



**Bank Muamalat Malaysia Berhad**  
**196501000376 (6175-W)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial**  
**Statements**  
**31 December 2021**

**196501000376 (6175-W)**

**Bank Muamalat Malaysia Berhad  
(Incorporated in Malaysia)**

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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**

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

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.

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**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:

Datuk Seri Tajuddin Atan	
Dato' Sri Che Khalib Mohamad Noh	
Dato' Ibrahim Taib	
Iwan Rashman Gulamoydeen	
Md. Khairuddin Hj Arshad	
Johari Abdul Muid	
Mohd Razlan Mohamed	(appointed on 1 September 2021)
Roshidah Abdullah	(appointed on 1 September 2021)
Ghazali Hj Darman	(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

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**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 31.12.2020	Acquired	Disposed	As at 31.12.2021
Interest in DRB-HICOM Berhad, holding company:				
<u>Indirect Interest</u>				
Dato' Sri Che Khalib Mohamad Noh	3,500 <sup>^</sup>	-	-	3,500 <sup>^</sup>

<sup>^</sup> 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' 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.

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**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.
- (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

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**Other statutory information (cont'd.)**

(f) In the opinion of the directors: (cont'd.)

- (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 tax and zakat 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.

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**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 2022 <sup>1</sup>. 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.

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.

<sup>1</sup> Economic Outlook 2022, *Ministry of Finance*



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**Rating by external rating agencies**

Details of the Bank's ratings are as follows:

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

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**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.

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**Disclosure of Shariah Committee (cont'd.)**

- (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.
- (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.

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### **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.



Datuk Seri Tajuddin Atan  
Chairman



Roshidah Abdullah  
Director

Kuala Lumpur, Malaysia

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**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, Datuk Seri 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 18 to 225 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.



Datuk Seri Tajuddin Atan  
Chairman



Roshidah Abdullah  
Director

Kuala Lumpur, Malaysia

**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 18 to 225 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.


Amirul Nasir Abdul Rahim

Before me,  
Commissioner for Oaths

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

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**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.

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**Report of the Shariah Committee (cont'd.)**

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.

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



Dr. Mohd Shahid Mohd Noh  
Member of Shariah Committee

Kuala Lumpur, Malaysia  
28 March 2022

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**Independent auditors' report to the members of  
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**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 18 to 225.

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.



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*Information other than the financial statements and auditors' report thereon (cont'd.)*

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.

*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.

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**Independent auditors' report to the members of  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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.

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*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

Kuala Lumpur, Malaysia  
28 March 2022



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

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**Consolidated statement of financial position as at 31 December 2021 (26 Jamadil Awal 1443H)**

		Group	
		31 December 2021	31 December 2020
	Note	RM'000	RM'000
<b>Assets</b>			
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
<b>Total assets</b>		<b>27,566,391</b>	<b>25,767,869</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>24,813,604</b>	<b>23,117,217</b>

**Bank Muamalat Malaysia Berhad**  
(Incorporated in Malaysia)

**Consolidated statement of financial position as at 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

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

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

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

**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**Statement of financial position as at 31 December 2021 (26 Jamadil Awal 1443H)**

		<b>Bank</b>	
		<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
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	-
<b>Total assets</b>		<b>27,566,407</b>	<b>25,765,359</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>24,828,120</b>	<b>23,122,820</b>

**Bank Muamalat Malaysia Berhad**  
(Incorporated in Malaysia)

**Statement of financial position as at 31 December 2021 (26 Jamadil Awal 1443H)**

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

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

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



**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**Statements of profit or loss**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H)**

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

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



**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**Statements of other comprehensive income**  
**For the year ended 31 December 2021 (26 Jamadil Awal 1443H)**

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

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

196501000376 (6175-W)

**Bank Muamalat Malaysia Berhad**  
(Incorporated in Malaysia)

**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	
<b>At 1 January 2021</b>	<b>1,195,000</b>	<b>45,411</b>	<b>(968)</b>	<b>18,240</b>	<b>1,392,969</b>	<b>2,650,652</b>
Profit for the year	-	-	-	-	159,059	159,059
Other comprehensive loss 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	-
<b>At 31 December 2021</b>	<b>1,195,000</b>	<b>28,079</b>	<b>649</b>	<b>(40,014)</b>	<b>1,569,073</b>	<b>2,752,787</b>
<b>At 1 January 2020</b>	<b>1,195,000</b>	<b>62,676</b>	<b>(133)</b>	<b>18,008</b>	<b>1,193,264</b>	<b>2,468,815</b>
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	-
<b>At 31 December 2020</b>	<b>1,195,000</b>	<b>45,411</b>	<b>(968)</b>	<b>18,240</b>	<b>1,392,969</b>	<b>2,650,652</b>

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

196501000376 (6175-W)

**Bank Muamalat Malaysia Berhad**  
(Incorporated in Malaysia)

**Statement of changes in equity**  
**For the year ended 31 December 2021 (26 Jamadil Awal 1443H)**

Bank	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	(967)	18,240	1,384,855	2,642,539
Profit for the year	-	-	-	-	152,672	152,672
Other comprehensive loss 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	-	-	-	(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.

**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H)**

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>					
Profit before zakat and taxation		<b>256,576</b>	174,768	<b>247,869</b>	171,216
Adjustment for:					
Fair value gain of financial liabilities	29 (a)	<b>(19,678)</b>	(8,859)	<b>(19,678)</b>	(8,859)
Amortisation of intangible assets	37	<b>20,967</b>	33,213	<b>20,967</b>	33,213
Depreciation of property, plant and equipment	37	<b>12,057</b>	11,375	<b>12,047</b>	11,368
Loss on sale of property, plant and equipment	29	-	21	-	21
Gain from termination of ROU asset		<b>(1,654)</b>	-	<b>(55)</b>	-
Depreciation of right-of-use assets	37	<b>10,471</b>	12,230	<b>10,056</b>	11,751
Amortisation of cost on subordinated sukuk and senior sukuk issued		<b>406</b>	200	<b>406</b>	200
Property, plant and equipment written off	37	<b>10</b>	7	<b>10</b>	7
Intangible assets written off	37	<b>216</b>	233	<b>216</b>	233
Amortisation of premium (net)	27 & 29	<b>44,095</b>	28,149	<b>44,095</b>	28,149
Net gain from sale of financial investments at fair value through other comprehensive income	27 & 29	<b>(2,011)</b>	(57,034)	<b>(2,011)</b>	(57,034)
Net gain from sale of financial investments designated at FVTPL	27 & 29	<b>(202)</b>	(460)	<b>(202)</b>	(460)
Unrealised loss/(gain) on revaluation of financial investment designated at FVTPL	27 & 29	<b>3,201</b>	(6,194)	<b>3,201</b>	(6,194)
Net loss/(gain) on revaluation of foreign exchange transaction	29	<b>7,229</b>	(19,138)	<b>7,229</b>	(19,138)
Net (gain)/loss from foreign exchange derivatives	29	<b>(13,267)</b>	10,405	<b>(13,267)</b>	10,405
Unrealised (gain)/loss on revaluation of Islamic profit rate swap	29	<b>(50,139)</b>	53,422	<b>(50,139)</b>	53,422

**Bank Muamalat Malaysia Berhad**  
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**Statements of cash flows**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (cont'd.)</b>					
Unrealised loss/(gain) on revaluation of hedged items	29	<b>57,692</b>	(59,901)	<b>57,692</b>	(59,901)
Impairment losses on investments securities	31	<b>(296)</b>	36	<b>(296)</b>	36
Fair value adjustments of investment properties	29	<b>(675)</b>	(1,954)	<b>(675)</b>	(1,954)
Net allowance for impairment on financing	30	<b>76,910</b>	99,642	<b>76,910</b>	99,642
Financing written off	30	<b>95</b>	4,680	<b>95</b>	4,680
Allowance for impairment on other financial assets, net	32	<b>394</b>	376	<b>394</b>	376
Finance costs	38	<b>65,929</b>	65,623	<b>65,587</b>	65,198
Gross dividend income	29	<b>(39)</b>	(42)	<b>(2,000)</b>	(3,000)
Operating profit before working capital changes		<b>468,287</b>	340,798	<b>458,451</b>	333,377
<b>(Increase)/decrease in operating assets:</b>					
Islamic derivative financial assets		<b>55,651</b>	(36,366)	<b>55,651</b>	(36,366)
Financial investments portfolio		<b>(106,694)</b>	(26,237)	<b>(106,695)</b>	(26,237)
Financing of customers		<b>(2,675,370)</b>	(2,315,477)	<b>(2,671,298)</b>	(2,313,757)
Statutory deposits with Bank Negara Malaysia		<b>(34,893)</b>	473,513	<b>(34,893)</b>	473,513
Other assets		<b>16,760</b>	7,746	<b>8,842</b>	7,726

**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**
**Statements of cash flows**
**For the year ended 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

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

**Bank Muamalat Malaysia Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

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

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**Statements of cash flows**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

(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**

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



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**Statements of cash flows**

**For the year ended 31 December 2021 (26 Jamadil Awal 1443H) (cont'd.)**

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

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

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

**Bank Muamalat Malaysia Berhad  
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**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.

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**Notes to the financial statements - 31 December 2021 (26 Jamadil Awal 1443H)**

**2. Significant accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

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.

**2.2 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.

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**Notes to the financial statements - 31 December 2021 (26 Jamadil Awal 1443H)**

**2. Significant accounting policies (cont'd.)**

**2.2 Basis of consolidation (cont'd.)**

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.

**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.

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**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**

**(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.

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**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.)**

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

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

'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).

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's 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:

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**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.)**

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

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

**(ii) Business model assessment (cont'd.)**

- 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.

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**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.



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**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.)**

**(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'.

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**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.)**

**(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*.

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**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
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

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**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.)**

**(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.

**(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:

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**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.)**

**(4) Forward looking information (cont'd.)**

- 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.

**(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;

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**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 (cont'd.)**

- 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.

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**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**

**(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.

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**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.)**

**(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.

**(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.



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**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.)**

**(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.

**(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.

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**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.)**

**(i) Derivative instruments (cont'd.)**

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.

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**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.)**

**(1) Fair value hedge (cont'd.)**

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.

**(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.

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**2. Significant accounting policies (cont'd.)**

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

**(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.

**(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.

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**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.)**

**(g) Intangible assets (cont'd.)**

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.

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**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.

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**2. Significant accounting policies (cont'd.)**

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

**(i) Leases (cont'd.)**

**(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.

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**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.



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**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.)**

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.

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**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.

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**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 (cont'd.)**

**(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.

**(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")).

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**2. Significant accounting policies (cont'd.)**

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

**(l) Impairment of non-financial assets (cont'd.)**

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.

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**2. Significant accounting policies (cont'd.)**

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

**(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.

**(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").

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**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**

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.

**(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.

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**2. Significant accounting policies (cont'd.)**

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

**(p) Income recognition**

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

**(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.

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**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.)**

**(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.

**(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.



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**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.)**

**(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.

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**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.)**

**(10) Rahnū**

In Ar-Rahnū 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-Rahnū, whichever is applicable.

**(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.

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**2. Significant accounting policies (cont'd.)**

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

**(q) Income and deferred taxes (cont'd.)**

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.

**(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.

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**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 (cont'd.)**

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.

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**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 recognized, 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 Mudharabah 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 Mudharabah 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.

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## **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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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: Covid-19-Related Rent Concessions beyond 30 June 2021	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.

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**2. Significant accounting policies (cont'd.)**

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

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

Targeted payment assistance ("TRA") and moratorium (cont'd.)

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)).

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 repayment 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.

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**2. Significant accounting policies (cont'd.)**

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

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

Financial management and resilience programme ("URUS") (cont'd.)

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.

**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.

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



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**2. Significant accounting policies (cont'd.)**

**2.6 Standards and interpretations issued but not yet effective (cont'd.)**

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.

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**3. Significant accounting judgments, estimates and assumptions (cont'd.)**

**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.

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).

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**3. Significant accounting judgments, estimates and assumptions (cont'd.)**

**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 advice 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
		<b>1,142,406</b>	<b>2,933,307</b>
Allowances for impairment loss	(i)	(115)	(135)
		<b>1,142,291</b>	<b>2,933,172</b>

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**4. (a) Cash and short-term funds (cont'd.)**

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired 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	2020
	RM'000	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).

