-	-	-	3,456,207	108,487	-	-	-	-	-	3,564,694	-	12,694,891
75%	-	-	-	6,151,997	6,010,010	400,650	-	-	-	-	132,234	12,694,891	-	122,903
100%	-	-	-	-	6,074	139	-	-	75,722	-	-	81,935	-	17,549,202
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,592,032	948,532	215,349	7,155,414	9,704,504	4,634,870	52,758	-	75,722	269,061	28,648,242	17,549,202	-	15,063,327
31 December 2020														
Bank														
Risk-Weights	6,073,117	-	264,078	687,928	308,116	-	-	-	-	-	143,325	6,524,558	-	382,128
0%	-	-	-	958,636	958,636	-	-	-	-	-	-	1,910,642	-	1,306,390
20%	-	-	-	-	-	-	3,732,543	-	-	-	-	3,732,543	-	655,118
35%	-	-	-	101,944	606,308	1,626	600,357	-	-	-	-	1,310,235	-	2,205,884
50%	-	-	-	-	2,924,445	16,733	-	-	-	-	-	2,941,178	-	10,502,441
75%	-	-	-	-	5,562,993	4,315,795	326,647	-	-	-	297,006	10,502,441	-	11,366
100%	-	-	-	-	-	6,353	120	-	1,105	-	-	7,578	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6,073,117	264,078	264,078	789,872	7,436,053	7,248,219	4,676,400	-	1,105	440,331	26,929,175	15,063,327	-	15,063,327

6.0 CREDIT RISK MITIGATION (“CRM”) DISCLOSURES UNDER THE STANDARDISED APPROACH

Upon assessment of a customer’s credit standing and payment capacity and identification of the proposed financing’s source of payment, the Bank may provide a financing facility on a secured, partially secured or unsecured basis. In mitigating its credit exposure, the Group and the Bank may employ Credit Risk Mitigants in the form of collaterals and other supports. Examples of these CRMs include charges over residential and commercial properties being financed; pledge over shares and marketable securities, ownership claims over vehicles being financed, and supports in the form of debentures, assignments and guarantees.

The Bank utilise specific techniques to identify eligible collaterals and securities and ascertain their value, and subsequently, implement adequate monitoring process to ensure continued coverage and enforceability.

Credit documentation, administration and disbursement are carried out under clear guidelines and procedures to ensure protection and enforceability of collaterals and other credit risk mitigants. Valuation updates of collaterals are concurrently done during the periodic review of the financing facilities to reflect current market value and ensure adequacy and continued coverage.

The following tables present the credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group and the Bank do not have any credit exposure, which is reduced through the application of other eligible collateral.

Table 17: Credit risk mitigation on credit exposures

Group 31 December 2021	Gross Exposures RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	*Net Exposures RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central banks	5,576,883	-	5,576,883
Public sector entities	944,437	20	944,417
Banks, Development Financial Institution & MDBs	154,038	-	154,038
Takaful Cos, Securities Firms & Fund Managers	52,758	-	52,758
Corporates	6,331,648	152,293	6,179,355
Regulatory retail	9,475,555	6,560	9,468,995
Residential real estate	4,610,191	-	4,610,191
Higher risk assets	75,444	-	75,444
Other assets	269,709	-	269,709
Defaulted exposure	95,860	-	95,860
	27,586,523	158,873	27,427,650
(b) Off-Balance Sheet Exposures			
Credit-related off-balance sheet exposure	1,160,991	-	1,160,991
Islamic derivative financial instruments	72,443	-	72,443
	1,233,434	-	1,233,434
Total Credit Exposures	28,819,957	158,873	28,661,084

* After netting and credit risk mitigation



BASEL II PILLAR 3 DISCLOSURE

6.0 CREDIT RISK MITIGATION ("CRM") DISCLOSURES UNDER THE STANDARDISED APPROACH (CONT'D)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Group 31 December 2020	Gross Exposures RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	*Net Exposures RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central banks	6,058,325	-	6,058,325
Public sector entities	251,982	190	251,792
Banks, Development Financial Institution & MDBs	669,900	-	669,900
Corporates	6,517,329	107,940	6,409,389
Regulatory retail	7,106,909	11,067	7,095,842
Residential real estate	4,640,167	-	4,640,167
Higher risk assets	826	-	826
Other assets	447,352	-	447,352
Defaulted exposure	107,289	-	107,289
	25,800,079	119,197	25,680,882
(b) Off-Balance Sheet Exposures			
Credit-related off-balance sheet exposure	1,115,215	-	1,115,215
Islamic derivative financial instruments	148,181	-	148,181
	1,263,396	-	1,263,396
Total Credit Exposures	27,063,475	119,197	26,944,278

* After netting and credit risk mitigation

6.0 CREDIT RISK MITIGATION (“CRM”) DISCLOSURES UNDER THE STANDARDISED APPROACH (CONT'D)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Bank 31 December 2021	Gross Exposures RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	*Net Exposures RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central Banks	5,576,883	-	5,576,883
Public Sector Entities	944,437	20	944,417
Banks, Development Financial Institution & MDBs	52,758	-	52,758
Takaful Cos, Securities Firms & Fund Managers	154,038	-	154,038
Corporates	6,319,455	152,293	6,167,162
Regulatory Retail	9,475,555	6,560	9,468,995
Residential Real Estate	4,610,191	-	4,610,191
Higher Risk Assets	75,444	-	75,444
Other Assets	269,060	-	269,060
Defaulted Exposures	95,860	-	95,860
	27,573,681	158,873	27,414,808
(b) Off-Balance Sheet Exposures			
Credit-related Off-Balance Sheet Exposure	1,160,991	-	1,160,991
Islamic derivative financial instruments	72,443	-	72,443
	1,233,434	-	1,233,434
Total Credit Exposures	28,807,115	158,873	28,648,242

* After netting and credit risk mitigation



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6.0 CREDIT RISK MITIGATION ("CRM") DISCLOSURES UNDER THE STANDARDISED APPROACH (CONT'D)

Table 17: Credit risk mitigation on credit exposures (cont'd)

Bank 31 December 2020	Gross Exposures RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	*Net Exposures RM'000
Credit Risk			
(a) On Balance sheet exposures			
Sovereign/Central Banks	6,058,325	-	6,058,325
Public Sector Entities	251,982	190	251,792
Banks, Development Financial Institution & MDBs	669,900	-	669,900
Corporates	6,509,247	107,939	6,401,308
Regulatory Retail	7,106,909	11,067	7,095,842
Residential Real Estate	4,640,167	-	4,640,167
Higher Risk Assets	826	-	826
Other Assets	440,330	-	440,330
Defaulted Exposures	107,289	-	107,289
	25,784,975	119,196	25,665,779
(b) Off-Balance Sheet Exposures			
Credit-related Off-Balance Sheet Exposure	1,115,215	-	1,115,215
Islamic derivative Financial Instruments	148,181	-	148,181
	1,263,396	-	1,263,396
Total Credit Exposures	27,048,371	119,196	26,929,175

* After netting and credit risk mitigation

7.0 GENERAL DISCLOSURE FOR OFF-BALANCE SHEET EXPOSURE AND COUNTERPARTY CREDIT RISK ("CCR")

Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers.

