

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

Statements of Financial Position as at 30 September 2022

	Note	Group		Bank	
		30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Assets					
Cash and short-term funds	8	7,686,999	5,222,848	7,669,593	5,204,364
Financial assets at fair value through profit or loss ("FVTPL")	9	1,380,213	1,582,494	1,348,039	1,550,700
Derivative financial assets	10	134,637	26,037	134,637	26,037
Financial assets at fair value through other comprehensive income ("FVOCI")	11	11,273,836	12,604,204	11,274,723	12,605,067
Financial assets at amortised cost ("AC")	12	3,367,264	1,348,844	3,367,264	1,348,844
Financing, advances and others	13	61,064,412	58,153,769	61,064,412	58,153,769
Other assets	14	359,097	312,954	306,708	257,080
Statutory deposits with Bank Negara Malaysia		194,036	264,050	194,036	264,050
Current tax assets		7,133	7,047	6,662	6,662
Deferred tax assets		233,334	193,214	232,362	191,773
Right-of-use assets	15	188,400	196,000	188,361	195,614
Investments in subsidiaries		-	-	100,905	100,905
Property and equipment		274,760	244,753	272,393	241,952
Total assets		86,164,121	80,156,214	86,160,095	80,146,817
Liabilities and equity					
Deposits from customers	16	58,094,599	57,338,834	58,105,866	57,363,926
Investment accounts of customers	17	14,172,432	10,452,902	14,287,034	10,561,601
Deposits and placements of banks and other financial institutions		552,520	-	552,520	-
Derivative financial liabilities	10	95,140	20,421	95,140	20,421
Bills and acceptance payable		17,607	20,112	17,607	20,112
Recourse obligations on financing sold to Cagamas	B8(a)	2,001,721	2,001,720	2,001,721	2,001,720
Subordinated sukuk and capital securities	B8(b)	2,530,955	2,014,849	2,530,955	2,014,849
Other liabilities	18	1,550,582	1,570,602	1,523,504	1,538,375
Lease liabilities	15	298,576	303,448	298,529	302,984
Zakat and taxation		44,639	33,388	44,626	33,256
Total liabilities		79,358,771	73,756,276	79,457,502	73,857,244

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		Group		Bank	
	Note	30.09.2022	31.12.2021	30.09.2022	31.12.2021
		RM'000	RM'000	RM'000	RM'000
Equity					
Share capital		3,645,043	3,445,757	3,645,043	3,445,757
Reserves		3,160,307	2,954,181	3,057,550	2,843,816
Total equity		6,805,350	6,399,938	6,702,593	6,289,573
Total liabilities and equity		86,164,121	80,156,214	86,160,095	80,146,817
Restricted investment accounts managed by the Bank	17	270	849	270	849
Total Islamic banking asset owned and managed by the Bank		86,164,391	80,157,063	86,160,365	80,147,666
Commitments and Contingencies	30	20,970,334	18,764,994	20,970,334	18,764,994
Net assets per share attributable to equity holders of the Bank (RM)		3.16	3.08	3.11	3.03

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Statements of Profit or Loss for the nine months ended 30 September 2022

Group	Note	3 months ended		9 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Income derived from investment of depositors' funds	19	660,961	530,716	1,838,221	1,666,828
Income derived from investment account funds	20	166,630	110,764	417,666	352,712
Income derived from investment of shareholders' funds	21	106,092	104,739	274,740	331,834
Net allowance for impairment on financing and advances, net of recoveries	22	(24,927)	(33,996)	(102,058)	(79,555)
Net allowance for impairment on other financial assets		(1,638)	(6,937)	911	(6,691)
Direct expenses		(2,775)	(2,090)	(8,338)	(8,132)
Total distributable income		904,343	703,196	2,421,142	2,256,996
Wakalah fees from restricted investment accounts		-	-	49	107
Income attributable to depositors	23	(265,370)	(203,979)	(715,659)	(607,591)
Income attributable to investment account holders	24	(56,200)	(41,334)	(132,193)	(119,505)
Total net income		582,773	457,883	1,573,339	1,530,007
Personnel expenses	25	(204,742)	(164,579)	(570,680)	(497,159)
Other overhead expenses	26	(131,158)	(118,529)	(365,568)	(339,250)
		246,873	174,775	637,091	693,598
Finance cost	27	(27,838)	(21,934)	(77,536)	(65,782)
Profit before zakat and tax		219,035	152,841	559,555	627,816
Zakat		(3,753)	(3,739)	(11,234)	(11,246)
Tax expense	B5	(72,422)	(47,472)	(182,387)	(161,903)
Profit for the period		142,860	101,630	365,934	454,667
Earnings per share (sen)	B11			17.02	17.71

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Statements of Other Comprehensive Income for the nine months ended 30 September 2022

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Profit for the period	<u>142,860</u>	<u>101,630</u>	<u>365,934</u>	<u>454,667</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(1,519)	(3,461)	7,174	(16,240)
Movement in fair value reserve (debt instruments):				
Net change in fair value	(6,142)	(48,241)	(215,303)	(240,353)
Changes in expected credit loss	(1,638)	(6,937)	(4,023)	(6,875)
Net amount transferred to profit or loss	(547)	(23,752)	(1,181)	(83,218)
Income tax effect relating to components of other comprehensive income	<u>1,999</u>	<u>18,942</u>	<u>53,648</u>	<u>79,307</u>
	<u>(7,847)</u>	<u>(63,449)</u>	<u>(159,685)</u>	<u>(267,379)</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>1,473</u>	<u>(341)</u>	<u>(123)</u>	<u>(1,961)</u>
Other comprehensive income for the period, net of tax	<u>(6,374)</u>	<u>(63,790)</u>	<u>(159,808)</u>	<u>(269,340)</u>
Total comprehensive income for the period	<u>136,486</u>	<u>37,840</u>	<u>206,126</u>	<u>185,327</u>

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

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Statements of Profit or Loss for the nine months ended 30 September 2022

Bank	Note	3 months ended		9 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Income derived from investment of depositors' funds	19	660,961	530,716	1,838,221	1,666,828
Income derived from investment account funds	20	166,630	110,764	417,666	352,712
Income derived from investment of shareholders' funds	21	103,707	96,767	257,306	311,735
Net allowance for impairment on financing and advances, net of recoveries	22	(24,927)	(33,996)	(102,058)	(79,555)
Net allowance for impairment on other financial assets		(1,638)	(6,937)	911	(6,691)
Direct expenses		(2,775)	(2,090)	(8,338)	(8,132)
Total distributable income		901,958	695,224	2,403,708	2,236,897
Wakalah fees from restricted investment accounts		-	-	49	107
Income attributable to depositors	23	(265,408)	(204,022)	(715,794)	(607,734)
Income attributable to investment account holders	24	(56,852)	(41,362)	(133,982)	(119,533)
Total net income		579,698	449,840	1,553,981	1,509,737
Personnel expenses	25	(195,995)	(158,958)	(546,339)	(482,762)
Other overhead expenses	26	(131,938)	(116,322)	(363,951)	(334,470)
		251,765	174,560	643,691	692,505
Finance cost	27	(27,837)	(21,932)	(77,526)	(65,780)
Profit before zakat and tax		223,928	152,628	566,165	626,725
Zakat		(3,750)	(3,750)	(11,250)	(11,250)
Tax expense		(72,345)	(47,428)	(181,268)	(161,690)
Profit for the period		147,833	101,450	373,647	453,785

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Statements of Other Comprehensive Income for the nine months ended 30 September 2022

Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Profit for the period	<u>147,833</u>	<u>101,450</u>	<u>373,647</u>	<u>453,785</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(1,577)	(3,467)	7,069	(16,276)
Movement in fair value reserve (debt instruments):				
Net change in fair value	(6,142)	(48,241)	(215,327)	(240,353)
Changes in expected credit loss	(1,638)	(6,937)	(4,023)	(6,875)
Net amount transferred to profit or loss	(547)	(23,752)	(1,181)	(83,218)
Income tax effect relating to components of other comprehensive income	<u>1,999</u>	<u>18,942</u>	<u>53,648</u>	<u>79,307</u>
	(7,905)	(63,455)	(159,814)	(267,415)
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>1,473</u>	<u>(341)</u>	<u>(99)</u>	<u>(1,961)</u>
Other comprehensive income for the period, net of tax	<u>(6,432)</u>	<u>(63,796)</u>	<u>(159,913)</u>	<u>(269,376)</u>
Total comprehensive income for the period	<u>141,401</u>	<u>37,654</u>	<u>213,734</u>	<u>184,409</u>

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Consolidated Statement of Changes in Equity for the nine months ended 30 September 2022

Group	← Attributable to equity holders →			Total Equity RM'000
	← Non-distributable Share capital RM'000	Other Reserves RM'000	Distributable Retained earnings RM'000	
At 1 January 2022	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the period	-	-	365,934	365,934
Currency translation difference in respect of Labuan operations	-	7,174	-	7,174
Fair value reserve (debt instruments):				
Net change in fair value	-	(215,303)	-	(215,303)
Changes in expected credit loss	-	(4,023)	-	(4,023)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	53,648	-	53,648
Fair value reserve (equity instruments):				
Net change in fair value	-	(123)	-	(123)
Total comprehensive income for the period	-	(159,808)	365,934	206,126
Transfer to regulatory reserve	-	85,000	(85,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 September 2022	3,645,043	(85,707)	3,246,014	6,805,350
At 1 January 2021	3,306,118	182,274	2,797,307	6,285,699
Profit for the period	-	-	454,667	454,667
Currency translation difference in respect of Labuan operations	-	(16,240)	-	(16,240)
Fair value reserve (debt instruments):				
Net change in fair value	-	(240,353)	-	(240,353)
Changes in expected credit loss	-	(6,875)	-	(6,875)
Net amount transferred to profit or loss	-	(83,218)	-	(83,218)
Income tax effect relating to components of other comprehensive income	-	79,307	-	79,307
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,961)	-	(1,961)
Total comprehensive income for the period	-	(269,340)	454,667	185,327
Effect on predecessor accounting	-	25,674	-	25,674
Dividend paid on ordinary shares	-	-	(139,639)	(139,639)
Issue of shares pursuant to Dividend Reinvestment Plan	139,639	-	-	139,639
At 30 September 2021	3,445,757	(61,392)	3,112,335	6,496,700

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

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Statement of Changes in Equity for the nine months ended 30 September 2022

	← Attributable to equity holders of the Bank →			
	← Non-distributable → Share Capital RM'000	Other Reserves RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
Bank				
At 1 January 2022	3,445,757	(121,843)	2,965,659	6,289,573
Profit for the period	-	-	373,647	373,647
Currency translation difference in respect of Labuan operations	-	7,069	-	7,069
Fair value reserve (debt instruments):				
Net change in fair value	-	(215,327)	-	(215,327)
Changes in expected credit loss	-	(4,023)	-	(4,023)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	53,648	-	53,648
Fair value reserve (equity instruments):				
Net change in fair value	-	(99)	-	(99)
Total comprehensive income for the period	-	(159,913)	373,647	213,734
Transfer to regulatory reserve	-	85,000	(85,000)	-
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
At 30 September 2022	3,645,043	(196,756)	3,254,306	6,702,593
At 1 January 2021	3,306,118	182,423	2,791,044	6,279,585
Profit for the period	-	-	453,785	453,785
Currency translation difference in respect of Labuan operations	-	(16,276)	-	(16,276)
Fair value reserve (debt instruments):				
Net change in fair value	-	(240,353)	-	(240,353)
Changes in expected credit loss	-	(6,875)	-	(6,875)
Net amount transferred to profit or loss	-	(83,218)	-	(83,218)
Income tax effect relating to components of other comprehensive income	-	79,307	-	79,307
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,961)	-	(1,961)
Total comprehensive income for the period	-	(269,376)	453,785	184,409
Dividend paid on ordinary shares	-	-	(139,639)	(139,639)
Issue of shares pursuant to Dividend Reinvestment Plan	139,639	-	-	139,639
At 30 September 2021	3,445,757	(86,953)	3,105,190	6,463,994

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

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]**(Incorporated in Malaysia)****Unaudited Interim Financial Statements****Condensed Statements of Cash Flow for the financial year ended 30 September 2022**

	Group		Bank	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	559,555	627,816	566,165	626,725
Adjustment for non-cash items	312,928	176,370	309,122	176,344
Operating profit before working capital changes	872,483	804,186	875,287	803,069
Changes in working capital:				
Net changes in operating assets	(2,647,161)	(2,691,442)	(2,647,607)	(2,696,973)
Net changes in operating liabilities	4,527,491	1,387,237	4,524,718	1,413,344
Net cash generated from/ (used in) operations	2,752,813	(500,019)	2,752,398	(480,560)
Zakat and tax paid	(168,899)	(98,667)	(168,099)	(98,482)
Net cash generated from/ (used in) operating activities	2,583,914	(598,686)	2,584,299	(579,042)
Net cash used in investing activities	(754,823)	(231,473)	(754,466)	(275,259)
Net cash generated from/ (used in) financing activities	627,907	(66,077)	628,334	(66,030)
Net increase/ (decrease) in cash and cash equivalents	2,456,998	(896,236)	2,458,167	(920,331)
Cash and cash equivalents at beginning of the year	5,222,848	5,216,737	5,204,364	5,216,280
Exchange difference on translation	7,153	(16,241)	7,062	(16,277)
Cash and cash equivalents at end of the period	7,686,999	4,304,260	7,669,593	4,279,672

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

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Notes to the unaudited interim financial statements for the nine months ended 30 September 2022

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the nine months ended 30 September 2022 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), paragraph 9.22 of Bursa Malaysia Securities Berhad’s Listing Requirements, Financial Reporting for Islamic Banking Institution policy document issued by Bank Negara Malaysia (“BNM”), the provisions of the Companies Act 2016 and Shariah requirements.

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

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

- Annual improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 16 ‘*COVID-19 – Related Rent Concessions beyond 30 June 2021*’
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets ‘Onerous Contract – Cost of Fulfilling a Contract’*

The adoption of the above amendments to MFRSs do not have any significant impact to the financial results of the Group and the Bank.

2. Auditors’ report on preceding financial statements

The auditors’ report on the audited financial statements for the financial year ended 31 December 2021 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the nine months ended 30 September 2022.

4. Unusual items

There were no unusual items in the nine months ended 30 September 2022.

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5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the nine months ended 30 September 2022.

6. Changes in debt and equity securities

On 21 January 2022, the Group and the Bank increased its issued and paid-up capital from 2,075,872,514 to 2,155,269,114 via the issuance of 79,396,600 new ordinary shares for a consideration of RM2.51 each arising from Dividend Reinvestment Plan.

The Bank issued a RM500,000,000 capital securities on 24 August 2022 at 5.16% per annum under a Sukuk Wakalah programme of up to RM5.0 billion in nominal value, based on the Shariah principle of Wakalah Bi Al-Istithmar. The capital securities shall qualify as Tier I regulatory capital of Bank Islam in compliance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components).

There was no share buy-back during the nine months ended 30 September 2022.

7. Subsequent events during the nine months ended 30 September 2022

There was no subsequent event during the nine months ended 30 September 2022.