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**5. Financial investments**

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

		<b>Group</b>		<b>Bank</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**(i) Financial investments at fair value through profit or loss**

**Unquoted securities in Malaysia:**

Private equity funds	<b>168,385</b>	165,252	<b>168,385</b>	165,252
Islamic private debt securities in Malaysia	<b>152,891</b>	148,085	<b>152,891</b>	148,085
	<b>321,276</b>	313,337	<b>321,276</b>	313,337

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**5. Financial investments (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) Financial investments at fair value through other comprehensive income</b>				
<b>Debt instruments:</b>				
<b>Government securities and treasury bills:</b>				
Malaysian government investment certificates	<b>4,313,355</b>	2,655,932	<b>4,313,355</b>	2,655,932
<b>Unquoted securities:</b>				
Islamic private debt securities in Malaysia	<b>431,715</b>	658,829	<b>431,715</b>	658,829
Cagamas sukuk	<b>20,364</b>	25,792	<b>20,364</b>	25,792
	<b>452,079</b>	684,621	<b>452,079</b>	684,621
<b>Equity instruments:</b>				
<b>Quoted securities in Malaysia:</b>				
Quoted shares	<b>96,705</b>	104,411	<b>94,199</b>	101,944
<b>Money market instruments:</b>				
Negotiable Islamic debt certificates	-	349,370	-	349,370
<b>Unquoted securities:</b>				
Shares in Malaysia	<b>4,631</b>	4,631	<b>4,631</b>	4,631
<b>Total financial assets at fair value through other comprehensive income</b>	<b>4,866,770</b>	3,798,965	<b>4,864,264</b>	3,796,498

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**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:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2021</b>				
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
<b>At 31 December 2020</b>				
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**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
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

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**5. Financial investments (cont'd.)**

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

Movements in the allowances for impairment losses on financial investments at amortised cost are as follows for the Group and the Bank:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Months ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2021</b>				
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
<b>At 31 December 2020</b>				
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



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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)
	<b>1,630,597</b>	<b>5,437</b>	<b>(4,167)</b>	<b>3,326,522</b>	<b>47,820</b>	<b>(59,819)</b>
Islamic profit rate swap ("IPRS")						
Hedging IPRS	1,200,000	-	(57,376)	1,200,000	-	(107,515)
<b>Total</b>	<b>2,830,597</b>	<b>5,437</b>	<b>(61,543)</b>	<b>4,526,522</b>	<b>47,820</b>	<b>(167,334)</b>

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**6. 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:

	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	<b>1,200,000</b>	-	<b>(57,376)</b>	1,200,000	-	<b>(107,515)</b>

**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.

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## 7. Financing of customers

### (i) By type and Shariah contracts

Group	Bai' Bithaman Aji	Ijarah Thumma Al-Bai	Inah	Tawarruq	Bai' Al-Dayn	Murabahah	Istisna'	Qard	Murabahah to the Purchase Orderer	Shirkah Mutanaqisah	Total financing
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line	-	-	1,124	521,609	-	-	-	-	-	-	522,733
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	-	79,836	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
Ar-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	200	362,215	79,836	20,850,016
Fair value changes arising from fair value hedge	-	-	-	48,238	-	-	-	-	-	-	48,238
	1,619,031	221,620	1,134	17,267,128	196,240	1,120,447	30,403	200	362,215	79,836	20,898,254
Less : Allowance for impaired financing											
At amortised cost											
-Stage 1 - 12 Months ECL	(7,480)	(348)	(15)	(106,203)	(728)	(1,656)	(110)	-	(228)	-	(116,768)
-Stage 2 - Lifetime ECL not credit impaired	(2,673)	(357)	(34)	(30,589)	(39)	(349)	-	-	(5)	-	(34,046)
-Stage 3 - Lifetime ECL credit impaired	(8,354)	(352)	(177)	(67,173)	-	(32)	(14)	-	(32)	-	(76,134)
Total net financing	1,600,524	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.

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7. Financing of customers (cont'd.)

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

Group	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Rahnu (Qard) RM'000	Total financing RM'000
31 December 2020												
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	-	570,093
Term financing:												
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	-	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	-	-	39,048	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
	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
Less : Allowance for impaired financing												
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

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**7. Financing of customers (cont'd.)**

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

Bank	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Total financing RM'000
<b>31 December 2021</b>										
Cash line	-	-	1,124	521,609	-	-	-	-	-	522,733
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
Ar-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
Fair value changes arising from fair value hedge	-	-	-	48,238	-	-	-	-	-	48,238
	1,619,031	221,620	1,134	17,267,128	196,240	1,120,447	30,403	70,348	362,215	20,888,566
Less : Allowance for impaired financing										
At amortised cost										
-Stage 1 - 12 Months ECL	(7,480)	(348)	(15)	(106,203)	(728)	(1,656)	(110)	-	(228)	(116,768)
-Stage 2 - Lifetime ECL not credit impaired	(2,673)	(357)	(34)	(30,589)	(39)	(349)	-	-	(5)	(34,046)
-Stage 3 - Lifetime ECL credit impaired	(8,354)	(352)	(177)	(67,173)	-	(32)	(14)	-	(32)	(76,134)
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: RM919,262,000) 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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**7. Financing of customers (cont'd.)**

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

Bank 31 December 2020	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Rahnu (Qard) RM'000	Total financing RM'000
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	570,093
Term financing:											
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	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	-	-	39,048	71,379	-	-	3,860,740
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	71,484	240,256	17,504	18,210,578
Fair value changes arising from fair value hedge	-	-	-	91,113	-	-	-	-	-	-	91,113
	1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	71,484	240,256	17,504	18,301,691
Less : Allowance for impaired financing 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	71,480	239,636	17,094	18,110,202

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**7. Financing of customers (cont'd.)**

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

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

**(ii) By type of customer**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,850,016</b>	<b>18,216,193</b>

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**7. Financing of customers (cont'd.)**

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

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

**(iii) By profit rate sensitivity**

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

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



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**7. Financing of customers (cont'd.)**

**(iv) By sector**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,850,016</b>	<b>18,216,193</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,840,328</b>	<b>18,210,578</b>

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**7. Financing of customers (cont'd.)**

**(v) By residual contractual maturity**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,850,016</b>	<b>18,216,193</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,840,328</b>	<b>18,210,578</b>

**(vi) By geographical area**

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

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

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**7. Financing of customers (cont'd.)**

**(vii) By economic purpose**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,850,016</b>	<b>18,216,193</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
<b>Gross financing</b>	<b>20,840,328</b>	<b>18,210,578</b>

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**7. Financing of customers (cont'd.)**

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

<b>Group</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
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	<u>20,476,429</u>	<u>201,514</u>	<u>172,073</u>	<u>20,850,016</u>
<b>Group</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2020</b>				
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	<u>17,743,341</u>	<u>278,141</u>	<u>194,711</u>	<u>18,216,193</u>

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**7. Financing of customers (cont'd.)**

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

<b>Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
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	<u>20,466,741</u>	<u>201,514</u>	<u>172,073</u>	<u>20,840,328</u>
<b>Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2020</b>				
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	<u>17,737,726</u>	<u>278,141</u>	<u>194,711</u>	<u>18,210,578</u>

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**7. Financing of customers (cont'd.)**

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

<b>Group and Bank</b>	<b>Stage 1 12 Months ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total ECL RM'000</b>
<b>At 31 December 2021</b>				
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	<b>116,768</b>	<b>34,046</b>	<b>76,134</b>	<b>226,948</b>

<b>Group and Bank</b>	<b>Stage 1 12 Months ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total ECL RM'000</b>
<b>At 31 December 2020</b>				
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	<b>94,984</b>	<b>8,561</b>	<b>87,944</b>	<b>191,489</b>

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**8(a). Impaired financing**

**(i) Movements in the impaired financing**

**As at 31 December 2021**

	<b>Group RM'000</b>	<b>Bank RM'000</b>
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%
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Net impaired financing ratio	0.46%	0.46%
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**As at 31 December 2020**

At 1 January 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%
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Net impaired financing ratio	0.59%	0.59%
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**8(a). Impaired financing (cont'd.)****(ii) Impaired financing by geographical area**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic	<b>172,073</b>	194,711

**(iii) Impaired financing by sector**

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

**(iv) Impaired financing by economic purpose**

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



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8(b). Exposures to COVID-19 impacted financing

(i) Disclosure for impacted sectors

Financing of customers						
Group and Bank	On-balance sheet (net of impairment)		Undrawn (off-balance sheet)		Total exposures	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 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

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8(b). Exposures to COVID-19 impacted financing (cont'd)

(ii) Disclosure for COVID-19 customer relief and support measures

AUTOMATIC SIX-MONTH MORATORIUM

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	SMEs		Corporates		Total
	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	RM'000
Total payment moratoriums	-	-	-	-	-	-	-	-	-	-
Payment assistance	-	-	-	-	-	-	-	-	-	-
Rescheduling and restructuring ("R&R") granted	-	-	-	-	-	-	-	-	-	-
Resumed payments	-	-	-	-	-	-	-	-	-	-
Extended and paying as per revised schedules	-	-	-	-	-	-	-	-	-	-
Missed payments	-	-	-	-	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	-	-	-	-
As a percentage of total:										
Total payment moratoriums	-	-	-	-	-	-	-	-	-	-
Resumed payments	-	-	-	-	-	-	-	-	-	-
Extended and paying as per revised schedules	-	-	-	-	-	-	-	-	-	-
Missed payments	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

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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

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	SMEs		Corporates		Total
	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	RM'000
Total payment moratoriums	4,242,336	464,165	3,189,477	483,518	8,379,496	30,806	424	-	-	31,230
Resumed 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%

**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	SMEs		Corporates		Total
	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	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	1,295	262	930	-	2,487	-	-	-	749	749
Impaired	-	-	6	-	6	-	-	-	-	-
As a percentage of total:										
Under payment assistance programme	87.37%	88.88%	90.99%	79.53%	89.00%	82.97%	-	35.68%	35.52%	39.44%
Resumed payments	12.57%	10.94%	8.97%	20.47%	10.95%	17.03%	100.00%	64.32%	63.53%	60.48%
Missed payments	0.06%	0.18%	0.04%	-	0.05%	-	-	-	0.95%	0.08%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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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) (cont'd)**

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	SMEs		Corporates		Total
	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	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	15,454	22	268	2,883	18,626	-	-	544	-	544
Impaired	123	-	-	-	123	-	-	-	-	-
As a percentage of total:										
Resumed payments	97.04%	99.92%	99.49%	96.07%	97.24%	100.00%	100.00%	99.96%	-	99.96%
Missed payments	2.96%	0.08%	0.51%	3.93%	2.76%	-	-	0.04%	-	0.04%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	100.00%

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**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 ongoing 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.

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**9. Other assets**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>35,681</b>	<b>114,738</b>
Less: Accumulated impairment losses (Note 9(a))	<b>(1,981)</b>	<b>(1,567)</b>
	<b>33,700</b>	<b>113,171</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>35,082</b>	<b>113,912</b>
Less: Accumulated impairment losses (Note 9(a))	<b>(1,981)</b>	<b>(1,567)</b>
	<b>33,101</b>	<b>112,345</b>

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

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

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**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.