Notwithstanding the above, the Bank establishes specific limits to manage its exposure to off-balance sheet and counterparty risks, which are derived based on, amongst others, the respective counterparty's financial strength and credit rating, sector limits, SCEL limits, connected party, domicile country's risk rating, existing relationship with the Bank and utilisation trend of allocated limits. These limits are monitored and reviewed on a regular basis. No material losses are anticipated as a result of these transactions. Risk weighted exposures of commitments and contingencies are as follows:

Table 18: Commitments and contingencies

The commitments and contingencies constitute the following:	Group and Bank					
	31 December 2021			31 December 2020		
	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
Contingent liabilities						
Direct credit substitutes	292,802	292,802	268,848	298,114	298,114	277,009
Trade-related contingencies	41,953	8,391	712	29,755	5,951	208
Transaction related contingencies	487,515	243,758	233,215	403,511	201,755	187,023
Commitments						
Credit extension commitment:						
- Maturity within one year	635,148	127,029	125,609	722,818	144,564	137,659
- Maturity exceeding one year	977,994	488,997	414,004	929,662	464,831	427,279
Other miscellaneous commitments & contingencies	25,773	14	11	7,102	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	1,630,597	25,443	13,995	3,326,522	89,181	40,093
- Maturity within one year	1,630,597	25,443	13,995	3,326,522	89,181	40,093
- Maturity exceeding one year	-	-	-	-	-	-
Profit rate related contract	1,200,000	47,000	9,400	1,200,000	59,000	11,800
- Maturity within one year	-	-	-	-	-	-
- Maturity exceeding one year	1,200,000	47,000	9,400	1,200,000	59,000	11,800
Total off-balance sheet exposures	5,291,782	1,233,434	1,065,794	6,917,484	1,263,396	1,081,071



BASEL II PILLAR 3 DISCLOSURE

7.0 GENERAL DISCLOSURE FOR OFF-BALANCE SHEET EXPOSURE AND COUNTERPARTY CREDIT RISK ("CCR") (CONT'D.)

Islamic derivative financial assets/(liabilities)

The table below shows the fair values of Islamic derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amounts, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Table 19: Islamic derivative financial assets/(liabilities)

Group and Bank	31 December 2021			31 December 2020		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts:						
- Currency forwards						
Less than one year	778,535	1,362	(3,463)	1,509,931	4,084	(43,920)
- Currency swaps						
Less than one year	841,155	4,074	(697)	1,679,710	40,343	(15,826)
- Currency spot						
Less than one year	10,907	1	(7)	136,881	3,393	(73)
- Dual currency investment option	-	-	-	-	-	-
	1,630,597	5,437	(4,167)	3,326,522	47,820	(59,819)
Islamic profit rate swap ("IPRS")						
Unhedged IPRS	-	-	-	-	-	-
Hedged IPRS	1,200,000	-	(57,376)	1,200,000	-	(107,516)
Total	2,830,597	5,437	(61,543)	4,526,522	47,820	(167,335)

7.0 GENERAL DISCLOSURE FOR OFF-BALANCE SHEET EXPOSURE AND COUNTERPARTY CREDIT RISK ("CCR") (CONT'D.)

Islamic derivative financial assets/(liabilities) (cont'd.)

Included within hedging derivatives are derivatives where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

Table 19: Islamic derivative financial assets/(liabilities) (cont'd.)

Group and Bank	31 December 2021			31 December 2020		
	Contract/ notional amount RM'000	Fair value		Contract/ notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
IPRS	1,200,000	-	(57,376)	1,200,000	-	(107,516)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers and investment securities.

For the year ended 31 December 2021, the Group and the Bank:

- (i) Recognised a net gain of RM50,139,069 (31 December 2020: net loss of RM54,337,986) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM57,692,261 (31 December 2020: net gain of RM59,900,904); and
- (ii) There is no recorded gain from derecognition of fair value of hedged items attributable to hedged risk (31 December 2020: Nil) as a result of derecognition of the hedged items.



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8.0 MARKET RISK AND ASSETS-LIABILITY MANAGEMENT ("ALM")

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. Asset-Liability Management ("ALM") refers to the coordinated management of the Group's and the Bank's balance sheet, which includes assets, liabilities and capital. The main focus of ALM is on the Group's and the Bank's overall performance that can be measured in terms of net income. In turn, the primary determinant of net income will be the overall risk-return position of the Group and the Bank.

The key objective of market risk management and ALM of the Bank is to manage and control market risk exposures in order to optimise return on risk while maintaining a market profile that is consistent with the Bank's strategic, business plan and risk appetite.

The Bank's market risk management and ALM objectives are to:

- Ensure the implementation of an effective market risk management system in the Bank;
- Assume an appropriate balance between the level of risk and the level of return desired in order to maximise the return to shareholders' funds;
- Ensure prudent management of the Bank's resources to support the growth of the Bank's economic value; and
- Proactively manage the Bank's balance sheet in order to maximise earnings and attain its strategic goal within the overall risk/return preferences.

The Bank has an independent market risk control function that is responsible for measuring and managing market risk exposures in accordance with the Board-approved policies and guidelines. The unit reports to the ALCO Working Committee on a monthly basis, where issues on balance sheet and capital management are proactively discussed and any recommendation and decision reached are then escalated to the ERM, BRMC and Board respectively.

The Bank has formulated several strategies to effectively manage and ensure a sound balance sheet profile that complements both regulatory and business requirements. Among the strategies implemented for FYE 31 December 2021 were:

- Embark on the enhancement of Fund Transfer Pricing ("FTP") Framework as a mechanism for distributing revenue between profit centres and to improve profitability through improved pricing;
- Concentrate more on sourcing for deposits from retail and SME customers, longer term retail deposits, and deposits from transactional and operational accounts; and
- Review and enhancement of deposit products and features and introduction of more innovative deposit and investment account products.

The Bank's market risk management and ALM processes, which include risk identification, measurement, mitigation, monitoring and reporting are guided by the Market Risk and ALM Policies and Guidelines ("MRAPG") and the Trading and Banking Book Policy Statement ("TBPS").

The Bank defines and segregates its trading and banking book positions as outlined under the TBPS. The policy covers the definition of trading and banking book for financial instruments, classification, performance, limit monitoring, position valuation and hedging requirements.

8.0 MARKET RISK AND ASSETS-LIABILITY MANAGEMENT (“ALM”) (CONT’D)

Market Risk Measurement

1. Value at Risk

Value at Risk which includes the historical simulation is widely used by the Bank as a tool to measure the risk of loss on a specific portfolio of financial assets, limit setting activities and market forecasting.

2. Sensitivity Analysis

The Bank uses various methodologies in assessing the sensitivity of the Bank’s portfolio against changes in the market variables.

3. Stress Testing and Scenario Analyses

Stress testing and scenario analyses are used as market risk and ALM tools for evaluation of potential impact on the Bank’s performance under plausible extreme adverse conditions. The stress testing include the assessment on the funding and market liquidity, rate of return risk, displaced commercial risk and currency volatility.

Valuation Policy

The Group and the Bank adhere to the minimum prudent valuation practices as stipulated in the CAFIB and MFRS 9 guidelines. Based on these prudential requirements, broad internal guidelines have been drawn out as summarised below:

- **Systems and Controls**

The Group and the Bank have established and maintained adequate systems and controls to give the management and supervisors the confidence that the valuation estimates are prudent and reliable.

- **Valuation Methodologies**

There are three levels of fair value hierarchy applied to reflect the level of judgment involved in estimating fair values. The hierarchy is as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical instruments;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement that is directly (i.e. prices) or indirectly (i.e. derived from prices), observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



BASEL II PILLAR 3 DISCLOSURE

8.1 MARKET RISK (DISCLOSURES FOR PORTFOLIOS UNDER THE STANDARDISED APPROACH)

As at 31 March 2015, the Group and the Bank used the standardised approach in computing the market risk weighted assets of the trading book position of the Group and the Bank. The following is the minimum regulatory requirement for market risk.