8. Cash and short-term funds

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	740,791	754,313	739,035	751,187
Money at call and interbank placements with remaining maturity not exceeding three months	6,946,208	4,468,535	6,930,558	4,453,177
	<u>7,686,999</u>	<u>5,222,848</u>	<u>7,669,593</u>	<u>5,204,364</u>

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

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Investment Issue	179,003	-	179,003	-
Unit trust	258,065	295,395	225,900	263,611
Malaysian Islamic Treasury Bills	903,139	1,131,574	903,139	1,131,574
Islamic Commercial Paper	39,994	145,300	39,994	145,300
Corporate Sukuk	12	10,225	3	10,215
	<u>1,380,213</u>	<u>1,582,494</u>	<u>1,348,039</u>	<u>1,550,700</u>

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

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

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

Group and Bank	30.09.2022			31.12.2021		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	9,853,730	134,393	(95,002)	7,505,850	25,120	(19,753)
Profit rate swaps	51,693	244	(138)	79,153	917	(668)
	9,905,423	134,637	(95,140)	7,585,003	26,037	(20,421)

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

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	11,196,425	12,526,670	11,196,425	12,526,670
(b) Equity instruments	77,411	77,534	78,298	78,397
	11,273,836	12,604,204	11,274,723	12,605,067

(a) Debt instrument at FVOCI

	Group and Bank	
	30.09.2022 RM'000	31.12.2021 RM'000
Corporate Sukuk	6,630,870	7,143,163
Malaysian Government Investment Issues	3,652,712	3,497,806
Malaysian Islamic Treasury Bills	413,523	962,313
Islamic Commercial Papers	499,320	923,388
	11,196,425	12,526,670

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11. Financial assets at fair value through other comprehensive income (“FVOCI”) (continued)

(a) Debt instrument at FVOCI (continued)

Movement of allowance for impairment on financial assets at FVOCI:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	403	-	-	403
Changes in credit risk	(99)	-	7,000	6,901
Purchases and origination	64	-	-	64
Derecognition and disposal	(131)	-	-	(131)
At 31 December 2021/1 January 2022	<u>237</u>	<u>-</u>	<u>7,000</u>	<u>7,237</u>
Transfer to Stage 2 and 3	(23)	23	-	-
Changes in credit risk	(49)	560	3,500	4,011
Purchases and origination	29	-	-	29
Derecognition and disposal	(17)	-	-	(17)
At 30 September 2022	<u>177</u>	<u>583</u>	<u>10,500</u>	<u>11,260</u>

(b) Equity instrument at FVOCI

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Quoted Shares				
- outside Malaysia	<u>8,372</u>	<u>17,004</u>	<u>8,372</u>	<u>17,004</u>
Unquoted Shares				
- in Malaysia	<u>69,023</u>	<u>60,515</u>	<u>69,910</u>	<u>61,378</u>
- outside Malaysia	<u>16</u>	<u>15</u>	<u>16</u>	<u>15</u>
	<u>69,039</u>	<u>60,530</u>	<u>69,926</u>	<u>61,393</u>
	<u>77,411</u>	<u>77,534</u>	<u>78,298</u>	<u>78,397</u>

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

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	2,308,450	802,446
Corporate sukuk	669,851	551,687
Malaysian Islamic Treasury Bills	388,963	-
	3,367,264	1,354,133
Less: Allowance for impairment		
Stage 3		
- Corporate sukuk	-	(5,289)
	3,367,264	1,348,844

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13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 30.09.2022	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	^Ijarah Muntahiah Bit-Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	328	1,410,249	-	-	1,410,577
Term financing								
House financing	2,760,100	-	-	-	22,480,821	-	39,538	25,280,459
Syndicated financing	-	-	-	-	1,389,954	-	-	1,389,954
Leasing financing	-	-	-	-	-	87,909	-	87,909
Bridging financing	-	-	-	-	-	-	34,883	34,883
Personal financing	-	-	-	2,702	19,465,960	-	-	19,468,662
Other term financing	205,815	1,346,945	-	-	10,911,836	-	902	12,465,498
Staff financing	36,263	20,094	-	-	462,862	-	5,847	525,066
Credit cards	-	-	-	-	481,596	-	-	481,596
Trade bills discounted	-	625,223	167,003	-	20,560	-	-	812,786
Trust receipts	-	3,400	-	-	-	-	-	3,400
Pawn broking	-	-	-	-	128,937	-	-	128,937
	3,002,178	1,995,662	167,003	3,030	56,752,775	87,909	81,170	62,089,727
Allowance for impairment on financing, advances and others								
- Stage 1								(401,707)
- Stage 2								(223,711)
- Stage 3								(399,897)
Net financing, advances and others								61,064,412

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13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank 31.12.2021	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	^Ijarah Muntahiah Bit-Tamleek RM'000	Istisna' RM'000	Total RM'000
At amortised cost								
Cash line	-	-	-	484	1,429,002	-	-	1,429,486
Term financing								
House financing	2,977,908	-	-	-	20,513,876	-	42,469	23,534,253
Syndicated financing	-	-	-	-	1,454,811	-	-	1,454,811
Leasing financing	-	-	-	-	-	96,020	-	96,020
Bridging financing	-	-	-	-	-	-	40,328	40,328
Personal financing	-	-	-	3,734	18,071,544	-	-	18,075,278
Other term financing	295,209	1,383,579	-	-	11,080,781	-	961	12,760,530
Staff financing	40,459	18,789	-	-	398,071	-	6,553	463,872
Credit cards	-	-	-	-	445,839	-	-	445,839
Trade bills discounted	-	622,908	107,820	-	87,051	-	-	817,779
Trust receipts	-	4,415	-	-	-	-	-	4,415
Pawn broking	-	95,124	-	-	-	-	-	95,124
	3,313,576	2,124,815	107,820	4,218	53,480,975	96,020	90,311	59,217,735
Allowance for impairment on financing, advances and others								
- Stage 1								(487,308)
- Stage 2								(303,998)
- Stage 3								(272,660)
Net financing, advances and others								58,153,769

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13. Financing, advances and others (continued)

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

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

	Note	Group		Bank	
		30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
House financing					
Unrestricted					
Investment Accounts	17	10,455,398	8,554,270	10,512,699	8,608,619
Sold to Cagamas with recourse	B8(a)	2,001,721	2,001,720	2,001,721	2,001,720
		<u>12,457,119</u>	<u>10,555,990</u>	<u>12,514,420</u>	<u>10,610,339</u>
Personal financing					
Unrestricted					
Investment Accounts	17	3,717,034	1,898,632	3,774,335	1,952,982

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

(b) By type of customer

	Group and Bank	
	30.09.2022 RM'000	31.12.2021 RM'000
Domestic banking institutions	200,031	200,018
Domestic non-bank financial institutions	1,065,840	1,089,617
Domestic business enterprise	9,659,210	10,137,127
Small and medium industries	2,430,844	2,169,436
Government and statutory bodies	953,207	919,583
Individuals	47,588,340	44,451,160
Other domestic entities	15,186	21,676
Foreign entities	177,069	229,118
	<u>62,089,727</u>	<u>59,217,735</u>

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13. Financing, advances and others (continued)

(c) By profit rate sensitivity

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Fixed rate		
House financing	969,109	983,468
Others	4,327,761	4,645,157
Floating rate		
House financing	25,014,312	23,238,913
Others	31,778,545	30,350,197
	<u>62,089,727</u>	<u>59,217,735</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Maturity within one year	3,922,913	4,117,569
More than one year to three years	2,359,621	1,731,612
More than three years to five years	3,423,425	3,136,006
More than five years	52,383,768	50,232,548
	<u>62,089,727</u>	<u>59,217,735</u>

(e) By geographical distribution

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Central Region	27,742,513	26,946,146
Eastern Region	9,835,101	9,368,591
Northern Region	8,605,803	8,066,342
Southern Region	11,073,321	10,247,330
East Malaysia Region	4,832,989	4,589,326
	<u>62,089,727</u>	<u>59,217,735</u>

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	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Primary agriculture	898,607	960,757
Mining and quarrying	68,467	67,474
Manufacturing (including agro-based)	791,171	1,008,846
Electricity, gas and water	1,997,762	2,054,242
Wholesale & retail trade, and hotels & restaurants	1,171,404	956,449
Construction	2,798,694	2,864,869
Transport, storage and communications	760,021	726,341
Finance, insurance, real estate and business activities	4,559,902	4,735,590
Education, health and others	1,443,163	1,387,814
Household sectors	47,600,536	44,455,353
	<u>62,089,727</u>	<u>59,217,735</u>