**11. Investment in subsidiaries**

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

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

<b>Name</b>	<b>Principal activities</b>	<b>Percentage of equity held</b>		<b>Paid up capital</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>	<b>RM</b>	<b>RM</b>
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

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**12. Investment properties**

**Group and Bank**

	<b>Freehold land RM'000</b>	<b>Building on freehold land RM'000</b>	<b>Investment properties under construction RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2021</b>				
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	<b>14,431</b>	<b>42,133</b>	<b>-</b>	<b>56,564</b>
<b>As at 31 December 2020</b>				
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	<b>13,961</b>	<b>37,849</b>	<b>4,079</b>	<b>55,889</b>

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:

<b>Types of investment properties</b>	<b>Valuation Technique</b>	<b>Significant unobservable inputs</b>
- 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**

<b>Group</b>	<b>Computer software RM'000</b>	<b>Software under development RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2021</b>			
<b>Cost</b>			
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	<u>306,934</u>	<u>11,320</u>	<u>318,254</u>
<b>Accumulated amortisation</b>			
As at 1 January 2021	220,616	-	220,616
Charge for the year (Note 37)	20,967	-	20,967
As at 31 December 2021	<u>241,583</u>	<u>-</u>	<u>241,583</u>
<b>Carrying amount as at 31 December 2021</b>	<u>65,351</u>	<u>11,320</u>	<u>76,671</u>
<b>As at 31 December 2020</b>			
<b>Cost</b>			
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	<u>282,547</u>	<u>3,262</u>	<u>285,809</u>
<b>Accumulated amortisation</b>			
As at 1 January 2020	187,403	-	187,403
Charge for the period (Note 37)	33,213	-	33,213
As at 31 December 2020	<u>220,616</u>	<u>-</u>	<u>220,616</u>
<b>Carrying amount as at 31 December 2020</b>	<u>61,931</u>	<u>3,262</u>	<u>65,193</u>

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**13. Intangible assets (cont'd.)**

<b>Bank</b>	<b>Computer software RM'000</b>	<b>Software under development RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2021</b>			
<b>Cost</b>			
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	<u>305,924</u>	<u>11,023</u>	<u>316,947</u>
<b>Accumulated amortisation</b>			
As at 1 January 2021	219,613	-	219,613
Charge for the year (Note 37)	20,967	-	20,967
As at 31 December 2021	<u>240,580</u>	<u>-</u>	<u>240,580</u>
<b>Carrying amount as at 31 December 2021</b>	<u>65,344</u>	<u>11,023</u>	<u>76,367</u>
<b>As at 31 December 2020</b>			
<b>Cost</b>			
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	<u>281,543</u>	<u>3,047</u>	<u>284,590</u>
<b>Accumulated amortisation</b>			
As at 1 January 2020	186,400	-	186,400
Charge for the period (Note 37)	33,213	-	33,213
As at 31 December 2020	<u>219,613</u>	<u>-</u>	<u>219,613</u>
<b>Carrying amount as at 31 December 2020</b>	<u>61,930</u>	<u>3,047</u>	<u>64,977</u>

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**14. Property, plant and equipment**

<b>Group</b>	<b>Freehold land and building RM'000</b>	<b>Office building RM'000</b>	<b>Furniture, fixtures, fittings, motor vehicle, equipment &amp; renovation RM'000</b>	<b>Work-in -progress RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2021</b>					
<b>Cost</b>					
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	<b>19,209</b>	<b>19,389</b>	<b>283,626</b>	<b>-</b>	<b>322,224</b>
<b>Accumulated depreciation</b>					
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	<b>2,454</b>	<b>8,339</b>	<b>259,423</b>	<b>-</b>	<b>270,216</b>
<b>Carrying amount as at 31 December 2021</b>	<b>16,755</b>	<b>11,050</b>	<b>24,203</b>	<b>-</b>	<b>52,008</b>

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**14. Property, plant and equipment (cont'd.)**

<b>Group</b>	<b>Freehold land and building RM'000</b>	<b>Office building RM'000</b>	<b>Furniture, fixtures, fittings, motor vehicle, equipment &amp; renovation RM'000</b>	<b>Work-in -progress RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2020</b>					
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Carrying amount as at 31 December 2020</b>	<b>17,235</b>	<b>11,535</b>	<b>26,421</b>	<b>-</b>	<b>55,191</b>

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**14. Property, plant and equipment (cont'd.)**

<b>Bank</b>	<b>Freehold land and building RM'000</b>	<b>Office building RM'000</b>	<b>Furniture, fixtures, fittings, motor vehicle, equipment &amp; renovation RM'000</b>	<b>Work-in -progress RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2021</b>					
<b>Cost</b>					
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	<b>19,209</b>	<b>19,389</b>	<b>283,249</b>	<b>-</b>	<b>321,847</b>
<b>Accumulated depreciation</b>					
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	<b>2,454</b>	<b>8,339</b>	<b>259,092</b>	<b>-</b>	<b>269,885</b>
<b>Carrying amount as at 31 December 2021</b>	<b>16,755</b>	<b>11,050</b>	<b>24,157</b>	<b>-</b>	<b>51,962</b>

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**14. Property, plant and equipment (cont'd.)**

<b>Bank</b>	<b>Freehold land and building RM'000</b>	<b>Office building RM'000</b>	<b>Furniture, fixtures, fittings, motor vehicle, equipment &amp; renovation RM'000</b>	<b>Work-in -progress RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2020</b>					
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Carrying amount as at 31 December 2020</b>	<b>17,235</b>	<b>11,535</b>	<b>26,386</b>	<b>-</b>	<b>55,156</b>

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**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

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

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

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**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:

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

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:

	<b>Leasehold Land RM'000</b>	<b>Building RM'000</b>	<b>Office Equipment RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
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	<b>209</b>	<b>29,214</b>	<b>-</b>	<b>29,423</b>

**31 December 2021**

Cost	303	66,431	11,271	78,005
Accumulated depreciation	(94)	(37,217)	(11,271)	(48,582)
Net book value	<b>209</b>	<b>29,214</b>	<b>-</b>	<b>29,423</b>

	<b>Leasehold Land RM'000</b>	<b>Building RM'000</b>	<b>Office Equipment RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
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	<b>214</b>	<b>35,544</b>	<b>1,988</b>	<b>37,746</b>

**31 December 2020**

Cost	303	67,978	11,271	79,552
Accumulated depreciation	(89)	(32,434)	(9,283)	(41,806)
Net book value	<b>214</b>	<b>35,544</b>	<b>1,988</b>	<b>37,746</b>

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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 period are shown as follows:

	<b>Leasehold Land RM'000</b>	<b>Building RM'000</b>	<b>Office Equipment RM'000</b>	<b>Total RM'000</b>
<b>Bank</b>				
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	<u>209</u>	<u>29,214</u>	<u>-</u>	<u>29,423</u>

**31 December 2021**

Cost	303	66,431	11,271	78,005
Accumulated depreciation	(94)	(37,217)	(11,271)	(48,582)
Net book value	<u>209</u>	<u>29,214</u>	<u>-</u>	<u>29,423</u>

	<b>Leasehold Land RM'000</b>	<b>Building RM'000</b>	<b>Office Equipment RM'000</b>	<b>Total RM'000</b>
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**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	<u>214</u>	<u>29,386</u>	<u>1,988</u>	<u>31,588</u>

**31 December 2020**

Cost	303	59,063	11,271	70,637
Accumulated depreciation	(89)	(29,677)	(9,283)	(39,049)
Net book value	<u>214</u>	<u>29,386</u>	<u>1,988</u>	<u>31,588</u>

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**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:

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

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

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**16. Deferred tax assets/(liabilities)**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	<b>42,504</b>	<b>(11,474)</b>	<b>42,504</b>	<b>(11,826)</b>

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:

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

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

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

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**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

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**16. Deferred tax assets/(liabilities) (cont'd.)**

**Deferred tax liabilities of the Group :**

	<b>Profit on financing moratorium accounts RM'000</b>	<b>Financial investments at FVOCI RM'000</b>	<b>Property, plant and equipment and intangible asset RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	<b>(39,786)</b>	<b>(5,734)</b>	<b>(5,377)</b>	<b>(50,897)</b>
Recognised in profit or loss	<b>39,786</b>	<b>-</b>	<b>(10,289)</b>	<b>29,497</b>
Recognised in other comprehensive income	<b>-</b>	<b>5,734</b>	<b>-</b>	<b>5,734</b>
As at 31 December 2021	<b>-</b>	<b>-</b>	<b>(15,666)</b>	<b>(15,666)</b>

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

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**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

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**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)

**17. Deposits from customers**

**(i) By types of deposits**

	Group 2021 RM'000	2020 RM'000
<b>Savings deposits</b>		
Qard	1,061,437	1,065,227
Tawarruq	811,685	797,164
	<b>1,873,122</b>	<b>1,862,391</b>
<b>Demand deposits</b>		
Qard	4,234,251	3,969,068
Tawarruq	2,044,735	1,924,741
	<b>6,278,986</b>	<b>5,893,809</b>
<b>Term deposits</b>		
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
	<b>14,879,649</b>	<b>13,692,970</b>
<b>Other deposits</b>	<b>81,409</b>	<b>52,196</b>
	<b>23,113,166</b>	<b>21,501,366</b>



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**17. Deposits from customers (cont'd.)**

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

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Savings deposits</b>		
Qard	1,061,437	1,065,227
Tawarruq	811,685	797,164
	<u>1,873,122</u>	<u>1,862,391</u>
<b>Demand deposits</b>		
Qard	4,238,503	3,970,060
Tawarruq	2,044,735	1,924,741
	<u>6,283,238</u>	<u>5,894,801</u>
<b>Term deposits</b>		
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
	<u>14,890,949</u>	<u>13,704,770</u>
<b>Other deposits</b>	81,408	52,196
	<u>23,128,717</u>	<u>21,514,158</u>

**(ii) By types of customer**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<u>23,113,166</u>	<u>21,501,366</u>

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**17. Deposits from customers (cont'd.)****(ii) By types of customer (cont'd.)**

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

The maturity structure of term deposits are as follows:

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

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

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**18. Investment accounts of customers**

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

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

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	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Unrestricted investment accounts:</b>				
Individuals	<u>216,978</u>	<u>-</u>	<u>216,978</u>	<u>-</u>
	<u>216,978</u>	<u>-</u>	<u>216,978</u>	<u>-</u>
<b>Restricted investment accounts:</b>				
Individuals	<u>132</u>	<u>-</u>	<u>132</u>	<u>-</u>
	<u>132</u>	<u>-</u>	<u>132</u>	<u>-</u>

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**18. Investment accounts (cont'd.)**

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

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

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

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

**19. Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudarabah</b>		
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.

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**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**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>156,539</b>	<b>88,541</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<b>155,971</b>	<b>89,073</b>

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**21. Other liabilities (cont'd.)**

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

<b>Group and Bank</b>	<b>Stage 1 12 Months ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total ECL RM'000</b>
<b>At 31 December 2021</b>				
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	<u>5,206</u>	<u>133</u>	<u>616</u>	<u>5,955</u>

<b>Group and Bank</b>	<b>Stage 1 12 Months ECL RM'000</b>	<b>Stage 2 Lifetime ECL not credit impaired RM'000</b>	<b>Stage 3 Lifetime ECL credit impaired RM'000</b>	<b>Total ECL RM'000</b>
<b>At 31 December 2020</b>				
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	<u>5,130</u>	<u>168</u>	<u>361</u>	<u>5,659</u>

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**22. Provision for zakat and taxation**

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

<b>Issue date</b>	<b>Call Date</b>	<b>Maturity Date</b>	<b>Profit Rate (% p.a)</b>	<b>Nominal Value</b>
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.

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**24. Sukuk (cont'd.)****(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

**25. Share capital**

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

**26. Reserves**

		Group	
		2021	2020
	Note	RM'000	RM'000
Regulatory reserve	(a)	<b>28,079</b>	45,411
Retained profits	(b)	<b>1,569,073</b>	1,392,969
Exchange fluctuation reserve	(c)	<b>649</b>	(968)
Fair value through other comprehensive income	(d)	<b>(40,014)</b>	18,240
		<b>1,557,787</b>	1,455,652
		Bank	
		2021	2020
	Note	RM'000	RM'000
Regulatory reserve	(a)	<b>28,079</b>	45,411
Retained profits	(b)	<b>1,554,572</b>	1,384,855
Exchange fluctuation reserve	(c)	<b>650</b>	(967)
Fair value through other comprehensive income	(d)	<b>(40,014)</b>	18,240
		<b>1,543,287</b>	1,447,539



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**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.