Table 20: Minimum regulatory requirement for market risk

**Group and Bank
31 December 2021**

	Long Position RM'000	Short Position RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Benchmark Rate Risk	1,319	1,384	4,977	398
Foreign Currency Risk	7,011	19,928	11,248	900
Total	8,330	21,312	16,225	1,298

**Group and Bank
31 December 2020**

	Long Position RM'000	Short Position RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Benchmark Rate Risk	1,432	(1,817)	14,851	1,190
Foreign Currency Risk	7,695	(6,075)	7,695	616
Total	9,127	(7,892)	22,546	1,806

8.2 DISCLOSURE FOR EQUITIES

The classification of equity investments must be made at the point of transaction. Equities are classified under the banking book when they are acquired and held for yield or capital growth purposes.

The Bank also engages in direct acquisition of newly-listed quoted shares. As stipulated under the TBPS, these investments are considered under the trading position with the exception of investments in subsidiaries and associates which would require BNM's prior approval. Equities held under the trading book position are subject to market risk capital charge as specified in the CAFIB.

The oversight and supervision of investments in equities and equity funds resides within the Investment Committee's ("IC") authority. This covers decisions on purchase and sale of stocks and ongoing review and monitoring of performance.

Table 21: Equity exposures

**Group and Bank
31 December 2021**

Publicly Traded	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000	Unrealised Gain/ (Losses) RM'000
Investment in Unit Trust Funds			
Investment in Quoted Shares	107,103	107,103	(53,077)
Total	107,103	107,103	(53,077)
Cumulative realised gains arising from sales and liquidations in the reporting period			(287)

**Group and Bank
31 December 2020**

Publicly Traded	Gross Credit Exposure RM'000	Risk Weighted Assets RM'000	Unrealised Gain/ (Losses) RM'000
Investment in Unit Trust Funds			
Investment in Quoted Shares	105,537	105,537	(37,772)
Total	105,537	105,537	(37,772)
Cumulative realised gains arising from sales and liquidations in the reporting period			9,583



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8.3 DISCLOSURE FOR RATE OF RETURN RISK IN BANKING BOOK ("RORBB")

Rate of Return Risk ("RoR") Management

Rate of return risk refers to the variability of the Bank's assets and liabilities resulting from the volatility of the market benchmark rates, both in the trading and banking books. The Bank actively manages the following risks:

Table 22: Rate of return risks

Risk	Definition
Repricing Risk	Timing differences in the maturity and repricing of the Bank's assets and liabilities
Yield Curve Risk	Unanticipated yield curve shifts that has adverse impact on the Bank's income and economic values
Basis Risk	Arises from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar repricing characteristics
Optionality/Embedded Option Risk	The risk arising from options embedded in the Bank's assets, liabilities and off-balance sheet portfolio

Rate of Return Risk Measurement

The Bank measures various parallel rate shocks scenarios (up to 100 basis points as per Basel II recommendations) and its impact on earnings and equities by assessing key assumptions which incorporates the Bank's balance sheet profile, business strategies, economic outlook and behavioural analysis of non-maturity deposits. Among the various analyses that are carried out are:

1. Earning at Risk ("EaR")

The focus of this analysis is more on the impact of changes in rate of return on accrual or reported earnings. Variation in earnings such as reduced earnings or outright losses can threaten the financial stability of the Bank by undermining its capital adequacy and reducing market confidence.

2. Economic Value of Equity ("EVE")

Economic value of a bank can be viewed as the present value of the Bank's expected net repricing balance weighted by duration, which can be defined as the expected repricing balance on assets minus the expected repricing balance on liabilities plus the expected net repricing balance on off-balance-sheet position. The sensitivity of a bank's economic value to fluctuation in rate of return is particularly an important consideration of shareholders and management.

3. Value at Risk ("VaR")

VaR approach is used to estimate the maximum potential loss of the investment portfolio over a specified time.

4. Repricing Gap Analysis

Repricing gap analysis measures the difference or gap between the absolute value of rate of return sensitive assets and rate of return sensitive liabilities, which are expected to experience changes in contractual rates (repriced) over the residual maturity period or on maturity.

5. Other Risk Assessment

Simulation analysis is used to evaluate the impact of possible decisions that includes assessment on product pricing, new product introduction, derivatives and hedging strategies, changes in the asset-liability mix and short term funding decisions.

8.3 DISCLOSURE FOR RATE OF RETURN RISK IN BANKING BOOK ("RORBB") (CONT'D)

Rate of Return Risk Measurement (cont'd)

Table 23: Sensitivity analysis of rate of return risk

The increase or decline in earnings and economic value for upwards and downward rate shocks which are consistent with shocks applied in the stress test for measuring:

Increase/(decrease) in basis points	Group		Bank	
	-50 Basis Points RM'000	+50 Basis Points RM'000	-50 Basis Points RM'000	+50 Basis Points RM'000
Impact on Earnings:				
31 December 2021				
MYR	(22,711)	22,711	(22,657)	22,657
USD	560	(560)	560	(560)
Others*	9	(9)	9	(9)
31 December 2020				
MYR	(21,994)	21,994	(21,937)	21,937
USD	1,851	(1,851)	1,851	(1,851)
Others*	35	(35)	35	(35)
Impact on Equity:				
31 December 2021				
MYR	35,896	(35,896)	35,893	(35,893)
USD	(66)	66	(66)	66
Others*	(2)	2	(2)	2
31 December 2020				
MYR	(30,292)	30,292	(30,284)	30,284
USD	417	(417)	417	(417)
Others*	63	(63)	63	(63)

* Inclusive of AUD, CHF, EUR, GBP, JPY and other currencies.



BASEL II PILLAR 3 DISCLOSURE

8.4 LIQUIDITY RISK

Liquidity and Funding Risk

Liquidity risk is best described as the inability to fund any obligation on time as they fall due, whether due to increase in assets or demand for funds from the depositors. The Bank will incur liquidity risk if it is unable to create liquidity and this has serious implication on its reputation and continued existence.

In view of this, it is the Bank's priority to manage and maintain a stable source of financial resources towards fulfilling the above expectation. The Bank, through active balance sheet management, ensures that sufficient cash and liquid assets availability are in place to meet the short and long term obligations as they fall due.

Generally, liquidity risk can be divided into two types, which are:

- **Funding Liquidity Risk**

Refers to the potential inability of the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost.

- **Market Liquidity Risk**

Refers to the Bank's potential inability to liquidate positions quickly and insufficient volumes, at a reasonable price.

As stated in the policy, the Bank's liquidity risk magnitude segregated into the following:

Table 24: Liquidity risk indicators

Magnitude	Indicators
Low	Earnings and capital exposure from the liquidity risk profile is negligible
Moderate	Earnings or capital exposure from the liquidity risk profile is manageable.
High	Funding sources and liability structure suggest current or potential difficulty in maintaining long-term and cost-effective liquidity.

The Bank monitors the maturity profile of its assets and liabilities so that adequate liquidity is maintained at all times. The Bank's ability to maintain a stable liquidity profile relies primarily on its ability to grow and retain its customer deposit base. The Bank's marketing strategy is therefore focused on ensuring a balanced mix of deposits, hence, reducing concentration or over-reliance on a specific source of deposit or funding.

Stability of the deposit base minimises the Bank's dependency on volatile short-term deposits. Considering the effective maturities of deposits based on retention history (behavioral method/analysis) and availability of liquid investments, the Bank is able to ensure sufficient liquidity.