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

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
At 1 January 2022/ 2021	568,383	373,234
Classified as impaired during the period/ year	647,843	597,779
Reclassified as not impaired during the period/ year	(194,109)	(212,296)
Amount recovered	(74,188)	(62,386)
Amount written-off	(199,877)	(127,948)
At 30 September 2022/ 31 December 2021	<u>748,052</u>	<u>568,383</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.20%</u>	<u>0.96%</u>

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

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Central Region	494,962	395,781
Eastern Region	94,639	68,146
Northern Region	88,863	74,751
Southern Region	49,599	17,458
East Malaysia Region	19,989	12,247
	<u>748,052</u>	<u>568,383</u>

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13. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	30.09.2022	31.12.2021
	RM'000	RM'000
Mining and quarrying	3,788	-
Manufacturing (including agro-based)	23,899	10,307
Wholesale & retail trade, and hotels & restaurants	73,090	76,992
Construction	281,429	285,246
Transport, storage and communications	31,998	15,311
Finance, insurance, real estate and business activities	6,025	5,932
Education, health and others	650	1,391
Household sectors	327,173	173,204
	<u>748,052</u>	<u>568,383</u>

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	653,983	151,446	122,532	927,961
Transfer to Stage 1	2,461	(2,416)	(45)	-
Transfer to Stage 2	(7,311)	8,826	(1,515)	-
Transfer to Stage 3	(167)	(5,036)	5,203	-
Net allowance made during the year	(189,876)	164,283	277,396	251,803
New financial assets originated or purchased	98,862	8,326	2,029	109,217
Financial assets that have been derecognised	(68,660)	(21,431)	(4,992)	(95,083)
Write-offs	-	-	(127,948)	(127,948)
Exchange differences	(1,984)	-	-	(1,984)
	<u>487,308</u>	<u>303,998</u>	<u>272,660</u>	<u>1,063,966</u>
At 31 December 2021/1 January 2022	487,308	303,998	272,660	1,063,966
Transfer to Stage 1	28,901	(17,475)	(11,426)	-
Transfer to Stage 2	(8,427)	23,575	(15,148)	-
Transfer to Stage 3	(602)	(18,172)	18,774	-
Net allowance made during the period	(135,580)	(51,170)	338,397	151,647
New financial assets originated or purchased	59,370	5,465	1,511	66,346
Financial assets that have been derecognised	(25,495)	(22,510)	(4,994)	(52,999)
Write-offs	-	-	(199,877)	(199,877)
Exchange differences	(3,768)	-	-	(3,768)
At 30 September 2022	<u>401,707</u>	<u>223,711</u>	<u>399,897</u>	<u>1,025,315</u>

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14. Other assets

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Other receivables	307,491	265,271	262,376	214,908
Deposit and prepayments	54,129	50,343	46,724	43,730
Related companies*	1,208	1,071	1,339	2,173
	<u>362,828</u>	<u>316,685</u>	<u>310,439</u>	<u>260,811</u>
Less: Allowance for impairment Stage 3				
- Other receivables	(3,731)	(3,731)	(3,731)	(3,731)
	<u>359,097</u>	<u>312,954</u>	<u>306,708</u>	<u>257,080</u>

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

15. Right-of-use assets and lease liabilities

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

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Right-of-use assets (Buildings)				
As at 1 January 2022/ 2021	196,000	209,736	195,614	209,736
Addition	5,059	4,461	5,059	3,920
Depreciation	(12,678)	(18,197)	(12,330)	(18,042)
Effects of movement in exchange rates	19	-	18	-
As at 30 September 2022/ 31 December 2021	<u>188,400</u>	<u>196,000</u>	<u>188,361</u>	<u>195,614</u>
Lease liabilities				
As at 1 January 2022/ 2021	303,448	312,429	302,984	312,429
Addition	5,059	4,512	5,059	3,915
Payment of lease liabilities	(22,577)	(30,818)	(22,150)	(30,676)
Finance cost	12,628	17,312	12,618	17,303
Effects of movement in exchange rates	18	13	18	13
As at 30 September 2022/ 31 December 2021	<u>298,576</u>	<u>303,448</u>	<u>298,529</u>	<u>302,984</u>

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16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Saving Deposit				
<i>Qard</i>	7,095,711	7,221,380	7,095,711	7,221,380
Demand Deposit				
<i>Qard</i>	12,189,497	12,954,014	12,197,830	12,968,663
Term Deposit	38,688,267	37,044,548	38,691,201	37,054,991
General Investment Deposit				
<i>Mudharabah</i>	120,452	149,833	120,452	149,833
Term Deposit – i				
<i>Tawarruq</i>	38,447,798	35,721,908	38,450,732	35,732,351
Negotiable Islamic Debt Certificates (NIDC)	120,017	1,172,807	120,017	1,172,807
Others	121,124	118,892	121,124	118,892
Total Deposits	<u>58,094,599</u>	<u>57,338,834</u>	<u>58,105,866</u>	<u>57,363,926</u>

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.09.2022 RM'000	31.12.2021 RM'000	30.09.2022 RM'000	31.12.2021 RM'000
Due within six months	25,074,804	22,267,682	25,075,217	22,268,464
More than six months to one year	10,300,180	11,193,457	10,300,935	11,196,267
More than one year to three years	1,500,868	1,252,439	1,502,634	1,259,290
More than three years to five years	1,812,415	2,330,970	1,812,415	2,330,970
	<u>38,688,267</u>	<u>37,044,548</u>	<u>38,691,201</u>	<u>37,054,991</u>

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16. Deposits from customers (continued)

c) By type of customers

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	7,737,369	6,059,847	7,748,636	6,084,939
Business enterprises	21,238,350	22,935,511	21,238,350	22,935,511
Government and statutory bodies	17,847,031	16,414,063	17,847,031	16,414,063
Individuals	7,688,254	7,864,062	7,688,254	7,864,062
Domestic banking institutions	354,332	976,873	354,332	976,873
Others	3,229,263	3,088,478	3,229,263	3,088,478
	<u>58,094,599</u>	<u>57,338,834</u>	<u>58,105,866</u>	<u>57,363,926</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	6,738,364	6,655,637	6,738,364	6,655,637
- <i>Saving</i>	5,284,937	5,343,189	5,284,937	5,343,189
- <i>Demand</i>	1,453,427	1,312,448	1,453,427	1,312,448
With maturity				
<i>Wakalah</i>	7,434,068	3,797,265	7,548,670	3,905,964
	<u>14,172,432</u>	<u>10,452,902</u>	<u>14,287,034</u>	<u>10,561,601</u>
Investment portfolio:				
- <i>House financing</i>	10,455,398	8,554,270	10,512,699	8,608,619
- <i>Personal financing</i>	3,717,034	1,898,632	3,774,335	1,952,982
	<u>14,172,432</u>	<u>10,452,902</u>	<u>14,287,034</u>	<u>10,561,601</u>
Restricted investment accounts ("RIA") managed by the Bank[^]				
With maturity				
<i>Wakalah</i>	270	849	270	849
Investment portfolio:				
- <i>Other term financing</i>	270	849	270	849

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

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	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Individuals	5,645,212	5,745,138	5,645,212	5,745,138
Government and statutory bodies	5,438,809	2,437,046	5,438,809	2,437,046
Business enterprises	2,302,887	1,267,853	2,302,887	1,267,853
Non-bank financial institutions	623,001	835,758	737,603	944,457
Others	162,523	167,107	162,523	167,107
	<u>14,172,432</u>	<u>10,452,902</u>	<u>14,287,034</u>	<u>10,561,601</u>