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**27. Income derived from investment of depositors' funds and others**

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

**(i) Income derived from investment of fixed term deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah:</b>				
Income from financing (note (a))	<b>226,018</b>	133,644	<b>226,018</b>	133,644
Financial investments designated at FVTPL	<b>1,771</b>	1,165	<b>1,771</b>	1,165
Financial assets at fair value through other comprehensive income	<b>38,974</b>	27,683	<b>38,974</b>	27,683
Financial assets at amortised cost	<b>592</b>	383	<b>592</b>	383
Money at call and deposit with financial institutions	<b>4,685</b>	4,957	<b>4,685</b>	4,957
	<b>272,040</b>	167,832	<b>272,040</b>	167,832
Amortisation of premium, net	<b>(10,615)</b>	(4,279)	<b>(10,615)</b>	(4,279)
Total finance income and hibah	<b>261,425</b>	163,553	<b>261,425</b>	163,553

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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 (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other operating income</b>				
Net gain from sale of:				
- financial investments designated at FVTPL	<b>50</b>	73	<b>50</b>	73
- debt instruments at fair value through other comprehensive income	<b>457</b>	8,880	<b>457</b>	8,880
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	<b>(476)</b>	265	<b>(476)</b>	265
	<b>31</b>	9,218	<b>31</b>	9,218
<b>Fees and commission</b>				
Guarantee fees	<b>448</b>	252	<b>448</b>	252
Processing fees	<b>561</b>	686	<b>561</b>	686
Service charges and fees	<b>2,914</b>	1,905	<b>2,914</b>	1,905
Commission	<b>10,220</b>	5,071	<b>10,220</b>	5,071
	<b>14,143</b>	7,914	<b>14,143</b>	7,914
<b>Total</b>	<b>275,599</b>	180,685	<b>275,599</b>	180,685

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**27. Income derived from investment of depositors' funds and others (cont'd.)**

**(ii) Income derived from investment of other deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Income from financing (note (a))	<b>689,634</b>	705,751	<b>689,634</b>	705,751
Financial investments designated at FVTPL	<b>5,403</b>	6,151	<b>5,403</b>	6,151
Financial assets at fair value through other comprehensive income	<b>118,920</b>	146,186	<b>118,920</b>	146,186
Financial assets at amortised cost	<b>1,806</b>	2,022	<b>1,806</b>	2,022
Money at call and deposit with financial institutions	<b>14,295</b>	26,176	<b>14,295</b>	26,176
	<b>830,058</b>	886,286	<b>830,058</b>	886,286
Amortisation of premium, net	<b>(32,389)</b>	(22,599)	<b>(32,389)</b>	(22,599)
Total finance income and hibah	<b>797,669</b>	863,687	<b>797,669</b>	863,687
<b>Other operating income</b>				
Net gain from sale of:				
- financial investments designated at FVTPL	<b>152</b>	387	<b>152</b>	387
- debt instruments at fair value through other comprehensive income	<b>1,395</b>	46,894	<b>1,395</b>	46,894
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	<b>(1,451)</b>	1,399	<b>(1,451)</b>	1,399
	<b>96</b>	48,680	<b>96</b>	48,680

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**27. Income derived from investment of depositors' funds and others (cont'd.)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fees and commission</b>				
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
	<b>43,150</b>	<b>41,796</b>	<b>43,150</b>	<b>41,796</b>
<b>Total</b>	<b>840,915</b>	<b>954,163</b>	<b>840,915</b>	<b>954,163</b>

- (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**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fees and commission</b>				
Service charges and fees	-	369	-	369

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**29. Income derived from investment of shareholders' funds**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>				
Financial assets at fair value through other comprehensive income	<b>9,742</b>	9,930	<b>9,742</b>	9,930
Money at call and deposit with financial institutions	<b>963</b>	1,206	<b>963</b>	1,206
Amortisation of premium, net	<b>(1,091)</b>	(1,271)	<b>(1,091)</b>	(1,271)
Total finance income and hibah	<b>9,614</b>	9,865	<b>9,614</b>	9,865
<b>Other operating income</b>				
Net (loss)/gain on revaluation of foreign exchange transaction	<b>(7,229)</b>	19,138	<b>(7,229)</b>	19,138
Net gain/(loss) from foreign exchange derivatives	<b>13,267</b>	(10,405)	<b>13,267</b>	(10,405)
Fair value gain of financial liabilities (note (a))	<b>19,678</b>	8,859	<b>19,678</b>	8,859
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	<b>(1,274)</b>	4,530	<b>(1,274)</b>	4,530
Net gain from sale of debt instruments at fair value through other comprehensive income	<b>159</b>	1,260	<b>159</b>	1,260
Gross dividend income				
- unquoted shares in Malaysia	<b>39</b>	42	-	-
- subsidiary	-	-	<b>2,000</b>	3,000
Net dividend paid for Islamic profit rate swap	<b>(25,692)</b>	(19,412)	<b>(25,692)</b>	(19,412)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	<b>50,139</b>	(53,422)	<b>50,139</b>	(53,422)
Unrealised (loss)/gain on revaluation of hedged items (Note 6(i))	<b>(57,692)</b>	59,901	<b>(57,692)</b>	59,901
	<b>(8,605)</b>	10,491	<b>(6,644)</b>	13,449

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**29. Income derived from investment of shareholders' funds (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fees and commission</b>				
Corporate advisory fees	<b>3,294</b>	1,431	<b>1,278</b>	1,105
Service charges and fees	<b>9,248</b>	7,684	<b>74</b>	122
Commission	<b>4,671</b>	3,361	<b>4,671</b>	3,361
	<b>17,213</b>	12,476	<b>6,023</b>	4,588
<b>Other income</b>				
Rental income	<b>1,870</b>	1,414	<b>1,844</b>	1,440
Loss from sale of property, plant and equipment	-	(21)	-	(21)
Gain from termination of ROU asset	<b>1,654</b>	-	<b>55</b>	-
Gain from sale of foreclosed properties	<b>3</b>	-	<b>3</b>	-
Fair value adjustments of investment properties (Note 12)	<b>675</b>	1,954	<b>675</b>	1,954
	<b>4,202</b>	3,347	<b>2,577</b>	3,373
<b>Total</b>	<b>22,424</b>	36,179	<b>11,570</b>	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**

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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)
	<b>53,944</b>	<b>80,067</b>

**31. (Write-back of)/allowance for impairment losses on financial investments, net**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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)
	<b>(296)</b>	<b>36</b>	<b>(296)</b>	<b>36</b>



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**32. Allowance for impairment losses on other financial assets, net**

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

**33. Income attributable to depositors**

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

**34. Personnel expenses**

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

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**35. CEOs, Directors and Shariah Committee members' remuneration**

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

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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:

<=====Remuneration received from the Group=====>						
<b>Group</b>						
<b>31 December 2021</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(a):						
<b>Chief Executive Officer:</b>						
Khairul Kamarudin	1,308	-	464	310	77	2,159
<b>Chief Executive Officers of the subsidiaries:</b>						
Mohd Faruk Abdul Karim	360	-	27	66	-	453
<b>Total Chief Executive Officers remuneration</b>	<b>1,668</b>	<b>-</b>	<b>491</b>	<b>376</b>	<b>77</b>	<b>2,612</b>
Note 35(b) :						
<b>Non-Executive Directors:</b>						
Datuk Seri Tajuddin Atan	-	240	-	78	50	368
Dato' 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
<b>Director - subsidiaries:</b>						
Fakihah Azahari	-	20	-	7	-	27
Dato' Adnan Alias	-	20	-	7	-	27
<b>Total Directors remuneration</b>	<b>-</b>	<b>1,026</b>	<b>-</b>	<b>839</b>	<b>50</b>	<b>1,915</b>
<b>Total Chief Executive Officers and Directors' remuneration</b>	<b>1,668</b>	<b>1,026</b>	<b>491</b>	<b>1,215</b>	<b>127</b>	<b>4,527</b>

\* 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.):

**<=====Remuneration received from the Group=====>**

<b>Group</b>						
<b>31 December 2021</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other emoluments</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(c) :						
<b>Shariah Committee:</b>						
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
<b>Total Shariah Committee remuneration</b>	-	276	-	86	5	367

<b>Group</b>						
<b>31 December 2020</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other emoluments</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(a):						
<b>Chief Executive Officers</b>						
Khairul Kamarudin	1,308	-	128	244	7	1,687
<b>Chief Executive Officer of the subsidiaries:</b>						
Norahmadi Sulong	350	-	44	61	4	459
Mohd Faruk Abdul Karim	184	-	-	31	-	215
<b>Total Chief Executive Officers remuneration</b>	1,842	-	172	336	11	2,361

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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.):

<=====Remuneration received from the Group=====>

<b>Group</b>						
<b>31 December 2020</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Note 35(b) :</b>						
<b>Non-Executive Directors:</b>						
Tan Sri Dato' Dr Mohd						
Munir Abdul Majid	-	101	-	21	-	122
Datuk Seri Tajuddin Atan	-	148	-	52	11	211
Dato' 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
<b>Director - subsidiaries:</b>						
Fakihah Azahari	-	20	-	6	-	26
Dato' Adnan Alias	-	20	-	6	-	26
<b>Total Directors</b>						
<b>remuneration</b>	-	1,114	-	1,076	11	2,201
<b>Total Chief Executive</b>						
<b>Officers and Directors'</b>						
<b>remuneration</b>	1,842	1,114	172	1,412	22	4,562

\* 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.):

**<=====Remuneration received from the Group=====>**

<b>Group</b>						
<b>31 December 2020</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(c) :						
<b>Shariah Committee:</b>						
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
<b>Total Shariah Committee remuneration</b>	<b>-</b>	<b>290</b>	<b>-</b>	<b>77</b>	<b>6</b>	<b>373</b>

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

**<===== Remuneration received from the Bank =====>**

<b>Bank</b>						
<b>31 December 2021</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(a):						
<b>Chief Executive Officer</b>						
Khairul Kamarudin	1,308	-	464	310	77	2,159
<b>Total Chief Executive Officer remuneration</b>	<b>1,308</b>	<b>-</b>	<b>464</b>	<b>310</b>	<b>77</b>	<b>2,159</b>

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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 Bank are as follows (cont'd.):

<b>Bank</b>						
<b>31 December 2021</b>	<b>Salary</b>	<b>Allowance</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	
Note 35(b):						
<b>Non-Executive Directors:</b>						
Datuk Seri Tajuddin Atan	-	240	-	78	50	368
Dato' 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
<b>Total Directors</b>						
<b>remuneration</b>	-	986	-	825	50	1,861
<b>Total Chief Executive</b>						
<b>Officers and Directors'</b>						
<b>remuneration</b>	1,308	986	464	1,135	127	4,020

\* 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 Bank are as follows (cont'd.):

<b>Bank</b>						
<b>31 December 2021</b>	<b>Salary</b>	<b>Allowance</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	
Note 35(c):						
<b>Shariah Committee:</b>						
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
<b>Total Shariah Committee remuneration</b>	<b>-</b>	<b>276</b>	<b>-</b>	<b>86</b>	<b>5</b>	<b>367</b>

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

**<===== Remuneration received from the Bank =====>**

<b>Bank</b>						
<b>31 December 2020</b>	<b>Salary</b>	<b>Fees</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	
Note 35(a):						
<b>Chief Executive Officers</b>						
Khairul Kamarudin	1,308	-	128	244	7	1,687
<b>Total Chief Executive Officers remuneration</b>	<b>1,308</b>	<b>-</b>	<b>128</b>	<b>244</b>	<b>7</b>	<b>1,687</b>



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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 Bank are as follows (cont'd.):

<b>Bank</b>						
<b>31 December 2020</b>	<b>Salary</b>	<b>Allowance</b>	<b>Bonus</b>	<b>Other</b>	<b>Benefits-</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>emoluments</b>	<b>in-kind</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Note 35(b):						
<b>Non-Executive Directors:</b>						
Tan Sri Dato' Dr Mohd						
Munir Abdul Majid	-	101	-	21	-	122
Datuk Seri Tajuddin Atan	-	148	-	52	11	211
Dato' Sri Che Khalib						
Mohamad Noh	-	120	-	97	-	217
Iwan Rashman	-	120	-	117	-	237
Gulamoydeen*						
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
<b>Total Directors</b>						
<b>remuneration</b>	-	1,074	-	1,064	11	2,149
<b>Total Chief Executive</b>						
<b>Officer and Directors'</b>						
<b>remuneration</b>	1,308	1,074	128	1,308	18	3,836

\* Director's fee payable to Khazanah Nasional Berhad.