The Asset & Liability Working Committee (ALCO) meets on a monthly basis to review the Bank's liquidity gap profile and deliberates on appropriate strategies to manage and mitigate the risk exposure. In addition, liquidity stress test is periodically conducted to address strategic issues concerning liquidity risk.

8.4 LIQUIDITY RISK (CONT'D)

Liquidity and Funding Risk (cont'd)

To effectively manage its liquidity, the Bank has the following policies and strategies in place:

- **Management under normal condition:**

Normal condition is defined as the situation in which the Bank is able to meet any liquidity demands when they come due.

The Bank monitors its liquidity positions through liquidity controls such as maximum cumulative outflows, deposits concentration, financing to deposits ratio, and controlled financing draw down level.

- **Management under crisis condition:**

Crisis condition is defined as the situation in which the Bank faces difficulties to meet liquidity demand when they fall due. The crisis can be classified into three levels as follows:

Contingency Level	Trigger/Status
Level 1	Abnormal event that interrupts normal business operations at a minimal level.
Level 2	Disruption event tantamount or escalates into a crisis e.g. massive or continuous withdrawal of deposits in a particular branch or area, difficulties in raising funds from interbank market.
Level 3	Critically threatens the operations, staffs, shareholders' value, stakeholders, brand, reputation of which a crisis management is necessary to be put in place.

The Bank's Liquidity Crisis Management is outlined in the Liquidity Crisis Contingency Plan ("LCCP") Policy. Further, as required under the Basel 3 guidelines, the Bank has put in place the relevant measures and monitoring processes on liquidity management through the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") computations. The Bank has put in place a buffer above minimum regulatory requirement to ensure the LCR and NSFR level is maintained in compliance with the regulation.



BASEL II PILLAR 3 DISCLOSURE

8.4 LIQUIDITY RISK (CONT'D)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity.

Group	31 December 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
ASSETS									
Cash and short-term funds	1,119,053	23,238	-	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	-	31,184	-	-	-	-	-	31,184
Financial investments at fair value through profit and loss	-	-	-	5,052	168,384	147,840	-	-	321,276
Financial investments at fair value through other comprehensives income	-	-	215,530	286,898	669,885	3,587,562	106,895	107,109	4,866,770
Financial investments at amortised cost	-	-	-	-	-	-	-	-	107,109
Islamic derivative financial assets	424	1,375	2,523	1,115	-	-	-	-	5,437
Financing of customers	79,347	772,577	1,375,858	-	2,005,708	6,809,225	8,326,386	20,671,306	20,671,306
Other assets	-	404	-	-	32,796	72,427	315,391	-	421,018
TOTAL ASSETS	1,198,824	797,594	1,625,095	1,595,270	2,876,773	10,617,054	8,855,781	27,566,391	
LIABILITIES AND EQUITY									
Deposits from customers	10,347,655	3,685,222	3,241,319	3,741,358	875,146	1,141,056	81,410	23,113,166	
Investment accounts of customers	216,978	-	-	-	-	-	-	216,978	
Deposits and placements of banks and other financial institutions	-	46	54	84	113	50,753	240,816	291,866	
Bills and acceptances payable	-	-	7,755	-	-	-	-	7,755	
Islamic derivative financial liabilities	426	451	2,399	891	-	12,563	44,813	61,543	
Other liabilities	-	75,855	876	1,844	91,943	24,436	-	194,954	
Recourse obligation on financing sold to Cagamas	-	-	-	427,466	-	-	-	427,466	
Subordinated sukuk	-	-	-	1,051	-	498,825	-	499,876	
Total Liabilities	10,565,059	3,761,574	3,252,403	4,172,694	967,202	1,727,633	367,039	24,813,604	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	2,752,787	2,752,787
NET MATURITY MISMATCH	(9,366,235)	(2,963,980)	(1,627,308)	(2,577,424)	1,909,571	8,889,421	5,735,955	-	
Commitments and contingencies									
Contingent liabilities	-	-	2,404	6,492	25,406	676,724	111,244	822,270	
Commitments	156,323	916	143,837	121,514	11,459	269,774	909,319	1,613,142	
Other Miscellaneous Commitment and Contingent Liabilities	72	-	-	-	-	24,096	1,605	25,773	
Islamic derivative financial instruments	52,567	13,233	198,705	381,249	984,843	500,000	700,000	2,830,597	
Total commitments and contingencies	208,962	14,149	344,946	509,255	1,021,708	1,470,594	1,722,168	5,291,782	



8.4 LIQUIDITY RISK (CONT'D)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Group	Up to	>7 Days -	>1-3	>3-6	>6-12	>1 - 5	Over 5	Total
31 December 2020	7 Days	1 Month	Months	Months	Months	Years	Years	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short-term funds	2,369,462	563,710	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	-	30,417	-	-	-	-	30,417
Financial investments at fair value through profit and loss	-	-	-	12,176	-	-	-	313,337
Financial investments at fair value through other comprehensive income	-	149,868	635,472	131,976	123,899	2,607,258	150,491	3,798,964
Financial investments at amortised cost	-	-	-	-	-	-	105,544	105,544
Islamic derivative financial assets	6,746	20,059	7,580	12,516	919	-	-	47,820
Financing of customers	59,498	665,038	1,286,412	1,121,802	1,898,467	6,046,320	7,038,278	18,115,815
Other assets	3	646	-	-	112,027	38,598	271,529	422,800
TOTAL ASSETS	2,435,706	1,399,321	1,959,881	1,278,470	2,135,312	8,993,337	7,565,842	25,767,869
LIABILITIES AND EQUITY								
Deposits from customers	9,509,844	4,662,369	3,232,770	2,894,806	725,795	423,546	52,196	21,501,366
Deposits and placements of banks and other financial institutions	-	25	28	283	485	3,062	94,463	98,346
Bills and acceptances payable	-	-	6,310	-	-	-	-	6,310
Islamic derivative financial liabilities	3,772	24,734	19,277	11,827	208	25,447	82,068	167,333
Other liabilities	-	23,084	5,367	943	76,516	40,479	-	146,389
Recourse obligation on financing sold to Cagamas	-	-	-	-	-	444,141	-	444,141
Subordinated sukuk	-	-	-	250,642	-	-	-	250,642
Senior sukuk	-	-	-	2,811	499,881	-	-	502,692
Total Liabilities	9,513,656	4,710,212	3,263,752	3,161,312	1,302,885	936,675	228,725	23,117,217
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	2,650,652	2,650,652
NET MATURITY MISMATCH	(7,077,950)	(3,310,891)	(1,303,871)	(1,882,842)	832,427	8,056,662	4,686,465	-
Commitments and contingencies								
Contingent liabilities	7,439	4,187	31,617	46,925	76,100	563,753	1,358	731,379
Commitments	65,182	93,499	199,988	74,779	433,772	245,644	539,616	1,652,480
Other Miscellaneous Commitment and Contingent Liabilities	6,455	88	-	161	2	136	260	7,102
Islamic derivative financial instruments	483,039	820,123	864,001	917,416	241,944	500,000	700,000	4,526,523
Total commitments and contingencies	562,115	917,897	1,095,606	1,039,281	751,818	1,309,533	1,241,234	6,917,484