18. Other liabilities

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Other payables	907,978	877,901	883,007	848,589
Advance payment	569,000	575,288	568,838	575,288
Accruals	73,604	117,413	71,659	114,498
	<u>1,550,582</u>	<u>1,570,602</u>	<u>1,523,504</u>	<u>1,538,375</u>

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19. Income derived from investment of depositors' funds

Group and Bank	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Saving and demand deposits	224,900	187,790	643,879	594,891
(ii) General investment deposits	1,847	2,127	5,489	6,864
(iii) Term deposit-i	431,673	332,742	1,165,980	1,030,405
(iv) Other deposits	2,541	8,057	22,873	34,668
	<u>660,961</u>	<u>530,716</u>	<u>1,838,221</u>	<u>1,666,828</u>

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

Group and Bank	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	189,873	155,503	553,726	493,890
Financial assets:				
- at FVTPL	292	1,573	661	4,593
- at FVOCI	12,740	15,328	43,505	51,093
- at AC	6,560	1,818	13,029	1,902
Money at call and deposit with financial institutions	13,363	5,685	28,204	15,766
	<u>222,828</u>	<u>179,907</u>	<u>639,125</u>	<u>567,244</u>
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(540)	76	(301)	(2,391)
Net gain/ (loss) on revaluation of financial assets at FVTPL	2,425	(583)	4,647	589
	<u>1,885</u>	<u>(507)</u>	<u>4,346</u>	<u>(1,802)</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	187	8,390	408	29,448
<i>Other operating income</i>				
Gain on disposal of lease assets	-	-	-	1
	<u>224,900</u>	<u>187,790</u>	<u>643,879</u>	<u>594,891</u>
<i>of which</i>				
Financing income earned on impaired financing	3,257	2,414	11,156	9,234
Unwinding of net modification loss	2,221	(11,063)	7,687	(8,339)

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

(ii) Income derived from investment of general investment deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	1,613	1,829	4,858	5,900
Financial assets:				
- at FVTPL	2	14	5	43
- at FVOCI	84	141	304	485
- at AC	43	16	89	17
Money at call and deposits with financial institutions	91	54	200	154
	<u>1,833</u>	<u>2,054</u>	<u>5,456</u>	<u>6,599</u>
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(3)	1	(2)	(23)
Net gain/ (loss) on revaluation of financial assets at FVTPL	16	(5)	32	6
	<u>13</u>	<u>(4)</u>	<u>30</u>	<u>(17)</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	1	77	3	282
	<u>1,847</u>	<u>2,127</u>	<u>5,489</u>	<u>6,864</u>
<i>of which</i>				
Financing income earned on impaired financing	21	22	77	88
Unwinding of net modification loss	15	(108)	54	(82)

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

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	364,439	275,381	1,002,230	854,366
Financial assets:				
- at FVTPL	567	2,797	1,225	7,972
- at FVOCI	24,428	27,231	78,323	88,475
- at AC	12,635	3,194	23,969	3,344
Money at call and deposits with financial institutions	25,697	10,048	51,560	27,359
	<u>427,766</u>	<u>318,651</u>	<u>1,157,307</u>	<u>981,516</u>

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

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

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(991)	169	(517)	(4,028)
Net gain/ (loss) on revaluation of financial assets at FVTPL	4,540	(1,004)	8,434	1,127
	<u>3,549</u>	<u>(835)</u>	<u>7,917</u>	<u>(2,901)</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	358	14,926	756	51,789
<i>Other income</i>				
Gain on disposal assets	-	-	-	1
	<u>431,673</u>	<u>332,742</u>	<u>1,165,980</u>	<u>1,030,405</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	6,255	4,348	20,138	16,076
<i>Unwinding of net modification loss</i>	4,258	(20,619)	13,979	(15,982)

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	2,146	6,675	19,832	28,879
Financial assets:				
- at FVTPL	3	67	20	271
- at FVOCI	146	656	1,644	3,027
- at AC	71	80	376	83
Money at call and deposits with financial institutions	148	244	836	879
	<u>2,514</u>	<u>7,722</u>	<u>22,708</u>	<u>33,139</u>

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

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

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Other dealing income</i>				
Net (loss)/ gain from sale of financial assets at FVTPL	(10)	2	12	(173)
Net gain/ (loss) on revaluation of financial assets at FVTPL	36	(26)	139	3
	<u>26</u>	<u>(24)</u>	<u>151</u>	<u>(170)</u>
<i>Other operating income</i>				
Net gain from sale of financial assets at FVOCI	1	359	14	1,699
	<u>2,541</u>	<u>8,057</u>	<u>22,873</u>	<u>34,668</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	37	102	399	552
<i>Unwinding of net modification loss</i>	23	(469)	277	(312)

20. Income derived from investment account funds

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Finance income				
Unrestricted investment accounts				
- <i>Mudharabah</i>	68,668	53,886	189,935	151,522
- <i>Wakalah</i>	95,602	71,200	221,669	212,548
Unwinding of net modification loss	2,360	(14,322)	6,062	(11,358)
	<u>166,630</u>	<u>110,764</u>	<u>417,666</u>	<u>352,712</u>

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21. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,140	2,525	9,557	7,114
Financial assets at FVOCI	44,156	43,873	125,876	134,273
Money at call and deposits with financial institutions	85	32	225	31
	<u>47,381</u>	<u>46,430</u>	<u>135,658</u>	<u>141,418</u>
<i>Other dealing income</i>				
Net (loss)/ gain from foreign exchange transactions	(5,738)	4,685	(17,965)	26,418
Net (loss)/ gain on revaluation of financial assets at FVTPL	(1,628)	272	(37,641)	540
Net derivatives gain	-	2	2	6
	<u>(7,366)</u>	<u>4,959</u>	<u>(55,604)</u>	<u>26,964</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Quoted in Malaysia	-	5	6	5
- Unit trust in Malaysia	154	107	8,093	8,600
- Income from rebate on investment in unit trust	501	618	1,581	1,618
	<u>655</u>	<u>730</u>	<u>9,680</u>	<u>10,223</u>
<i>Fees and commission</i>				
Fees	50,135	43,804	139,121	127,123
Commission	8,966	4,150	24,711	9,964
Others	6,099	4,242	20,253	13,866
	<u>65,200</u>	<u>52,196</u>	<u>184,085</u>	<u>150,953</u>
<i>Other income</i>				
Net gain on disposal of property and equipment	-	-	-	577
Rental income	190	399	577	1,553
Other income	32	25	344	146
	<u>222</u>	<u>424</u>	<u>921</u>	<u>2,276</u>
	<u><u>106,092</u></u>	<u><u>104,739</u></u>	<u><u>274,740</u></u>	<u><u>331,834</u></u>

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

Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	3,140	2,525	9,557	7,114
Financial assets at FVOCI	44,156	43,873	125,876	134,273
Money at call and deposits with financial institutions	1	-	2	(1)
	<u>47,297</u>	<u>46,398</u>	<u>135,435</u>	<u>141,386</u>
<i>Other dealing income</i>				
Net (loss)/ gain from foreign exchange transactions	(5,733)	4,690	(17,954)	26,445
Net (loss)/ gain on revaluation of financial assets at FVTPL	(1,669)	213	(37,711)	481
Net derivatives gain	-	2	2	6
	<u>(7,402)</u>	<u>4,905</u>	<u>(55,663)</u>	<u>26,932</u>
<i>Other operating income</i>				
Gross dividend income from:				
- Subsidiary Company	3,000	-	3,000	-
- Unit trust in Malaysia	28	22	7,787	8,462
- Income from rebate on investment in unit trust	501	618	1,581	1,618
	<u>3,529</u>	<u>640</u>	<u>12,368</u>	<u>10,080</u>
<i>Fees and commission</i>				
Fees	45,660	35,472	121,972	104,284
Commission	9,761	5,239	28,531	14,083
Others	4,314	3,614	12,773	12,523
	<u>59,735</u>	<u>44,325</u>	<u>163,276</u>	<u>130,890</u>
<i>Other income</i>				
Net gain on disposal of property and equipment	-	-	-	576
Rental income	541	498	1,632	1,849
Other income	7	1	258	22
	<u>548</u>	<u>499</u>	<u>1,890</u>	<u>2,447</u>
	<u>103,707</u>	<u>96,767</u>	<u>257,306</u>	<u>311,735</u>