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						
Dr Wan Marhaini						
Wan Ahmad	-	54	-	11	1	66
Mohd Shahid						
Mohd Noh	-	54	-	12	1	67
Yusri Mohamad	-	54	-	12	1	67
<b>Total Shariah Committee</b>						
<b>remuneration</b>	-	290	-	77	6	373

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**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:

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

**37. Other overheads and expenditures**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Marketing</b>				
Advertisement and publicity	<b>5,504</b>	<b>6,363</b>	<b>5,504</b>	<b>6,363</b>
Donation and sponsorship	<b>265</b>	<b>323</b>	<b>265</b>	<b>323</b>
Others	<b>434</b>	<b>722</b>	<b>434</b>	<b>720</b>
	<b>6,203</b>	<b>7,408</b>	<b>6,203</b>	<b>7,406</b>

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**37. Other overheads and expenditures (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Establishment</b>				
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
	<b>123,818</b>	<b>134,456</b>	<b>122,718</b>	<b>133,163</b>
<b>General expenses</b>				
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
	<b>31,749</b>	<b>31,053</b>	<b>32,962</b>	<b>33,228</b>
	<b>161,770</b>	<b>172,917</b>	<b>161,883</b>	<b>173,797</b>

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**38. Finance costs**

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

**39. Zakat**

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

**40. Taxation**

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

	<b>Group</b>		<b>Bank</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<b>256,576</b>	174,768	<b>247,869</b>	171,216
Taxation at Malaysian statutory tax rate 24% (December 2019:24%)	<b>61,578</b>	41,944	<b>59,489</b>	41,092
Income not subject to tax	<b>(1,352)</b>	(9,293)	<b>(1,497)</b>	(10,067)
Effect on opening deferred tax of increase in Malaysian income tax rate	<b>(5,597)</b>	-	<b>(5,597)</b>	-
Deferred tax recognised at different tax rates	<b>(369)</b>	-	<b>(369)</b>	-
Expenses not deductible for tax purposes	<b>3,318</b>	3,323	<b>3,229</b>	3,463
Under/(over) provision of income tax in prior years	<b>61,983</b>	(37,415)	<b>62,381</b>	(37,822)
Over provision of deferred tax in prior years	<b>(28,482)</b>	-	<b>(28,482)</b>	-
Others	<b>(9)</b>	-	<b>-</b>	-
Income tax (income)/expense for the year	<b>91,070</b>	(1,441)	<b>89,154</b>	(3,334)

**41. Earnings per share**

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

**42. Dividends**

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

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**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:

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

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

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

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**44. Credit exposures arising from credit transactions with connected parties**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>1,731,809</b>	1,706,038
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>6.0%</b>	6.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-
	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>1,801,958</b>	1,777,182
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>6.3%</b>	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					
	2021			2020		
	Principal	Credit	Total risk	Principal	Credit	Total risk
The commitments and contingencies constitute the following:	amount	equivalent	weighted	amount	equivalent	weighted
	RM'000	amount	amount	RM'000	amount	amount
		RM'000	RM'000		RM'000	RM'000
<b>Contingent liabilities</b>						
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
<b>Commitments</b>						
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	-	-
<b>Islamic derivative financial instruments</b>						
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
	<b>5,291,782</b>	<b>1,233,434</b>	<b>1,065,794</b>	<b>6,917,484</b>	<b>1,263,396</b>	<b>1,081,071</b>

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**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.

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**46. Financial risk management objectives and policies (cont'd.)**

**Risk governance (cont'd.)**

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.

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:

<b>Committee</b>	<b>Objective</b>
<b>Asset &amp; Liability Committee ("ALCO")</b>	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.
<b>Credit Committee ("CC")</b>	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.
<b>Investment Committee ("IC")</b>	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.
<b>Operational Risk Management Committee ("ORMC")</b>	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.

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**46. Financial risk management objectives and policies (cont'd.)**

**(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 ERM 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").

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.

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**46. Financial risk management objectives and policies (cont'd.)**

**(a) Credit risk (cont'd.)**

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.)**

<b>Group 2021</b>	<b>Government and statutory bodies RM'000</b>	<b>Finance, takaful and business services RM'000</b>	<b>Agriculture, manufacturing, wholesale, retail and restaurant RM'000</b>	<b>Construction and real estate RM'000</b>	<b>Transport, storage and communication RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>On balance sheet exposures</b>								
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
	<b>5,629,819</b>	<b>2,754,747</b>	<b>2,140,245</b>	<b>1,703,913</b>	<b>66,666</b>	<b>13,890,033</b>	<b>1,107,704</b>	<b>27,293,127</b>
<b>Commitments and contingencies</b>								
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
	<b>56,495</b>	<b>2,482,284</b>	<b>1,241,176</b>	<b>545,005</b>	<b>27,882</b>	<b>342,198</b>	<b>596,742</b>	<b>5,291,782</b>
<b>Total credit exposures</b>	<b>5,686,314</b>	<b>5,237,031</b>	<b>3,381,421</b>	<b>2,248,918</b>	<b>94,548</b>	<b>14,232,231</b>	<b>1,704,446</b>	<b>32,584,909</b>

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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.)**

<b>Group 2020</b>	<b>Government and statutory bodies RM'000</b>	<b>Finance, takaful and business services RM'000</b>	<b>Agriculture, manufacturing, wholesale, retail and restaurant RM'000</b>	<b>Construction and real estate RM'000</b>	<b>Transport, storage and communication RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>On balance sheet exposures</b>								
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
	<b>4,032,513</b>	<b>4,671,737</b>	<b>2,305,129</b>	<b>1,785,848</b>	<b>59,420</b>	<b>11,662,015</b>	<b>1,019,425</b>	<b>25,536,087</b>
<b>Commitments and contingencies</b>								
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
	<b>46,797</b>	<b>5,242,140</b>	<b>564,349</b>	<b>704,773</b>	<b>5,487</b>	<b>171,211</b>	<b>182,727</b>	<b>6,917,484</b>
<b>Total credit exposures</b>	<b>4,079,310</b>	<b>9,913,877</b>	<b>2,869,478</b>	<b>2,490,621</b>	<b>64,907</b>	<b>11,833,226</b>	<b>1,202,152</b>	<b>32,453,571</b>

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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.)**

<b>Bank 2021</b>	<b>Government and statutory bodies RM'000</b>	<b>Finance, takaful and business services RM'000</b>	<b>Agriculture, manufacturing, wholesale, retail and restaurant RM'000</b>	<b>Construction and real estate RM'000</b>	<b>Transport, storage and communication RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>On balance sheet exposures</b>								
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
	<b>5,629,819</b>	<b>2,754,747</b>	<b>2,140,245</b>	<b>1,703,913</b>	<b>66,666</b>	<b>13,890,033</b>	<b>1,094,962</b>	<b>27,280,385</b>
<b>Commitments and contingencies</b>								
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
	<b>56,495</b>	<b>2,482,284</b>	<b>1,241,176</b>	<b>545,005</b>	<b>27,882</b>	<b>342,198</b>	<b>596,742</b>	<b>5,291,782</b>
<b>Total credit exposures</b>	<b>5,686,314</b>	<b>5,237,031</b>	<b>3,381,421</b>	<b>2,248,918</b>	<b>94,548</b>	<b>14,232,231</b>	<b>1,691,704</b>	<b>32,572,167</b>



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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.)**

<b>Bank 2020</b>	<b>Government and statutory bodies RM'000</b>	<b>Finance, takaful and business services RM'000</b>	<b>Agriculture, manufacturing, wholesale, retail and restaurant RM'000</b>	<b>Construction and real estate RM'000</b>	<b>Transport, storage and communication RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>On balance sheet exposures</b>								
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
	<b>4,032,513</b>	<b>4,671,738</b>	<b>2,305,129</b>	<b>1,785,848</b>	<b>59,420</b>	<b>11,662,015</b>	<b>1,010,566</b>	<b>25,527,229</b>
<b>Commitments and contingencies</b>								
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
	<b>46,797</b>	<b>5,242,140</b>	<b>564,349</b>	<b>704,773</b>	<b>5,487</b>	<b>171,211</b>	<b>182,727</b>	<b>6,917,484</b>
<b>Total credit exposures</b>	<b>4,079,310</b>	<b>9,913,878</b>	<b>2,869,478</b>	<b>2,490,621</b>	<b>64,907</b>	<b>11,833,226</b>	<b>1,193,293</b>	<b>32,444,713</b>

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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:

	<b>Group</b>		<b>Bank</b>	
	<b>Domestic</b>	<b>Labuan</b>	<b>Domestic</b>	<b>Labuan</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>				
<b>On Balance Sheet</b>				
<b>Exposures</b>				
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
	<b>27,070,639</b>	<b>222,488</b>	<b>27,057,897</b>	<b>222,488</b>
<b>Commitments and contingencies</b>				
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	-
	<b>5,291,782</b>	<b>-</b>	<b>5,291,782</b>	<b>-</b>
<b>Total credit exposures</b>	<b>32,362,421</b>	<b>222,488</b>	<b>32,349,679</b>	<b>222,488</b>

**Bank Muamalat Malaysia Berhad**  
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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:

	<b>Group</b>		<b>Bank</b>	
	<b>Domestic</b>	<b>Labuan</b>	<b>Domestic</b>	<b>Labuan</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2020</b>				
<b>On Balance Sheet</b>				
<b>Exposures</b>				
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
	<u>25,249,587</u>	<u>303,909</u>	<u>25,240,681</u>	<u>303,909</u>
<b>Commitments and contingencies</b>				
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	-
	<u>6,917,485</u>	<u>-</u>	<u>6,917,485</u>	<u>-</u>
<b>Total credit exposures</b>	<u>32,167,072</u>	<u>303,909</u>	<u>32,158,166</u>	<u>303,909</u>

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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:

<b>Group</b>	<b>Neither past due nor impaired</b>		<b>Past due</b>	<b>Impaired</b>	
<b>2021</b>	<b>Good</b>	<b>Satisfactory</b>	<b>but not</b>	<b>financing</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>impaired</b>	<b>RM'000</b>	<b>RM'000</b>
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
	<b>20,413,916</b>	<b>272,511</b>	<b>39,754</b>	<b>172,073</b>	<b>20,898,254</b>
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	<b>20,413,916</b>	<b>272,511</b>	<b>39,754</b>	<b>95,939</b>	<b>20,671,306</b>

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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:

<b>Group 2020</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
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
	<u>17,736,703</u>	<u>121,417</u>	<u>254,475</u>	<u>194,711</u>	<u>18,307,306</u>
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	<u>17,736,703</u>	<u>121,417</u>	<u>254,475</u>	<u>106,767</u>	<u>18,115,817</u>

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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 (cont'd.)**

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

<b>Bank 2021</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
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
	<b>20,404,228</b>	<b>272,511</b>	<b>39,754</b>	<b>172,073</b>	<b>20,888,566</b>
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)
<b>Total net financing</b>	<b>20,404,228</b>	<b>272,511</b>	<b>39,754</b>	<b>95,939</b>	<b>20,661,618</b>

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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 (cont'd.)**

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

<b>Bank 2020</b>	<b>Neither past due nor impaired Good RM'000</b>	<b>Satisfactory RM'000</b>	<b>Past due but not impaired RM'000</b>	<b>Impaired financing RM'000</b>	<b>Total RM'000</b>
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
	<u>17,731,088</u>	<u>121,417</u>	<u>254,475</u>	<u>194,711</u>	<u>18,301,691</u>
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	<u>17,731,088</u>	<u>121,417</u>	<u>254,475</u>	<u>106,767</u>	<u>18,110,202</u>

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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 (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:

<b>Group and Bank</b>	<b>1 - 2 months RM'000</b>	<b>&gt;2 - 3 months RM'000</b>	<b>Total RM'000</b>
<b>2021</b>			
Term financing			
- Home financing	<b>14,430</b>	<b>4,284</b>	<b>18,714</b>
- Hire purchase receivables	<b>2,807</b>	<b>1,553</b>	<b>4,360</b>
- Other term financing	<b>9,309</b>	<b>6,992</b>	<b>16,301</b>
Other financing	<b>160</b>	<b>219</b>	<b>379</b>
<b>Total</b>	<b>26,706</b>	<b>13,048</b>	<b>39,754</b>
<b>2020</b>			
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
<b>Total</b>	<b>142,379</b>	<b>112,096</b>	<b>254,475</b>



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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 (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.

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

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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 (cont'd.)**

**Collateral and other credit enhancements (cont'd.)**

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.