BASEL II PILLAR 3 DISCLOSURE

8.4 LIQUIDITY RISK (CONT'D)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Bank 31 December 2021	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
ASSETS								
Cash and short-term funds	1,119,053	23,238	-	-	-	-	-	1,142,291
Cash and placements with financial institutions	-	-	31,184	-	-	-	-	31,184
Financial investments designated at fair value through profit and loss	-	-	-	5,052	168,384	147,840	-	321,276
Financial investments at fair value through other comprehensive income	-	-	215,530	286,898	669,885	3,585,057	106,894	4,864,264
Financial investments at amortised cost	-	-	-	-	-	-	107,109	107,109
Islamic derivative financial assets	424	1,375	2,523	1,115	-	-	-	5,437
Financing of customers	79,347	772,577	1,375,858	1,302,205	2,005,708	6,809,225	8,316,698	20,661,618
Other assets	-	395	-	-	32,207	72,427	328,199	433,228
TOTAL ASSETS	1,198,824	797,585	1,625,095	1,595,270	2,876,184	10,614,549	8,858,900	27,566,407
LIABILITIES AND EQUITY								
Deposits from customers	10,355,435	3,693,089	3,241,297	3,741,324	875,129	1,141,034	81,409	23,128,717
Investment accounts of customers	216,978	-	-	-	-	-	-	216,978
Deposits and placements of banks and other financial institutions	-	46	54	84	113	50,753	240,816	291,866
Bills and acceptances payable	-	-	7,755	-	-	-	-	7,755
Islamic derivative financial liabilities	426	451	2,399	891	-	12,563	44,813	61,543
Other liabilities	-	75,581	876	1,844	91,182	24,436	-	193,919
Recourse obligation on financing sold to Cagamas	-	-	-	427,466	-	-	-	427,466
Subordinated sukuk	-	-	-	1,051	-	498,825	-	499,876
Total Liabilities	10,572,839	3,769,167	3,252,381	4,172,660	966,424	1,727,611	367,038	24,828,120
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	2,738,287	2,738,287
NET MATURITY MISMATCH	(9,374,015)	(2,971,582)	(1,627,286)	(2,577,390)	1,909,760	8,886,938	5,753,575	-
Commitments and contingencies								
Contingent liabilities	-	-	2,404	6,492	25,406	676,724	111,244	822,270
Commitments	156,323	916	143,837	121,514	11,459	269,774	909,319	1,613,142
Other Miscellaneous Commitment and Contingent Liabilities	72	-	-	-	-	24,096	1,605	25,773
Islamic derivative financial instruments	52,567	13,233	198,705	381,249	984,843	500,000	700,000	2,830,597
Total commitments and contingencies	208,962	14,149	344,946	509,255	1,021,708	1,470,594	1,722,168	5,291,782

8.4 LIQUIDITY RISK (CONT'D)

Liquidity and Funding Risk (cont'd)

Table 25: Maturity analysis of assets and liabilities based on remaining contractual maturity. (cont'd)

Bank 31 December 2020	Up to 7 Days RM'000	>7 Days - 1 Month RM'000	>1-3 Months RM'000	>3-6 Months RM'000	>6-12 Months RM'000	>1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
ASSETS								
Cash and short-term funds	2,369,462	563,710	-	-	-	-	-	2,933,172
Cash and placements with financial institutions	-	-	30,417	-	-	-	-	30,417
Financial investments designated at fair value through profit and loss	-	-	-	12,176	-	301,161	-	313,337
Financial investments at fair value through other comprehensive income	-	149,868	635,472	131,976	123,899	2,604,791	150,491	3,796,497
Financial investments at amortised cost	-	-	-	-	-	-	105,544	105,544
Islamic derivative financial assets	6,746	20,059	7,580	12,516	919	-	-	47,820
Financing of customers	59,498	665,038	1,286,412	1,121,802	1,898,467	6,046,320	7,032,662	18,110,199
Other assets	3	646	-	-	111,198	32,088	284,438	428,373
TOTAL ASSETS	2,435,709	1,399,321	1,959,881	1,278,470	2,134,483	8,984,360	7,573,135	25,765,359
LIABILITIES AND EQUITY								
Deposits from customers	9,514,409	4,670,742	3,232,737	2,894,773	725,772	423,529	52,196	21,514,158
Deposits and placements of banks and other financial institutions	-	25	28	283	485	3,062	94,463	98,346
Bills and acceptances payable	-	-	6,310	-	-	-	-	6,310
Islamic derivative financial liabilities	3,772	24,734	19,277	11,827	208	25,447	82,068	167,333
Other liabilities	-	23,865	5,367	1,305	76,167	32,494	-	139,198
Recourse obligation on financing sold to Cagamas	-	-	-	-	-	444,141	-	444,141
Subordinated sukuk	-	-	-	250,642	-	-	-	250,642
Senior sukuk	-	-	-	2,811	499,881	-	-	502,692
Total Liabilities	9,518,181	4,719,366	3,263,719	3,161,641	1,302,513	928,673	228,727	23,122,820
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	2,642,539	2,642,539
NET MATURITY MISMATCH	(7,082,472)	(3,320,045)	(1,303,838)	(1,883,171)	831,970	8,055,687	4,701,869	-
Commitments and contingencies								
Contingent liabilities	7,439	4,187	31,617	46,925	76,100	563,753	1,358	731,379
Commitments	65,182	93,499	199,988	74,779	433,772	245,644	539,616	1,652,480
Other Miscellaneous Commitment and Contingent Liabilities	6,455	88	-	161	2	136	260	7,102
Islamic derivative financial instruments	483,039	820,123	864,001	917,416	241,944	500,000	700,000	4,526,523
Total commitments and contingencies	562,115	917,897	1,095,606	1,039,281	751,818	1,309,533	1,241,234	6,917,484



BASEL II PILLAR 3 DISCLOSURE

9.0 OPERATIONAL RISK MANAGEMENT (“ORM”) DISCLOSURES

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which includes wide spectrum of risks such as fraud, physical damage, business disruption, transaction failures, legal, regulatory breaches including fiduciary breaches and Shariah non-compliance as well as employee health and safety hazards.

The objective of operational risk management is to effectively manage these risks in order to avoid or reduce any possible financial or non-financial losses arising from operational lapses.

In relation to operational risk management, the Operational and Shariah Risk Management Section (“OSRMS”), Operational Risk Management Committee (“ORMC”), Internal Audit, Compliance, as well as the business and support units play a significant role in the overall integrated risk management framework.

The management of operational risks is targeted at preventing and managing loss events and potential risks by using operational risk tools, namely, Risk and Control Self Assessment (“RCSA”), Key Risk Indicator (KRI), Incident Management and Data Collection (“IMDC”), Scenario Analysis (“SA”) and Stress Test (“ST”).

The risk management processes and controls are established in line with the Bank’s operational risk management framework, internal policies, regulatory requirements and standard operating procedures as guidance.

The Muamalat Operational Risk Solution (“MORiS”)

The MORiS is a web-based application that is used as a tool in risk identification and assessment. It also acts as a centralised loss incidents database by capturing and storing loss-related data and is used to track risk exposures against established key risk indicators (“KRI”) overtime.

Its key objective is to improve monitoring and reporting of risk activities in branches and the head office through the Risk & Control Self-Assessment (“RCSA”), Incident Management Data Collection (“IMDC”), and Key Risk Indicator (“KRI”).

Business Continuity Management (“BCM”)

The Bank adopts the BNM’s Guidelines on Business Continuity Management, which entails enterprise-wide planning and arrangements of key resources and procedures that would enable the Bank to respond and continue to operate critical business functions across a broad spectrum of interruptions to business, arising from internal or external events.

BCM Methodology

The Bank develops the Business Continuity Plan (“BCP”) by way of completing the Risk Assessment (“RA”) and Business Impact Analysis (“BIA”). RA is a tool used to identify potential threats for all business functions. A BIA will be carried out to identify critical business functions’ recovery time objective (“RTO”) and maximum tolerable downtime (“MTD”) taking into account the Bank’s resources and infrastructures. The RA and BIA sessions are conducted annually with the business units.