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22. Net allowance for impairment on financing and advances

Group and Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(40,482)	42,306	(101,705)	60,265
- Stage 2	(9,790)	161	(68,215)	59,124
- Stage 3	96,321	10,616	334,914	16,553
	<u>46,049</u>	<u>53,083</u>	<u>164,994</u>	<u>135,942</u>
Bad debts and financing recovered	(21,122)	(19,087)	(62,936)	(56,387)
	<u>24,927</u>	<u>33,996</u>	<u>102,058</u>	<u>79,555</u>

23. Income attributable to depositors

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Deposits from customers				
- Mudharabah fund	258	384	932	1,894
- Non-Mudharabah fund	241,287	182,200	647,976	547,049
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	2,518	-	2,758	36
Recourse obligation on financing sold to Cagamas	21,307	21,395	63,993	58,612
	<u>265,370</u>	<u>203,979</u>	<u>715,659</u>	<u>607,591</u>
Bank				
Deposits from customers				
- Mudharabah fund	258	384	932	1,894
- Non-Mudharabah fund	241,325	182,243	648,111	547,192
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	2,518	-	2,758	36
Recourse obligation on financing sold to Cagamas	21,307	21,395	63,993	58,612
	<u>265,408</u>	<u>204,022</u>	<u>715,794</u>	<u>607,734</u>

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24. Income attributable to investment account holders

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Unrestricted investment accounts				
- <i>Mudharabah</i>	5,933	3,587	16,271	9,567
- <i>Wakalah</i>	50,267	37,747	115,922	109,938
	<u>56,200</u>	<u>41,334</u>	<u>132,193</u>	<u>119,505</u>

Bank

Unrestricted investment accounts				
- <i>Mudharabah</i>	5,933	3,587	16,271	9,567
- <i>Wakalah</i>	50,919	37,775	117,711	109,966
	<u>56,852</u>	<u>41,362</u>	<u>133,982</u>	<u>119,533</u>

25. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Salaries, allowances and bonuses	156,079	129,412	432,283	386,763
Employees' Provident Fund	21,874	19,875	65,894	60,153
Other staff related costs	26,789	15,292	72,503	50,243
	<u>204,742</u>	<u>164,579</u>	<u>570,680</u>	<u>497,159</u>

Bank

Salaries, allowances and bonuses	148,999	124,806	412,621	375,040
Employees' Provident Fund	20,922	19,231	63,136	58,539
Other staff related costs	26,074	14,921	70,582	49,183
	<u>195,995</u>	<u>158,958</u>	<u>546,339</u>	<u>482,762</u>

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26. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Promotion</i>				
Credit and debit card expenses	14,963	10,774	40,803	32,656
Advertisement and publicity	2,777	2,538	7,722	9,073
Others	2,798	4,675	10,258	13,356
	<u>20,538</u>	<u>17,987</u>	<u>58,783</u>	<u>55,085</u>
<i>Establishment</i>				
Office rental	7,185	7,826	21,352	22,383
Depreciation of property and equipment	14,845	14,251	44,111	43,749
Depreciation right-of-use assets	4,350	4,641	12,678	13,856
Information technology expenses	25,995	20,219	66,372	56,420
Security services	2,497	2,554	7,100	7,038
Utilities	3,016	2,773	8,718	8,861
Office maintenance	2,969	2,507	7,866	7,473
Rental of equipment	1,688	1,678	4,672	4,696
Takaful	3,342	3,600	9,208	5,510
Others	39	39	320	320
	<u>65,926</u>	<u>60,088</u>	<u>182,397</u>	<u>170,306</u>
<i>General expenses</i>				
Outsourcing fees and management fees	3,622	5,640	11,779	16,497
Office supplies	2,218	2,739	6,110	6,624
Subscription fees	2,986	3,771	9,946	10,427
SMS service charges	4,426	5,765	15,581	14,361
Security services – cash in transit	1,241	996	3,267	3,824
Professional fees	4,913	3,238	10,195	7,102
Others	25,288	18,305	67,510	55,024
	<u>44,694</u>	<u>40,454</u>	<u>124,388</u>	<u>113,859</u>
	<u>131,158</u>	<u>118,529</u>	<u>365,568</u>	<u>339,250</u>

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26. Other overhead expenses (continued)

Bank	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<i>Promotion</i>				
Credit and debit card expenses	14,963	10,774	40,803	32,656
Advertisement and publicity	2,742	2,518	7,609	8,992
Others	2,091	1,887	5,833	5,969
	<u>19,796</u>	<u>15,179</u>	<u>54,245</u>	<u>47,617</u>
<i>Establishment</i>				
Office rental	7,148	7,597	21,240	22,330
Depreciation of property and equipment	14,624	14,154	43,462	43,561
Depreciation right-of-use assets	4,234	4,602	12,330	13,817
Information technology expenses	25,995	20,219	66,372	56,420
Security services	2,497	2,554	7,100	7,038
Utilities	2,948	2,748	8,515	8,798
Office maintenance	2,867	2,442	7,613	7,308
Rental of equipment	1,616	1,653	4,453	4,641
Takaful	3,326	3,595	9,163	5,502
Others	39	39	320	320
	<u>65,294</u>	<u>59,603</u>	<u>180,568</u>	<u>169,735</u>
<i>General expenses</i>				
Outsourcing fees and management fees	8,131	6,847	25,347	20,747
Office supplies	2,203	2,710	6,048	6,549
Subscription fees	2,986	3,771	9,946	10,427
SMS service charges	4,426	5,765	15,581	14,361
Security services – cash in transit	1,241	996	3,267	3,824
Professional fees	4,678	2,950	9,646	6,608
Others	23,183	18,501	59,303	54,602
	<u>46,848</u>	<u>41,540</u>	<u>129,138</u>	<u>117,118</u>
	<u>131,938</u>	<u>116,322</u>	<u>363,951</u>	<u>334,470</u>

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27. Finance cost

Group	Note	3 months ended		9 months ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Finance cost:					
- Subordinated sukuk and capital securities		23,655	17,868	64,908	53,022
- Profit expense on leases	15	4,183	4,066	12,628	12,760
		27,838	21,934	77,536	65,782
Bank					
Finance cost:					
- Subordinated sukuk and capital securities		23,655	17,868	64,908	53,022
- Profit expense on leases	15	4,182	4,064	12,618	12,758
		27,837	21,932	77,526	65,780

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28. Segmental Reporting on Revenue, Profit and Assets

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2022</u>						
Total Revenue	1,692,009	478,362	328,333	54,711	(22,739)	2,530,676
Net fund based income	910,604	364,666	53,693	201,105	-	1,530,068
Non-fund based income	136,831	25,671	(41,495)	52,564	(20,815)	152,756
Net income	1,047,435	390,337	12,198	253,669	(20,815)	1,682,824
Net allowance for impairment	(61,874)	(40,220)	1,266	(319)	-	(101,147)
Profit before overheads, zakat & tax	985,561	350,117	13,464	253,350	(20,815)	1,581,677
Operating expenses						(1,022,122)
Profit before zakat & tax						559,555
<u>9 months ended 30 September 2021</u>						
Total Revenue	1,409,833	455,818	445,553	55,144	(14,867)	2,351,481
Net fund based income	801,712	276,472	88,536	188,811	-	1,355,531
Non-fund based income	108,366	21,997	105,819	47,368	(14,696)	268,854
Net income	910,078	298,469	194,355	236,179	(14,696)	1,624,385
Net allowance for impairment	(2,358)	(77,197)	(6,691)	-	-	(86,246)
Profit before overheads, zakat & tax	907,720	221,272	187,664	236,179	(14,696)	1,538,139
Operating expenses						(910,323)
Profit before zakat & tax						627,816