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**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 (YOY%)	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 (YOY %)	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 (YOY %)	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

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**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 (YOY%)	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 (YOY%)	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 (YOY%)	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%

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**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		Other assets
	Domestic Ratings RM'000	Total RM'000	Domestic Ratings RM'000	Total RM'000	
<b>2021</b>					
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	<b>107,109</b>	<b>107,109</b>	<b>4,765,434</b>	<b>4,765,434</b>	<b>17,606</b>
<b>2020</b>					
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	<b>105,544</b>	<b>105,544</b>	<b>3,689,923</b>	<b>3,689,923</b>	<b>113,171</b>

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**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		Other assets
	Domestic Ratings RM'000	Total RM'000	Domestic Ratings RM'000	Total RM'000	
<b>2021</b>					
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	<b>107,109</b>	<b>107,109</b>	<b>4,765,434</b>	<b>4,765,434</b>	<b>17,058</b>
<b>2020</b>					
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	<b>105,544</b>	<b>105,544</b>	<b>3,689,923</b>	<b>3,689,923</b>	<b>112,345</b>

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**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.)**

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.

**(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 benefiting 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.

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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**

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.



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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.)**
**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 %
<b>ASSETS</b>												
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 investment designated at fair value through profit and loss	-	-	-	-	-	-	-	-	168,384	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	-
<b>TOTAL ASSETS</b>	<b>17,025,240</b>	<b>524,962</b>	<b>1,094,870</b>	<b>2,495,998</b>	<b>1,815,764</b>	<b>504,804</b>	<b>503,581</b>	<b>2,531,184</b>	<b>911,659</b>	<b>158,329</b>	<b>27,566,391</b>	
<b>LIABILITIES AND EQUITY</b>												
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	-
<b>Total Liabilities</b>	<b>13,776,511</b>	<b>3,223,940</b>	<b>5,012,144</b>	<b>261,400</b>	<b>505,587</b>	<b>314,858</b>	<b>550,268</b>	<b>-</b>	<b>1,107,353</b>	<b>61,543</b>	<b>24,813,604</b>	
Equity attributable to shareholders of the Group	-	-	-	-	-	-	-	-	2,752,787	-	2,752,787	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,776,511</b>	<b>3,223,940</b>	<b>5,012,144</b>	<b>261,400</b>	<b>505,587</b>	<b>314,858</b>	<b>550,268</b>	<b>-</b>	<b>3,860,140</b>	<b>61,543</b>	<b>27,566,391</b>	

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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.)

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 %
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	-
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>3,248,729</b>	<b>(2,698,978)</b>	<b>(3,917,274)</b>	<b>2,234,598</b>	<b>1,310,177</b>	<b>189,946</b>	<b>(46,687)</b>	<b>2,531,184</b>	<b>(2,948,481)</b>	<b>1,296,786</b>	<b>1,200,000</b>	

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

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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.)**
**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 %
<b>ASSETS</b>												
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	-
<b>TOTAL ASSETS</b>	<b>15,622,121</b>	<b>1,279,900</b>	<b>476,027</b>	<b>1,499,564</b>	<b>1,639,562</b>	<b>1,021,870</b>	<b>511,772</b>	<b>2,233,527</b>	<b>1,336,487</b>	<b>147,039</b>	<b>25,767,869</b>	
<b>LIABILITIES AND EQUITY</b>												
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	-
<b>Total Liabilities</b>	<b>14,140,749</b>	<b>3,214,060</b>	<b>4,346,694</b>	<b>835,549</b>	<b>2,394</b>	<b>382</b>	<b>27,097</b>	<b>-</b>	<b>382,958</b>	<b>167,334</b>	<b>23,117,217</b>	
Equity attributable to shareholders of the Group	-	-	-	-	-	-	-	-	2,650,652	-	2,650,652	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,140,749</b>	<b>3,214,060</b>	<b>4,346,694</b>	<b>835,549</b>	<b>2,394</b>	<b>382</b>	<b>27,097</b>	<b>-</b>	<b>3,033,610</b>	<b>167,334</b>	<b>25,767,869</b>	

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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.)**

**Rate of return risk (cont'd.)**

<b>Group 2020</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-2 years RM'000</b>	<b>&gt;2-3 years RM'000</b>	<b>&gt;3-4 years RM'000</b>	<b>&gt;4-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-profit sensitive RM'000</b>	<b>Trading books RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
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	-
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>1,481,372</b>	<b>(1,934,160)</b>	<b>(3,870,667)</b>	<b>664,015</b>	<b>1,637,168</b>	<b>1,021,488</b>	<b>484,675</b>	<b>2,233,527</b>	<b>(1,697,123)</b>	<b>1,179,705</b>	<b>1,200,000</b>	

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

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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.)

## 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 %
<b>ASSETS</b>												
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	-	-	-	-	-	-	-	-	168,384	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 not credit impaired	-	-	-	-	-	-	-	-	(150,814)	-	(150,814)	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	433,228	-	433,228	-
<b>TOTAL ASSETS</b>	<b>17,025,240</b>	<b>524,962</b>	<b>1,094,870</b>	<b>2,495,998</b>	<b>1,815,764</b>	<b>504,804</b>	<b>503,581</b>	<b>2,531,184</b>	<b>911,675</b>	<b>158,329</b>	<b>27,566,407</b>	
<b>LIABILITIES AND EQUITY</b>												
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	-
<b>Total Liabilities</b>	<b>13,792,062</b>	<b>3,223,940</b>	<b>5,012,144</b>	<b>261,400</b>	<b>505,587</b>	<b>314,858</b>	<b>550,268</b>	<b>-</b>	<b>1,106,318</b>	<b>61,543</b>	<b>24,828,120</b>	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	2,738,287	-	2,738,287	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,792,062</b>	<b>3,223,940</b>	<b>5,012,144</b>	<b>261,400</b>	<b>505,587</b>	<b>314,858</b>	<b>550,268</b>	<b>-</b>	<b>3,844,605</b>	<b>61,543</b>	<b>27,566,407</b>	

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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.)

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 %
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	-
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>3,233,178</b>	<b>(2,698,978)</b>	<b>(3,917,274)</b>	<b>2,234,598</b>	<b>1,310,177</b>	<b>189,946</b>	<b>(46,687)</b>	<b>2,531,184</b>	<b>(2,932,930)</b>	<b>1,296,786</b>	<b>1,200,000</b>	

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

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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.)**
**Rate of return risk (cont'd.)**

<b>Bank 2020</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-12 months RM'000</b>	<b>&gt;1-2 years RM'000</b>	<b>&gt;2-3 years RM'000</b>	<b>&gt;3-4 years RM'000</b>	<b>&gt;4-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non-profit sensitive RM'000</b>	<b>Trading books RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate %</b>
<b>ASSETS</b>												
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	-
<b>TOTAL ASSETS</b>	<b>15,622,121</b>	<b>1,279,900</b>	<b>476,027</b>	<b>1,499,564</b>	<b>1,639,562</b>	<b>1,021,870</b>	<b>511,772</b>	<b>2,233,527</b>	<b>1,333,977</b>	<b>147,039</b>	<b>25,765,359</b>	
<b>LIABILITIES AND EQUITY</b>												
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 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	-	-	-	-	-	-	-	-	139,197	-	139,197	-
<b>Total Liabilities</b>	<b>14,153,541</b>	<b>3,214,060</b>	<b>4,346,694</b>	<b>835,549</b>	<b>2,394</b>	<b>382</b>	<b>27,097</b>	<b>-</b>	<b>375,769</b>	<b>167,334</b>	<b>23,122,820</b>	
Equity attributable to shareholders of the Bank	-	-	-	-	-	-	-	-	2,642,539	-	2,642,539	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,153,541</b>	<b>3,214,060</b>	<b>4,346,694</b>	<b>835,549</b>	<b>2,394</b>	<b>382</b>	<b>27,097</b>	<b>-</b>	<b>3,018,308</b>	<b>167,334</b>	<b>25,765,359</b>	

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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.)

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 %
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	-
<b>TOTAL PROFIT SENSITIVITY GAP</b>	<b>1,468,580</b>	<b>(1,934,160)</b>	<b>(3,870,667)</b>	<b>664,015</b>	<b>1,637,168</b>	<b>1,021,488</b>	<b>484,675</b>	<b>2,233,527</b>	<b>(1,684,331)</b>	<b>1,179,705</b>	<b>1,200,000</b>	

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



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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.)**

**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.

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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.)**

**Rate of return risk (cont'd.)**

Rate of return risk measurement (cont'd.)

- Gap analysis (cont'd.)

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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**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
<b>Impact on Earnings:</b>				
<b>2021</b>				
MYR	(22,711)	22,711	(22,657)	22,657
USD	560	(560)	560	(560)
Others*	9	(9)	9	(9)
<b>2020</b>				
MYR	(21,994)	21,994	(21,937)	21,937
USD	1,851	(1,851)	1,851	(1,851)
Others*	35	(35)	35	(35)
<b>Impact on Equity:</b>				
<b>2021</b>				
MYR	35,896	(35,896)	35,893	(35,893)
USD	(66)	66	(66)	66
Others*	(2)	2	(2)	2
<b>2020</b>				
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.

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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**

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.

<b>Group 2021</b>	<b>Malaysian Ringgit RM'000</b>	<b>United States Dollar RM'000</b>	<b>Australian Dollar RM'000</b>	<b>Swiss Franc RM'000</b>	<b>Euro RM'000</b>	<b>Great Britain Pound RM'000</b>	<b>Japanese Yen RM'000</b>	<b>Canadian Dollar RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>										
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	4,866,770	-	-	-	-	-	-	-	-	4,866,770
Financial assets at amortised cost	107,109	-	-	-	-	-	-	-	-	107,109
Islamic derivative financial assets	5,437	-	-	-	-	-	-	-	-	5,437
Financing of customers	20,568,022	103,284	-	-	-	-	-	-	-	20,671,306
Other assets	33,697	3	-	-	-	-	-	-	-	33,700
Statutory deposits with Bank Negara Malaysia	130,148	-	-	-	-	-	-	-	-	130,148
Investment properties	56,564	-	-	-	-	-	-	-	-	56,564
Right-of-use assets	29,404	19	-	-	-	-	-	-	-	29,423
Intangible assets	76,671	-	-	-	-	-	-	-	-	76,671
Property, plant and equipment	52,008	-	-	-	-	-	-	-	-	52,008
Deferred tax assets	42,504	-	-	-	-	-	-	-	-	42,504
<b>Total assets</b>	<b>27,153,492</b>	<b>402,568</b>	<b>136</b>	<b>522</b>	<b>921</b>	<b>1,695</b>	<b>1,068</b>	<b>3,437</b>	<b>2,552</b>	<b>27,566,391</b>

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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 2021 (cont'd.)	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
<b>Liabilities</b>										
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 taxation and zakat	6,664	-	-	-	-	-	-	-	-	6,664
Recourse obligation on financing sold to Cagamas	427,466	-	-	-	-	-	-	-	-	427,466
Subordinated sukuk	499,876	-	-	-	-	-	-	-	-	499,876
<b>Total liabilities</b>	<b>24,528,444</b>	<b>282,210</b>	<b>79</b>	<b>-</b>	<b>679</b>	<b>2,148</b>	<b>-</b>	<b>33</b>	<b>11</b>	<b>24,813,604</b>
<b>On-balance sheet open position</b>	<b>2,625,048</b>	<b>120,358</b>	<b>57</b>	<b>522</b>	<b>242</b>	<b>(453)</b>	<b>1,068</b>	<b>3,404</b>	<b>2,541</b>	<b>2,752,787</b>
Less: Islamic derivative financial assets	(5,437)	-	-	-	-	-	-	-	-	(5,437)
Add: Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
<b>Net open position</b>	<b>2,681,154</b>	<b>120,358</b>	<b>57</b>	<b>522</b>	<b>242</b>	<b>(453)</b>	<b>1,068</b>	<b>3,404</b>	<b>2,541</b>	<b>2,808,893</b>

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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**

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.