9.0 OPERATIONAL RISK MANAGEMENT (“ORM”) DISCLOSURES (CONT’D.)

ORM Minimum Capital Requirement

The Group and the Bank adopt the Basic Indicator Approach (“BIA”) to determine the minimum capital requirement for its operational risk. Under this approach, the Group and the Bank set aside a fixed percentage (a or alpha factor) of 15% of positive annual average gross income, averaged over the previous three years. The Group’s and the Bank’s minimum capital is presented in table below:

Table 26: ORM minimum capital requirement

	31 December 2021		31 December 2020	
	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000	Risk Weighted Assets RM’000	Minimum Capital Requirement at 8% RM’000
Group	1,321,435	105,715	1,259,314	100,745
Bank	1,302,128	104,170	1,250,046	100,004

10.0 SHARIAH GOVERNANCE DISCLOSURES

Overview

BMMB’s shariah governance structure is governed by BNM’s guidelines on Shariah Governance Policy Document (“SGPD”), and any related guidelines issued by the authorities, subject to variations and amendments from time to time.

Shariah governance system as defined by the IFSB Guiding Principles on Shariah Governance System on Institutions Offering Islamic Financial Services (“IFSB-10”) refers to a set of institutional and organisational arrangements to oversee Shariah compliance aspects in Islamic financial institutions (IFI).

In this context, Shariah non-compliance risk has been defined as “the risk that arises from the Group’s and the Bank’s failure to comply with the Shariah rules and principles determined by the Shariah Committee (“SC”) of BMMB and relevant Shariah Authorities (“SA”) committees.

Shariah risk management and governance in BMMB are in accordance with the Policy on Shariah Governance (“Policy”), which is endorsed by the Shariah Committee and approved by the Board. The Policy is drawn up in accordance to the SGPD issued by BNM on 20 September 2019.

In ensuring the operations and business activities of the Bank remain consistent with Shariah principles and regulatory requirements, the Bank has established its own internal Shariah Committee and internal Shariah Organs, which consist of Shariah Division, Shariah Audit, Shariah Review, and Shariah Risk Management.



BASEL II PILLAR 3 DISCLOSURE

10.0 SHARIAH GOVERNANCE DISCLOSURES (CONT'D)

Shariah Governance Structure

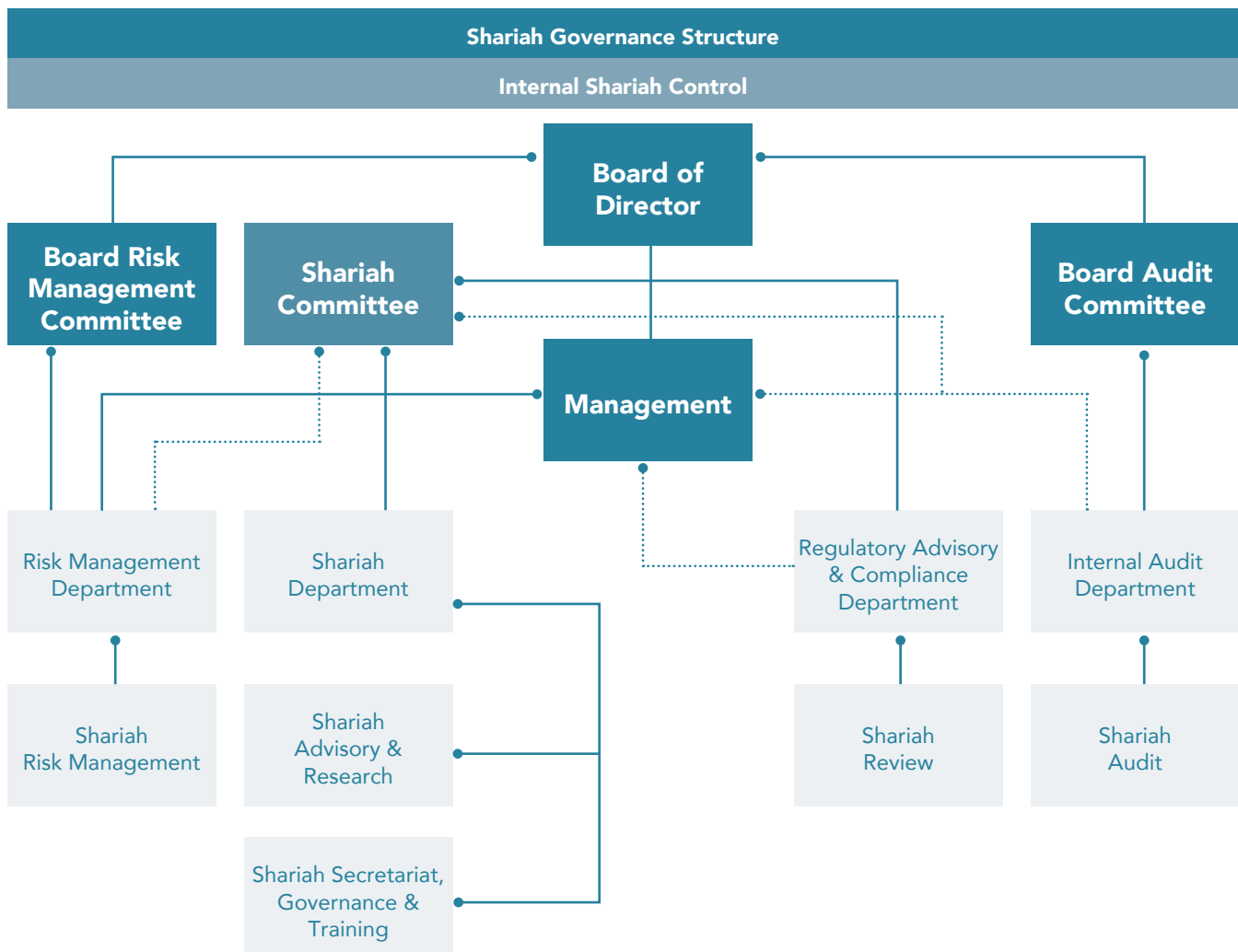
Internal Shariah Control

Shariah compliance management is driven top down from the Board through the Shariah Committee ("SC") who has the responsibility of understanding Shariah-related matters in the activities assumed by the Group and the Bank.

The Group and the Bank align its Shariah Management and Compliance organisational responsibilities with the objective of ensuring a single view of risks across the Group and the Bank and putting in place capabilities for an integrated compliance management. The SC function independently and ensure the integration of compliance management.

In ensuring that the compliance management functions are able to provide an independent evaluation of its overall business decision and strategies, the functions are segregated to the business operating units.

Table 27: Shariah governance structure



10.0 SHARIAH GOVERNANCE DISCLOSURES (CONT'D)

Rectification Process of Shariah Non-Compliance Income ("SNCI") and Unidentified Funds

Earning and Expenditure Prohibited by Shariah

Policy on Management of Shariah Non-Compliant Income was formulated pursuant to the BNM's Policy Document on Shariah Governance Framework for IFI, which defines the principles and practices to be applied by the Bank in managing its SNCI.

SNCI is an income generated from any transaction(s) that breaches the governing Shariah principles and requirements as determined by the Bank's SC and/or other Shariah Authorities (SA).

The SA are as follows:

- Shariah Advisory Council of Bank Negara Malaysia.
- Shariah Advisory Council of Securities Commission Malaysia.
- Any other relevant Shariah resolutions and rulings as prescribed and determined by the SC of the Bank from to time.