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

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 September 2022</u>						
Total Revenue	617,048	170,015	140,071	16,299	(9,750)	933,683
Net fund based income	304,860	126,870	19,575	96,077	-	547,382
Non-fund based income	48,816	10,405	(955)	15,525	(9,060)	64,731
Net income	353,676	137,275	18,620	111,602	(9,060)	612,113
Net allowance for impairment	(29,724)	4,780	(1,638)	17	-	(26,565)
Profit before overheads, zakat & tax	323,952	142,055	16,982	111,619	(9,060)	585,548
Operating expenses						(366,513)
Profit before zakat & tax						219,035
<u>3 months ended 30 September 2021</u>						
Total Revenue	439,397	154,862	140,140	17,022	(5,202)	746,219
Net fund based income	238,765	92,421	25,906	63,121	-	420,213
Non-fund based income	34,755	9,510	27,323	14,236	(5,131)	80,693
Net income	273,520	101,931	53,229	77,357	(5,131)	500,906
Net allowance for impairment	28,474	(62,654)	(6,753)	-	-	(40,933)
Profit before overheads, zakat & tax	301,994	39,277	46,476	77,357	(5,131)	459,973
Operating expenses						(307,132)
Profit before zakat & tax						152,841

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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 30 September 2022</u>						
Segment assets	47,120,641	13,943,771	23,055,221	373,995	(269,064)	84,224,564
Unallocated assets						<u>1,939,557</u>
Total assets						<u><u>86,164,121</u></u>
<u>At 30 September 2021</u>						
Segment assets	42,158,111	13,769,273	18,610,174	291,977	(179,250)	74,650,285
Unallocated assets						<u>1,693,575</u>
Total assets						<u><u>76,343,860</u></u>

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29. Fair value of Financial Instruments

Fair value hierarchy

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

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

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

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29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Group 30 September 2022 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,380,213	-	1,380,213	-	1,380,213	1,380,213
Derivative financial assets	-	134,637	-	134,637	-	134,637	134,637
Financial assets at FVOCI	8,372	11,196,425	69,039	11,273,836	-	11,273,836	11,273,836
Financial assets at AC	-	-	-	-	3,366,718	3,366,718	3,367,264
Financing, advances and others	-	-	-	-	64,218,713	64,218,713	61,064,412
<i>Financial liabilities</i>							
Derivative financial liabilities	-	95,140	-	95,140	-	95,140	95,140
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,001,810	2,001,810	2,001,721
Subordinated sukuk and capital securities	-	-	-	-	2,478,570	2,478,570	2,530,955
31 December 2021							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,582,494	-	1,582,494	-	1,582,494	1,582,494
Derivative financial assets	-	26,037	-	26,037	-	26,037	26,037
Financial assets at FVOCI	17,004	12,526,670	60,530	12,604,204	-	12,604,204	12,604,204
Financial assets at AC	-	-	-	-	1,330,502	1,330,502	1,348,844
Financing, advances and others	-	-	-	-	61,303,303	61,303,303	58,153,769
<i>Financial liabilities</i>							
Derivative financial liabilities	-	20,421	-	20,421	-	20,421	20,421
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,044,330	2,044,330	2,001,720
Subordinated sukuk and capital securities	-	-	-	-	2,009,745	2,009,745	2,014,849

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29. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 30 September 2022 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
Financial assets							
Financial assets at FVTPL	-	1,348,039	-	1,348,039	-	1,348,039	1,348,039
Derivative financial assets	-	134,637	-	134,637	-	134,637	134,637
Financial assets at FVOCI	8,372	11,196,425	69,926	11,274,723	-	11,274,723	11,274,723
Financial assets at AC	-	-	-	-	3,366,718	3,366,718	3,367,264
Financing, advances and others	-	-	-	-	64,218,713	64,218,713	61,064,412
Financial liabilities							
Derivative financial liabilities	-	95,140	-	95,140	-	95,140	95,140
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,001,810	2,001,810	2,001,721
Subordinated sukuk and capital securities	-	-	-	-	2,478,570	2,478,570	2,530,955
31 December 2021							
RM'000							
Financial assets							
Financial assets at FVTPL	-	1,550,700	-	1,550,700	-	1,550,700	1,550,700
Derivative financial assets	-	26,037	-	26,037	-	26,037	26,037
Financial assets at FVOCI	17,004	12,526,670	61,393	12,605,067	-	12,605,067	12,605,067
Financial assets at AC	-	-	-	-	1,330,502	1,330,502	1,348,844
Financing, advances and others	-	-	-	-	61,303,303	61,303,303	58,153,769
Financial liabilities							
Derivative financial liabilities	-	20,421	-	20,421	-	20,421	20,421
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,044,330	2,044,330	2,001,720
Subordinated sukuk and capital securities	-	-	-	-	2,009,745	2,009,745	2,014,849

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29. Fair value of Financial Instruments (continued)

Unobservable inputs used in measuring fair value

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

(a) Financial instruments carried at fair value

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

(b) Financial instruments not carried at fair value

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

(i) Other financial assets at amortised cost

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

(ii) Financing, advances and others

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

(iii) Borrowings, subordinated sukuk and capital securities

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

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30. Commitment and Contingencies

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

As at 30 September 2022	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000	
<i>Credit related exposures</i>				
Direct credit substitutes	519,898	519,898	563,931	
Transaction related contingent items	950,092	475,046	460,899	
Short-term self-liquidating trade related contingencies	348,828	69,766	69,428	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,313,073	656,537	543,432	
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,933,020	-	-	
	<u>11,064,911</u>	<u>1,721,247</u>	<u>1,637,690</u>	
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	9,853,730	134,393	215,903	180,167
Profit rate related contracts				
- one year to less than five years	51,693	244	659	453
	<u>9,905,423</u>	<u>134,637</u>	<u>216,562</u>	<u>180,620</u>
Total	<u>20,970,334</u>	<u>134,637</u>	<u>1,937,809</u>	<u>1,818,310</u>

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30. Commitment and Contingencies (continued)

- a) The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows (continued):

As at 31 December 2021	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>			
Direct credit substitutes	501,511	501,511	503,088
Transaction related contingent items	903,458	451,729	438,976
Short-term self-liquidating trade related contingencies	417,940	83,588	83,012
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	1,246,592	623,295	503,494
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	8,110,490	-	-
	11,179,991	1,660,123	1,528,570
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000
			Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>			
Foreign exchange related contracts			
- less than one year	7,505,850	25,120	114,431
Profit rate related contracts			
- one year to less than five years	79,153	917	2,368
	7,585,003	26,037	116,799
			68,012
Total	18,764,994	26,037	1,776,922
			1,596,582

- b) Contingent liabilities

The Group and the Bank has no disclosure on contingent liabilities other than as disclosed in Note B9(c). The possible obligation to settle the litigation claim are subject to decision by the court and as the case are still preliminary, the settlement to the litigation claim may not be probable at this juncture and therefore no provision is recognised in the interim financial statements.