<b>Group</b>	<b>Malaysian</b>	<b>United</b>	<b>Australian</b>	<b>Swiss</b>	<b>Euro</b>	<b>Britain</b>	<b>Japanese</b>	<b>Canadian</b>	<b>Others</b>	<b>Total</b>
<b>2020</b>	<b>Ringgit</b>	<b>States</b>	<b>Dollar</b>	<b>Franc</b>		<b>Pound</b>	<b>Yen</b>	<b>Dollar</b>		
	<b>RM'000</b>	<b>Dollar</b>	<b>Dollar</b>	<b>Franc</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>										
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
<b>Total assets</b>	<b>25,322,707</b>	<b>420,772</b>	<b>428</b>	<b>661</b>	<b>9,822</b>	<b>1,164</b>	<b>5,503</b>	<b>3,457</b>	<b>3,355</b>	<b>25,767,869</b>

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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 (cont'd.)	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Britain Pound RM'000	Japanese Yen RM'000	Canadian Dollar RM'000	Others RM'000	Total RM'000
<b>Liabilities</b>										
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
Lease liabilities	41,591	50	-	-	-	-	-	-	-	41,641
Provision for taxation and zakat	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
<b>Total liabilities</b>	<b>22,565,660</b>	<b>535,467</b>	<b>53</b>	<b>-</b>	<b>11,900</b>	<b>2,107</b>	<b>-</b>	<b>-</b>	<b>2,030</b>	<b>23,117,217</b>
<b>On-balance sheet open position</b>	<b>2,757,047</b>	<b>(114,695)</b>	<b>375</b>	<b>661</b>	<b>(2,078)</b>	<b>(943)</b>	<b>5,503</b>	<b>3,457</b>	<b>1,325</b>	<b>2,650,652</b>
Less: Islamic derivative financial assets	(47,820)	-	-	-	-	-	-	-	-	(47,820)
Add: Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
<b>Net open position</b>	<b>2,876,561</b>	<b>(114,695)</b>	<b>375</b>	<b>661</b>	<b>(2,078)</b>	<b>(943)</b>	<b>5,503</b>	<b>3,457</b>	<b>1,325</b>	<b>2,770,166</b>

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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.)

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
<b>Assets</b>										
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
<b>Total assets</b>	<b>27,153,508</b>	<b>402,568</b>	<b>136</b>	<b>522</b>	<b>921</b>	<b>1,695</b>	<b>1,068</b>	<b>3,437</b>	<b>2,552</b>	<b>27,566,407</b>



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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.)**

<b>Bank 2021 (cont'd.)</b>	<b>Malaysian Ringgit RM'000</b>	<b>United States Dollar RM'000</b>	<b>Australian Dollar RM'000</b>	<b>Swiss Franc RM'000</b>	<b>Euro RM'000</b>	<b>Great Britain Pound RM'000</b>	<b>Japanese Yen RM'000</b>	<b>Canadian Dollar RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>										
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 taxation and zakat	6,197	-	-	-	-	-	-	-	-	6,197
Recourse obligation on financing sold to Cagamas	427,466	-	-	-	-	-	-	-	-	427,466
Subordinated sukuk	499,876	-	-	-	-	-	-	-	-	499,876
<b>Total liabilities</b>	<b>24,542,960</b>	<b>282,210</b>	<b>79</b>	<b>-</b>	<b>679</b>	<b>2,148</b>	<b>-</b>	<b>33</b>	<b>11</b>	<b>24,828,120</b>
<b>On-balance sheet open position</b>	<b>2,610,548</b>	<b>120,358</b>	<b>57</b>	<b>522</b>	<b>242</b>	<b>(453)</b>	<b>1,068</b>	<b>3,404</b>	<b>2,541</b>	<b>2,738,287</b>
Less: Islamic derivative financial assets	(5,437)	-	-	-	-	-	-	-	-	(5,437)
Add: Islamic derivative financial liabilities	61,543	-	-	-	-	-	-	-	-	61,543
<b>Net open position</b>	<b>2,666,654</b>	<b>120,358</b>	<b>57</b>	<b>522</b>	<b>242</b>	<b>(453)</b>	<b>1,068</b>	<b>3,404</b>	<b>2,541</b>	<b>2,794,393</b>

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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.)

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
<b>Assets</b>										
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
<b>Total assets</b>	<b>25,320,197</b>	<b>420,772</b>	<b>428</b>	<b>661</b>	<b>9,822</b>	<b>1,164</b>	<b>5,503</b>	<b>3,457</b>	<b>3,355</b>	<b>25,765,359</b>

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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.)**

<b>Bank 2020 (cont'd.)</b>	<b>Malaysian Ringgit RM'000</b>	<b>United States Dollar RM'000</b>	<b>Australian Dollar RM'000</b>	<b>Swiss Franc RM'000</b>	<b>Euro RM'000</b>	<b>Great Britain Pound RM'000</b>	<b>Japanese Yen RM'000</b>	<b>Canadian Dollar RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>										
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 taxation and zakat	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
<b>Total liabilities</b>	<b>22,571,263</b>	<b>535,467</b>	<b>53</b>	<b>-</b>	<b>11,900</b>	<b>2,107</b>	<b>-</b>	<b>-</b>	<b>2,030</b>	<b>23,122,820</b>
<b>On-balance sheet open position</b>	<b>2,748,934</b>	<b>(114,695)</b>	<b>375</b>	<b>661</b>	<b>(2,078)</b>	<b>(943)</b>	<b>5,503</b>	<b>3,457</b>	<b>1,325</b>	<b>2,642,539</b>
Less: Islamic derivative financial assets	(47,820)	-	-	-	-	-	-	-	-	(47,820)
Add: Islamic derivative financial liabilities	167,334	-	-	-	-	-	-	-	-	167,334
<b>Net open position</b>	<b>2,868,448</b>	<b>(114,695)</b>	<b>375</b>	<b>661</b>	<b>(2,078)</b>	<b>(943)</b>	<b>5,503</b>	<b>3,457</b>	<b>1,325</b>	<b>2,762,053</b>

**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.

	<b>Group and Bank</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
	<b>appreciation</b>	<b>depreciation</b>	<b>appreciation</b>	<b>depreciation</b>
Impact to profit after tax and reserves	<b>(1,277)</b>	<b>1,277</b>	<b>1,064</b>	<b>(1,064)</b>

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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.)**

**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 follow:

- 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;

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**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.

**Bank Muamalat Malaysia Berhad**  
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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:

<b>Group 2021</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
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
<b>Total assets</b>	<b>1,198,824</b>	<b>797,594</b>	<b>1,625,095</b>	<b>1,595,270</b>	<b>2,876,773</b>	<b>19,472,835</b>	<b>27,566,391</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>10,565,059</b>	<b>3,761,574</b>	<b>3,252,403</b>	<b>4,172,694</b>	<b>967,202</b>	<b>2,094,672</b>	<b>24,813,604</b>
<b>Net maturity mismatch</b>	<b>(9,366,235)</b>	<b>(2,963,980)</b>	<b>(1,627,308)</b>	<b>(2,577,424)</b>	<b>1,909,571</b>	<b>17,378,163</b>	<b>2,752,787</b>
<b>Commitments and contingencies</b>							
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
<b>Total commitments and contingencies</b>	<b>208,962</b>	<b>14,149</b>	<b>344,946</b>	<b>509,255</b>	<b>1,021,708</b>	<b>3,192,762</b>	<b>5,291,782</b>

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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:

<b>Group 2020</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
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
<b>Total assets</b>	<b>2,435,706</b>	<b>1,399,321</b>	<b>1,959,881</b>	<b>1,278,470</b>	<b>2,135,312</b>	<b>16,559,179</b>	<b>25,767,869</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>9,513,656</b>	<b>4,710,212</b>	<b>3,263,752</b>	<b>3,161,312</b>	<b>1,302,885</b>	<b>1,165,400</b>	<b>23,117,217</b>
<b>Net maturity mismatch</b>	<b>(7,077,950)</b>	<b>(3,310,891)</b>	<b>(1,303,871)</b>	<b>(1,882,842)</b>	<b>832,427</b>	<b>15,393,779</b>	<b>2,650,652</b>
<b>Commitments and contingencies</b>							
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
<b>Total commitments and contingencies</b>	<b>562,115</b>	<b>917,897</b>	<b>1,095,606</b>	<b>1,039,281</b>	<b>751,818</b>	<b>2,550,767</b>	<b>6,917,484</b>

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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.)

<b>Bank 2021</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
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
<b>Total assets</b>	<b>1,198,824</b>	<b>797,585</b>	<b>1,625,095</b>	<b>1,595,270</b>	<b>2,876,184</b>	<b>19,473,449</b>	<b>27,566,407</b>
<b>Liabilities</b>							
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	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>10,572,839</b>	<b>3,769,167</b>	<b>3,252,381</b>	<b>4,172,660</b>	<b>966,424</b>	<b>2,094,649</b>	<b>24,828,120</b>
<b>Net maturity mismatch</b>	<b>(9,374,015)</b>	<b>(2,971,582)</b>	<b>(1,627,286)</b>	<b>(2,577,390)</b>	<b>1,909,760</b>	<b>17,378,800</b>	<b>2,738,287</b>
<b>Commitments and contingencies</b>							
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
<b>Total commitments and contingencies</b>	<b>208,962</b>	<b>14,149</b>	<b>344,946</b>	<b>509,255</b>	<b>1,021,708</b>	<b>3,192,762</b>	<b>5,291,782</b>



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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.)

<b>Bank 2020</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>							
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
<b>Total assets</b>	<b>2,435,709</b>	<b>1,399,321</b>	<b>1,959,881</b>	<b>1,278,470</b>	<b>2,134,483</b>	<b>16,557,495</b>	<b>25,765,359</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>9,518,181</b>	<b>4,719,366</b>	<b>3,263,719</b>	<b>3,161,641</b>	<b>1,302,513</b>	<b>1,157,401</b>	<b>23,122,821</b>
<b>Net maturity mismatch</b>	<b>(7,082,472)</b>	<b>(3,320,045)</b>	<b>(1,303,838)</b>	<b>(1,883,171)</b>	<b>831,970</b>	<b>15,400,094</b>	<b>2,642,538</b>
<b>Commitments and contingencies</b>							
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
<b>Total commitments and contingencies</b>	<b>562,115</b>	<b>917,897</b>	<b>1,095,606</b>	<b>1,039,281</b>	<b>751,818</b>	<b>2,550,767</b>	<b>6,917,484</b>

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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**

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						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	
<b>2021</b>							
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)	-
<b>2020</b>							
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)	-
<b>Bank</b>							
<b>2021</b>							
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)	-
<b>2020</b>							
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)	-

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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

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.

<b>Group</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>2021</b>							
<b>Non-derivative liabilities</b>							
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
<b>Derivative liabilities</b>	426	451	2,399	891	-	57,376	61,543
<b>Total financial liabilities</b>	<b>10,565,491</b>	<b>3,765,289</b>	<b>3,263,931</b>	<b>4,223,484</b>	<b>989,509</b>	<b>2,369,632</b>	<b>25,177,336</b>

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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.)

<b>Group</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>2020</b>							
<b>Non-derivative liabilities</b>							
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
<b>Derivative liabilities</b>	3,772	24,734	19,277	11,827	208	107,516	167,334
<b>Total financial liabilities</b>	<b>9,513,399</b>	<b>4,707,252</b>	<b>3,259,740</b>	<b>3,172,907</b>	<b>1,340,082</b>	<b>2,946,977</b>	<b>24,940,357</b>

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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.)

<b>Bank</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>2021</b>							
<b>Non-derivative liabilities</b>							
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
<b>Derivative liabilities</b>	426	451	2,399	892	-	57,375	61,543
<b>Total financial liabilities</b>	<b>10,573,271</b>	<b>3,772,874</b>	<b>3,263,909</b>	<b>4,223,451</b>	<b>989,198</b>	<b>2,369,610</b>	<b>25,192,313</b>

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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.)