The amount of SNCI and events decided by SC is as follows:

31 December 2021	31 December 2020
Event - 6 Nostro interest received - nil	Event - 2 Nostro interest received - nil

There were a total of six (6) Shariah non-compliant events recorded and deliberated in SC meeting. The total SNCI arising from SNCE throughout the year were recorded at RM3.92.

All of the events together with the rectification plans were presented to the Board of Directors and SC and reported to BNM in accordance with the Shariah non-compliance reporting requirement prescribed by BNM.

Any financial amount reported as SNCI will be utilised to fund approved charitable activities as guided by SC of the Bank.

Unidentified fund/Shubhah

During the Bank's daily operations, there are certain funds received by the Bank where the source is not clear or uncertain. These funds cannot be recognised as income and must be retained in the Maslahah Ammah account. The utilisation of these funds follows similar procedures set for the SNCI funds.

Example's of unidentified funds are cash excess identified at teller and automated teller machines ("ATM"), and unidentified credit balance in the General Ledger.

The total earnings prohibited by Shariah and the unidentified funds during the financial year were recorded at Nil (31 December 2020: RM408,927).



CORPORATE INFORMATION

AS AT 31 MAY 2022

BOARD OF DIRECTORS

Tan Sri Tajuddin Atan (Chairman)

Md Khairuddin Haji Arshad

Tan Sri Che Khalib Mohamad Noh

Johari Abdul Muid

Dato' Ibrahim Taib

Roshidah Abdullah

Iwan Rashman Gulamoydeen

Mohd Razlan Mohamed

COMPANY SECRETARY

Julaida Jufri (LS0009358)

REGISTERED OFFICE

30th Floor, Menara Bumiputra
Jalan Melaka
50100 Kuala Lumpur
Tel : 603-2600 5493
Fax : 603-2693 3367

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur



BRANCH NETWORK

AS AT 31 MAY 2022

CENTRAL

Jalan Melaka

Menara Bumiputra,
Jalan Melaka PO Box 10407,
50913 W.P Kuala Lumpur
Tel: 03-2032 4060

Jalan Ipoh

Ground Floor, Wisma TCT,
No. 516-1,
Batu 3, Jalan Ipoh,
51200 Kuala Lumpur
Tel: 03-4041 9885

Sungai Besi

No. 2 & 2A, Jalan Tasik Utama 7,
Medan Niaga Tasik Damai,
Sungai Besi,
57000 Kuala Lumpur
Tel: 03-9058 7129

Jalan TAR

No. 399, Ground Floor,
Bangunan UMNO Lama,
Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur
Tel: 03-2697 7077

Putrajaya

No. 2 & 4, Ground & 1st Floor,
Jalan Diplomatik 2,
Pusat Komersial Diplomatik,
Precinct 15,
62050 Putrajaya
Tel: 03-8888 9778

Taman Melawati

Lot G-3A, B-1-3 & G-05,
Melawati Corporate Office,
Taman Melawati,
53100 Kuala Lumpur
Tel: 03-4108 1160

Alam Damai

No.52A, Ground Floor,
Wisma Alam Damai,
Jalan Alam Damai, Cheras,
56000 Kuala Lumpur
Tel: 03-9130 2426

Bandar Baru Bangi

Ground, 1st & 2nd Floor, 32 & 33,
Jalan Medan Pusat Bandar 4,
Seksyen 9,
43650 Bandar Baru Bangi,
Selangor
Tel: 03-8925 0705

Batu Caves

No. 3A & 3A-1 (Ground & Level 1) &
No. 5 (Ground Floor),
Prima Samudera,
Jalan Samudera Utara 11,
Taman Samudera,
68100 Batu Caves,
Selangor
Tel: 03-6187 7236

Glenmarie

No. 2, Jalan Presiden F U1/F,
Accentra Glenmarie,
Seksyen U1,
40150 Shah Alam,
Selangor
Tel: 03-5569 1402

Kajang

Ground, 1st & 2nd Floor,
No. 2-1-G/1/2,
Jalan Prima Saujana 2/1,
Prima Saujana,
43000 Kajang,
Selangor
Tel: 03-8733 9569

Klang

No. 46 & 48,
Jalan Kelicap 42A/Ku1,
Klang Bandar Diraja,
Off Jalan Meru,
41050 Klang,
Selangor
Tel: 03-3344 4145

Petaling Jaya

No. B-29-1 & 2, Block B, Jaya One,
72A, Jalan Universiti,
46200 Petaling Jaya,
Selangor
Tel: 03-7874 5722

Rawang

No. 9 & 11,
Jalan Bandar Baru Rawang 1,
Bandar Baru Rawang,
48000 Rawang, Selangor
Tel: 03-6092 1680

Laman Seri

Ground & 1st Floor No. G03A & 103A,
Laman Seri Business Park,
No. 7, Jalan Sukan, Seksyen 13,
40100 Shah Alam, Selangor
Tel: 03-5512 8830

Shah Alam, PKNS

G-1, 2 & 3 Ground Floor,
Kompleks PKNS,
40000 Shah Alam,
Selangor
Tel: 03-5510 6511

Subang Jaya

Ground & 1st Floor,
No. 1, Jalan USJ Sentral 2,
USJ Sentral,
47500 Subang Jaya,
Selangor
Tel: 03-5634 3971



BRANCH NETWORK

AS AT 31 MAY 2022

Universiti Islam

Antarabangsa (UIA)

Lot AHC 1-3 & Lot AHC 2-1,
Azman Hashim Complex,
Universiti Islam Antarabangsa
Malaysia, Jalan Gombak,
53100 Kuala Lumpur
Tel: 03-6187 8705

Ampang Point

No. 23 & 23-A,
Jalan Mamanda 7/1,
Off Jalan Ampang,
68000 Ampang, Selangor
Tel: 03-4270 0102

Puncak Alam

No. 31 Jalan Niaga Bestari 3,
Puncak Bestari,
Bandar Puncak Alam,
42300 Selangor
Tel: 03-3393 8005

NORTHERN

Kangar

No. 11 & 13,
Jalan Bukit Lagi,
01000 Kangar,
Perlis
Tel: 04-976 4751

Alor Setar

Ground & Mezzanine Floor,
Lot No. 2242 & 1009,
Menara Dewan Perhimpunan
Melayu Kedah,
(DPMK) Lebuhraya Darul Aman,
05100 Alor Setar, Kedah
Tel: 04-731 5722

Bayan Baru

No. 58 & 60,
Taman Sri Tunas,
Jalan Tengah,
11950 Bayan Baru, Pulau Pinang
Tel: 04-630 8100

Kulim

No. 6, Bangunan Al-Ikhwan,
Pusat Perniagaan Putra,
Jalan Kilang Lama,
09000 Kulim, Kedah
Tel: 05-807 8372

Parit Buntar

No. 40 & 42,
Jalan Wawasan 4,
Taman Wawasan Jaya,
Pusat Bandar Baru,
34200 Parit Buntar,
Perak
Tel: 05-716 6737

Seberang Jaya

Ground, 1st & 2nd Floor,
No. 27 & 28, Jalan Todak 2,
Bandar Sunway, Seberang Jaya,
13700 Perai, Butterworth,
Pulau Pinang
Tel: 04-397 2494

Sungai Petani

No. 21, Lot 88,
Jalan Perdana Heights 2/2,
Perdana Heights,
08000, Sungai Petani, Kedah
Tel: 04-420 4300

Taiping

98-100, Ground & 1st Floor,
Jalan Kota,
34000 Taiping, Perak
Tel: 05-807 8372

Souq Al-Bukhary

Ground Floor,
Bazaar Souq Al-Bukhary,
No 1, Jalan Tun Abdul Razak,
05200 Alor Setar, Kedah.
Tel: 04-731 5480