<b>Bank</b>	<b>Up to 7 Days RM'000</b>	<b>&gt;7 Days - 1 Month RM'000</b>	<b>&gt;1-3 Months RM'000</b>	<b>&gt;3-6 Months RM'000</b>	<b>&gt;6-12 Months RM'000</b>	<b>&gt;1 Year RM'000</b>	<b>Total RM'000</b>
<b>2020</b>							
<b>Non-derivative liabilities</b>							
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
<b>Derivative liabilities</b>	3,772	24,734	19,277	11,827	208	107,516	167,334
<b>Total financial liabilities</b>	<b>9,517,924</b>	<b>4,716,414</b>	<b>3,259,707</b>	<b>3,173,236</b>	<b>1,339,810</b>	<b>2,938,976</b>	<b>24,946,067</b>

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**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 minimize 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	Quoted Market Price Level 1 RM'000	<u>Valuation technique using:</u>		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>2021</b>				
<b>Non-financial assets</b>				
Investment properties	-	-	56,564	56,564
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
Derivative financial liabilities	-	61,543	-	61,543
Total financial liabilities measured at fair value	-	61,543	-	61,543



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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.)**

Group	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	
<b>2020</b>				
<b>Non-financial assets</b>				
Investment properties	-	-	55,889	55,889
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334
<b>Bank</b>				
<b>2021</b>				
<b>Non-financial assets</b>				
Investment properties	-	-	56,564	56,564
<b>Financial assets</b>				
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

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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	Quoted Market Price Level 1 RM'000	<u>Valuation technique using:</u>		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
<b>2021</b>				
<b>Financial liabilities</b>				
Derivative financial liabilities	-	61,543	-	61,543
Total financial liabilities measured at fair value	-	61,543	-	61,543
<b>Bank</b>				
<b>2020</b>				
<b>Non-financial assets</b>				
Investment properties	-	-	55,889	55,889
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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.)**

Reconciliation of financial assets at fair value measurements in Level 3 of the fair value hierarchy:

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021</b>	<b>307,476</b>	<b>304,353</b>
Gain recognised in profit or loss	<b>2,101</b>	9,007
Sales	-	(2,818)
Foreign exchange translation difference	<b>6,044</b>	(3,066)
<b>At 31 December 2021</b>	<b>315,621</b>	<b>307,476</b>

	<b>Group and Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Total gain recognised in profit or loss for financial instruments measured at fair value at the end of the financial year	<b>2,101</b>	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.

<b>Group</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total fair value RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2021</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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
<b>2020</b>					
<b>Financial assets</b>					
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

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**47. Fair value measurements (cont'd.)**

**(b) Financial instruments not carried at fair value (cont'd.)**

<b>Group</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total fair value RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2020</b>					
<b>Financial liabilities</b>					
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
<b>Bank</b>					
<b>2021</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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

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**47. Fair value measurements (cont'd.)**

**(b) Financial instruments not carried at fair value (cont'd.)**

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>fair value</b>	<b>Amount</b>
				<b>RM'000</b>	<b>RM'000</b>
<b>2020</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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.

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**47. Fair value measurements (cont'd.)**

**(b) Financial instruments not carried at fair value (cont'd.)**

**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.

**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.

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**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	
<b>2021</b>						
Derivative assets	5,437	-	5,437	-	-	5,437
Derivative liabilities	(61,543)	-	(61,543)	-	-	(61,543)
<b>2020</b>						
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:

- (i) 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
- (ii) cash or securities are received or cash pledged in respect of the transaction described above.



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**49. Capital and other commitments**

Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	<b>4,338</b>	3,818
Approved but not contracted for	<b>140,158</b>	138,219
	<b>144,496</b>	<b>142,037</b>

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	<b>4,338</b>	3,818
Approved but not contracted for	<b>140,266</b>	138,338
	<b>144,604</b>	<b>142,156</b>

**50. Capital adequacy**

(a) The core capital ratios and risk-weighted capital ratios of the Group are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of total risk-weighted assets ("RWA")</b>		
Total credit RWA	<b>17,566,888</b>	15,081,238
Less: Credit risk absorbed by profit-sharing investment account ("PSIA")	<b>(98,453)</b>	-
Total market RWA	<b>16,225</b>	22,546
Total operational RWA	<b>1,321,435</b>	1,259,314
Total RWA	<b>18,806,095</b>	<b>16,363,098</b>

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**50. Capital adequacy (cont'd.)**

- (a) The core capital ratios and risk-weighted capital ratios of the Group are as follows:  
(cont'd.)

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of capital ratios</b>		
<b><u>Tier-I capital</u></b>		
Share capital	1,195,000	1,195,000
Retained profits	1,569,073	1,392,969
<b>Other Reserves</b>		
Regulatory reserve	28,079	45,411
FVOCI reserve	(40,014)	18,240
Foreign exchange translation reserve	649	(968)
<b>Less: Regulatory Adjustment</b>		
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)
<b>Total Common Equity Tier-I Capital</b>	<b>2,578,011</b>	<b>2,533,998</b>
<b>Total Tier-I Capital</b>	<b>2,578,011</b>	<b>2,533,998</b>
<b><u>Tier-II capital</u></b>		
Subordinated sukuk	500,000	250,000
Loss provision and regulatory reserve*	180,990	150,659
Add: Investment property gain	3,677	3,373
<b>Total Tier-II Capital</b>	<b>684,667</b>	<b>404,032</b>
<b>Total Capital Base</b>	<b>3,262,678</b>	<b>2,938,030</b>
<b><u>Ratio (%)</u></b>		
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.

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**50. Capital adequacy (cont'd.)**

(a) The core capital ratios and risk-weighted capital ratios of the Bank are as follows:

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of total risk-weighted assets ("RWA")</b>		
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	<u>18,769,102</u>	<u>16,335,919</u>
<b>Computation of capital ratios</b>		
<b><u>Tier-I capital</u></b>		
Share capital	1,195,000	1,195,000
Retained profits	1,554,572	1,384,855
<b>Other Reserves</b>		
Regulatory reserve	28,079	45,411
FVOCI reserve	(40,014)	18,240
Foreign exchange translation reserve	650	(968)
<b>Regulatory Adjustment</b>		
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)
<b>Total Common Equity Tier- I Capital</b>	<u>2,550,653</u>	<u>2,513,290</u>
<b>Total Tier-I Capital</b>	<u>2,550,653</u>	<u>2,513,290</u>
<b><u>Tier-II capital</u></b>		
Subordinated sukuk	500,000	250,000
Loss provision and regulatory reserve*	180,990	150,659
Add: Investment property gain	3,677	3,373
<b>Total Tier-II Capital</b>	<u>684,667</u>	<u>404,032</u>
<b>Total Capital Base</b>	<u>3,235,320</u>	<u>2,917,322</u>

\* Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve.

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**50. Capital adequacy (cont'd.)**

- (a) The core capital ratios and risk-weighted capital ratios of the Bank are as follows:  
(cont'd.)

	<b>Bank</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Computation of capital ratios (cont'd.)</b>		
<b><u>Ratio (%)</u></b>		
CET 1 Capital	<b>13.590%</b>	15.385%
Tier 1 Capital	<b>13.590%</b>	15.385%
Total Capital	<b><u>17.237%</u></b>	<u>17.858%</u>

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:

	<b>Group</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Total exposures after netting and credit risk mitigation</b>	<b>Total risk weighted assets</b>	<b>Total exposures after netting and credit risk mitigation</b>	<b>Total risk weighted assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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%	<u>91,623</u>	<u>137,435</u>	<u>13,193</u>	<u>19,789</u>
<b>Risk weighted assets for credit risk</b>	<b>28,661,084</b>	<b>17,566,888</b>	<b>26,944,278</b>	<b>15,081,238</b>
<b>Less: Credit risk absorbed by PSIA</b>		<b>(98,453)</b>		<b>-</b>

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**50. Capital adequacy (cont'd.)**

- (b) Credit risk disclosure by risk weights of the Group as at 31 December, are as follows:  
(cont'd.)

	<b>Group</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>
<b>Risk weighted assets for market risk</b>		<b>16,225</b>		<b>22,546</b>
<b>Risk weighted assets for operational risk</b>		<b>1,321,435</b>		<b>1,259,314</b>
<b>Total risk weighted assets</b>		<b><u>18,806,095</u></b>		<b><u>16,363,098</u></b>

	<b>Bank</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>	<b>Total exposures after netting and credit risk mitigation RM'000</b>	<b>Total risk weighted assets RM'000</b>
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%	12,694,891	12,694,891	10,502,441	10,502,441
150%	81,935	122,903	7,578	11,366
<b>Risk weighted assets for credit risk</b>	<b>28,648,242</b>	<b>17,549,202</b>	<b>26,929,175</b>	<b>15,063,327</b>
<b>Less: Credit risk absorbed by PSIA</b>		<b>(98,453)</b>		<b>-</b>
<b>Risk weighted assets for market risk</b>		<b>16,225</b>		<b>22,546</b>
<b>Risk weighted assets for operational risk</b>		<b>1,302,128</b>		<b>1,250,046</b>
<b>Total risk weighted assets</b>		<b><u>18,769,102</u></b>		<b><u>16,335,919</u></b>

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**50. Capital adequacy (cont'd.)**

**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.

**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.

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**51. Segment information (cont'd.)**

**(a) Business segments (cont'd.)**

- (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.

<b>Group 2021</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury and investment banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	<b>290,994</b>	<b>706,688</b>	<b>172,055</b>	<b>(30,799)</b>	<b>1,138,938</b>
<b>Total income</b>	<b>173,538</b>	<b>404,973</b>	<b>43,557</b>	<b>178,544</b>	<b>800,612</b>
Allowance for impairment on financing	<b>(6,851)</b>	<b>(47,093)</b>	-	-	<b>(53,944)</b>
Writeback of impairment losses on investments	-	-	<b>296</b>	-	<b>296</b>
Writeback of/(allowance for) impairment losses on other financial assets, net	-	-	<b>20</b>	<b>(414)</b>	<b>(394)</b>
Other expenses	-	-	-	<b>(22,726)</b>	<b>(22,726)</b>
<b>Total net income</b>	<b>166,687</b>	<b>357,880</b>	<b>43,873</b>	<b>155,404</b>	<b>723,844</b>
Total overhead expenses					<b>(467,268)</b>
<b>Profit before zakat and taxation</b>					<b>256,576</b>
Zakat					<b>(6,447)</b>
Taxation					<b>(91,070)</b>
<b>Profit for the year</b>					<b>159,059</b>

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**51. Segment information (cont'd.)**

**(a) Business segments (cont'd.)**

<b>Group 2020</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury and investment banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	296,354	604,788	248,816	21,442	1,171,400
<b>Total income</b>	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)
<b>Total net income</b>	154,029	280,278	107,700	103,960	645,968
Total overhead expenses					(471,200)
<b>Profit before zakat dan taxation</b>					174,768
Zakat					(3,352)
Taxation					1,441
<b>Profit for the year</b>					172,857

<b>Bank 2021</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury and investment banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	290,994	706,688	161,201	(30,799)	1,128,084
<b>Total Income</b>	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)
<b>Total net income</b>	166,687	357,880	32,818	155,404	712,789
Total overhead expenses					(464,920)
<b>Profit before zakat and taxation</b>					247,869
Zakat					(6,043)
Taxation					(89,154)
<b>Profit for the year</b>					152,672



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**51. Segment information (cont'd.)**

**(a) Business segments (cont'd.)**

<b>Bank 2020</b>	<b>Business banking RM'000</b>	<b>Consumer banking RM'000</b>	<b>Treasury and investment banking RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
Revenue	296,354	604,788	243,911	21,442	1,166,495
<b>Total Income</b>	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)
<b>Total net income</b>	154,029	280,278	102,535	103,960	640,803
Total overhead expenses					(469,587)
<b>Profit before zakat and taxation</b>					171,216
Zakat					(3,282)
Taxation					3,334
<b>Profit for the year</b>					171,268

**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.

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**52. Shariah disclosures (cont'd.)**

**(a) Shariah governance (cont'd.)**

**Overview (cont'd.)**

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**

<b>2021</b>	<b>No. of event</b>	<b>RM</b>
Shariah non-compliance events/income during the year	<u>6</u>	<u>4</u>
<b>2020</b>	<b>No. of event</b>	<b>RM</b>
Shariah non-compliance events/income during the year	<u>2</u>	<u>-</u>

Any reported SNCI will be utilised to fund charitable activities as guided by SC of the Bank.

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**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.

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2021/ 2020</b>	<b>648</b>	<b>712</b>
<b>Sources of charity funds</b>		
Unidentified credit balances during the year	-	409
<b>Uses of charity funds</b>		
Contribution to non-profit organisation	(89)	(473)
<b>Undistributed charity funds as at</b>		
<b>31 December 2021 / 2020</b>	<b>559</b>	<b>648</b>

**(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.