Lebuh Pantai

No. 64, Lebuh Pantai,
10300, Georgetown,
Pulau Pinang
04-262 2800/2266

Ipoh

Ground & Mezzanine Floor,
Wisma Maju UMNO,
Jalan Sultan Idris Shah,
30000 Ipoh, Perak
Tel: 05-688 4915

Seri Manjung

Ground & 1st Floor,
No. 392, Taman Samudera,
32040 Seri Manjung,
Perak
Tel: 05-688 4930

SOUTHERN

Port Dickson

No 3 & 3A, Jalan Remis 2,
Medan Remis, Telok Kemang,
71050 Negeri Sembilan
Tel: 06-312 5086

Seremban

Wisma Great Eastern,
No. 105, 107 & 109,
Jalan Yam Tuan,
70000 Seremban,
Negeri Sembilan
Tel: 06-765 1506

Batu Pahat

Ground & 1st Floor, No. 24 & 25,
Jalan Kundang, Taman Bukit Pasir,
83000 Batu Pahat, Johor
Tel: 07-432 5257

Johor Bahru

Ground & 1st Floor,
Lot 1 & 2,
Kebun Teh Commercial City,
Jalan Kebun Teh,
80250 Johor Bahru, Johor
Tel: 07-223 5822

Johor Jaya

149, Jalan Mutiara Emas 10/19,
Taman Mount Austin,
81100 Johor Bahru
Tel: 07-357 7451

Kluang

No. 1, Jalan Persiaran
Dato' Haji Ismail Hassan,
86000 Kluang, Johor
Tel: 07-772 2487

Kulai

No. 32 Jalan Sri Putra 1,
Bandar Putra,
81000 Kulai, Johor
Tel: 07-663 8486

Melaka

395, Taman Sinn,
Jalan Semabuk,
75050 Melaka
Tel: 06-282 8464

Segamat

No. 37 & 38,
Jalan Genuang Perdana,
Taman Genuang Perdana,
85000 Segamat, Johor
Tel: 07-943 3292

Taman Universiti

Ground & 1st Floor,
No. 28, Jalan Kebudayaan 5,
Taman Universiti,
81300 Skudai, Johor
Tel: 07-520 6875

**Universiti Tun
Hussein Onn Malaysia**

Ground Floor,
Bangunan Pusat Khidmat Pelajar,
Universiti Tun Hussein Onn Malaysia,
86400 Parit Raja,
Batu Pahat, Johor
Tel: 07-453 6969

Taman Cheng Baru

No.92, Jalan Cheng Baru 1,
Taman Cheng Baru,
75250 Melaka
Tel: 06-646 3240

Kota Tinggi

No. 23, 25 & 27,
Jalan Seri Warisan,
Kota Heritage Mall,
81900 Kota Tinggi, Johor
Tel: 07-882 5220

Gemas

No. 16, Jalan DS 1/1,
Dataran Satria 1,
73400 Gemas,
Negeri Sembilan
Tel: 07-948 2110

Muar

No. 8 & 9, Pusat Dagangan Bakri,
Jalan Bakri, 84000 Muar, Johor
Tel: 07-951 2311

EAST COAST**Jalan Sultan Yahya Petra**

Ground Floor,
Lot PT 265 & PT 266,
Wisma Nik Kob,
Jalan Sultan Yahya Petra,
15200 Kota Bharu,
Kelantan
Tel: 09-747 3187

Kota Bharu

Ground & First Floor,
Bangunan Perbadanan,
Menteri Besar Kelantan (PMBK),
Jalan Kuala Krai,
15150 Kota Bharu, Kelantan
Tel: 09-744 1711

Kuala Terengganu

1, Jalan Air Jerneh,
20300 Kuala Terengganu,
Terengganu
Tel: 09-622 2177

Kok Lanas

Ground & 1st Floor,
Lot PT 5080, Kompleks Perniagaan
Saidina Ali,
Jalan Kuala Krai, Kok Lanas,
16450 Kota Bharu, Kelantan
Tel: 09-788 6868

Gua Musang

Ground Floor,
PT 13772, 13773 & 13774,
Bandar Baru Gua Musang,
18300 Gua Musang,
Kelantan
Tel: 09-912 1613

Jeli

Ground & 1st Floor,
No. PT 4646, Lot 2003,
PN 3523,
17600 Bandar Jeli, Kelantan
Tel: 09-944 1339

Kampung Raja

Lot 5678 & 5679, Taman D'Lahar,
Gong Kepas, Kampung Raja,
22200 Besut, Terengganu
Tel: 09-697 3133/3233

Tanah Merah

No. 692, 693 & 694,
Kompleks Perniagaan Humaira,
Pusat Bandar Tanah Merah,
17500 Tanah Merah, Kelantan
Tel: 09-954 4552/51/49/48

Kuantan

B-114 & B-116,
Lorong Tun Ismail 9,
Sri Dagangan 2,
25000 Kuantan Pahang
Tel: 09-516 2782

Mentakab

6 & 7, Jalan Tun Abd Razak,
28400 Mentakab,
Pahang
Tel: 09-277 2307



BRANCH NETWORK

AS AT 31 MAY 2022

Pekan

G-02, Ground Floor,
Bangunan UMNO (Bahagian Pekan),
Jalan Teng Que,
26600 Pekan, Pahang
Tel: 09-422 4488/3751

Temerloh

Ground & 1st Floor,
C-8, Jalan Tengku Ismail,
28000 Temerloh, Pahang
Tel: 09-296 2358/ 362

Kemaman

C-G-09 & C-01-09,
Block C, Persiaran COAST,
Pusat Perniagaan COAST Kemaman,
24000, Kemaman,
Terengganu
Tel: 09-858 7470

EAST MALAYSIA

Bintulu

No. 252, Lot 73,
Parkcity Commercial Centre,
Jalan Tanjung Batu,
97000 Bintulu, Sarawak
Tel: 086-337 462

Kota Kinabalu

C-06-01, C-07-01,
Blok C, Aeropod Commercial Square,
Jalan Aeropod, Off Jalan Kepayan,
88200 Kota Kinabalu, Sabah
Tel: 088-239 122/261 880

Kuching

Ground Floor, Lot 456, 457 & 458,
Al-Idrus Commercial Centre,
Jalan Satok,
93400 Kuching, Sarawak
Tel: 082-414 142

Labuan

Ground & 1st Floor,
Block B, Lot U0471E, Lazenda Centre,
Jalan OKK Abdullah, 87007,
Wilayah Persekutuan Labuan
Tel: 087-424 190

Miri

Ground & First Floor,
Jalan Bendahara,
98000 Miri, Sarawak.
Tel: 085-420 622

Tawau

Lot 69 & 70,
Ground & 1st Floor,
Kubota Square, Jalan Kubota,
91000 Tawau, Sabah
Tel: 089-771 491/488

Sandakan

Unit No 95 to 97 Ground Floor,
Lot 265 to 267 First Floor,
East Coast, Sejati Walk,
90000 Sandakan, Sabah
Tel: 089-669 419



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TOWARDS A BETTER TOMORROW

This design positions Bank Muamalat Malaysia Berhad as a value-driven, wholesome and stakeholder oriented bank that strives towards a sustainable financial ecosystem. Hence, we are committed to understanding and serving our stakeholders better. In rising above any challenges, the Bank has adopted strategies towards digitalisation to harmonise the business objective with economic, environmental and social considerations. The graphic icons depicting all business sectors and human resources within a digital background portrays the Bank's move towards a stronger borderless presence, ahead into new horizons.



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