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

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

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
CET I capital ratio	13.883%	13.179%	13.522%	12.799%
Tier I capital ratio	14.953%	13.179%	14.598%	12.799%
Total capital ratio	20.363%	18.561%	20.032%	18.203%

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

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,645,043	3,445,757	3,645,043	3,445,757
Retained earnings	3,246,014	2,965,080	3,254,306	2,965,659
Other reserves	(85,707)	(10,899)	(196,756)	(121,843)
<u>Less:</u>				
Deferred tax assets	(233,334)	(193,214)	(232,362)	(191,773)
Investment in subsidiaries	-	-	(100,905)	(100,905)
Regulatory reserves	(85,000)	-	(85,000)	-
Total CET I Capital	6,487,016	6,206,724	6,284,326	5,996,895
Capital securities	500,000	-	500,000	-
Total Tier I Capital	6,987,016	6,206,724	6,784,326	5,996,895
Subordinated sukuk	2,000,000	2,000,000	2,000,000	2,000,000
Loss provision [^]	527,785	534,465	525,377	532,094
Total Tier II Capital	2,527,785	2,534,465	2,525,377	2,532,094
Total Capital	9,514,801	8,741,189	9,309,703	8,528,989

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

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31. Capital adequacy (continued)

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

	Group		Bank	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	52,711,178	50,180,739	52,613,254	50,080,971
Less : Credit risk absorbed by unrestricted investment accounts	(10,488,366)	(7,423,579)	(10,583,086)	(7,513,437)
	42,222,812	42,757,160	42,030,168	42,567,534
Market risk	590,156	489,559	590,156	489,559
Operational risk	3,913,748	3,847,886	3,854,783	3,797,811
	46,726,716	47,094,605	46,475,107	46,854,904

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

B1. Performance review for the nine months ended 30 September 2022

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

Key Profit or Loss Items:	Group		Variance	
	9 months ended			
	30.09.2022	30.09.2021		
	RM'000	RM'000	RM'000	%
Revenue	2,530,676	2,351,481	179,195	7.6
Net Income	1,682,824	1,624,385	58,439	3.6
Profit Before Zakat and Taxation	559,555	627,816	(68,261)	-10.9
Profit After Zakat and Taxation	365,934	454,667	(88,733)	-19.5

Bank Islam Group (“Bank Islam” or “the Group”) recorded a Profit Before Zakat and Taxation (“PBZT”) of RM559.6 million for the nine-month ended 30 September 2022, lower by 10.9% over the corresponding period in 2021. The lower PBZT was mainly due to higher total overheads and net allowance for impairment on financing and advances by RM100.0 million (11.8%) and RM22.5 million (28.3%) respectively. These has softened the increased in net income of RM58.4 million (3.6%).

The performance translates to Group’s earnings per share of 17.02 sen and annualised Return on Equity (“ROE”) of 7.6% (after tax and zakat).

The increase in Group’s net income was due higher net fund-based income which increased by RM174.5 million or 12.9% mainly driven by year-on-year financing growth. However, the decrease in non-fund-based income by RM116.1 million due to lower net gain from sale of financial assets at FVOCI and higher net loss on revaluation of financial assets at FVTPL which have dampened the overall Group’s net income.

The Group's overhead expenses for the nine-month financial period ended 30 September 2022 recorded an increase of RM100.0 million or 11.8% to RM944.6 million as compared to the previous corresponding nine-month financial period ended 30 September 2021. The increase in overhead expenses was mainly due to higher staff costs and general expenses by RM73.5 million and RM26.5 million respectively.

The Group's net allowance for impairment on financing and advances increased by RM22.5 million or 28.3% to RM102.1 million as compared to the previous corresponding nine-month financial period ended 30 September 2021.

The Group’s total assets grew year-on-year by 12.9% to stood at RM86.2 billion at end September 2022. Net assets per share was at RM3.16.

Gross financing (excluding modification loss) grew by 9.0% year-on-year to RM62.2 billion, while customer deposits and investment accounts stood at RM72.3 billion with a year-on-year increase by RM7.9 billion or 12.2%. Total current and saving accounts and transactional investment accounts (“CASATIA”) has grown 3.7% year-on-year to stood at RM26.0 billion. This composition made a healthy level of 36.0% of total customer deposits and investment accounts.

As at 30 September 2022, the gross impaired financing ratio was 1.20% compared to 0.96% at end December 2021.

The Group’s Total Capital Ratio remained strong at 20.4% as at 30 September 2022.

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B1. Performance review for the nine months ended 30 September 2022 (continued)

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

Operating Segment

Consumer Banking's reported net income of RM1.0 billion for the nine months ended 30 September 2022, 15.1% higher than the corresponding period, attributed mainly from higher net fund-based income. Segment assets for Consumer Banking as at end September 2022 stood at RM47.1 billion, a year-on-year growth of 11.8%, mainly driven by growth in house financing and personal financing.

Corporate and Commercial Banking recorded net income of RM390.3 million, higher by 30.8% from the corresponding period mainly due to higher net fund-based income. Total segment assets stood at RM13.9 billion.

Treasury registered a net income of RM12.2 million for the period, lower by 93.7% compared to the corresponding period due to lower net gain from sale of financial assets at FVOCI and higher net loss on revaluation of financial assets at FVTPL. Treasury assets stood at RM23.1 billion.

Current Quarter vs. Previous Year Corresponding Quarter

Key Profit or Loss Items:	Group			
	3 months ended			
	30.09.2022	30.09.2021	Variance	
	RM'000	RM'000	RM'000	%
Revenue	933,683	746,219	187,464	25.1
Net Income	612,113	500,906	111,207	22.2
Profit Before Zakat and Taxation	219,035	152,841	66,194	43.3
Profit After Zakat and Taxation	142,860	101,630	41,230	40.6

For the third quarter ended 30 September 2022 ("3Q2022"), Bank Islam Group achieved a PBZT of RM219.0 million, an increase of RM66.2 million or 43.3% over the PBZT of the corresponding quarter last year ("3Q2021") of RM152.8 million. The increase in PBZT was mainly due to higher net income offset by higher total overheads.

The Group's net income increased by RM111.2 million or 22.2%, mainly due to higher net fund-based income during the quarter driven by financing growth.

Total overheads were higher by RM53.5 million or 18.8% over 3Q2021 overheads mainly due to higher staff costs and general expenses by RM40.2 million and RM13.3 million respectively.

The Group's net allowance for impairment on financing and advances, financing was lower at RM24.9 million for the 3Q2022, a decreased by 9.1 million or 26.7% as compared to 3Q2021.

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B2. Comparison with the preceding quarter's results for the three months performance (Third Quarter 2022 vs. Second Quarter 2022)

Key Profit or Loss Items:	Group		Variance	
	3 months ended			
	30.09.2022	30.06.2022	RM'000	%
	RM'000	RM'000		
Revenue	933,683	823,021	110,662	13.4
Net Income	612,113	547,600	64,513	11.8
Profit Before Zakat and Taxation	219,035	181,196	37,839	20.9
Profit After Zakat and Taxation	142,860	117,157	25,703	21.9

Bank Islam Group's PBZT for the third quarter ended 30 September 2022 ("3Q2022") improved by RM37.8 million (20.9%) to RM219.0 million against the preceding quarter ended 30 June 2022 ("2Q2022"). The increase was due to higher net income and lower net allowance for financing and advances. The increase was however partially offset by higher overheads.

The Group's net income was higher at RM612.1 million for 3Q2022, an increase of 11.8% compared to 2Q2022 driven by higher financing income as well as higher non-fund-based income. Non-fund-based income increased by 51.6% to RM64.7 million from RM42.7 million mainly due lower loss on revaluation of financial assets at FVTPL.

Net allowance for impairment on financing and other financial assets was lower by RM8.9 million to RM24.9 million for 3Q2022 while total overheads for increased by RM26.4 million or 8.5% to RM338.7 million over 2Q2022 mainly due to higher personnel and other overhead expenses.

B3. Prospects for 2022

Malaysia's higher-than-expected 3Q2022 GDP growth is a testament that growth momentum had picked up further amid continued improvements in domestic demand while keeping inflation relatively benign despite labour market recovery. While FY2022 growth will likely surpass the official target of 6.5%-7%, 2023 will continue to be a challenging year amid external headwinds that could add pressure on the Malaysian economy. As the IMF projects the country would grow at 4.4% in 2023, down from the previous July's estimation of 4.7%, the growth will likely moderate with ample room to avoid a recession.

Although in its nascent stage, BIMB has taken considerable effort to strengthen its digital proposition with the introduction of Malaysia's first cloud-native Islamic Banking app, "Be U" in July 2022. Additionally, in advancing BIMB's goals to become future-ready, BIMB has embarked on the second phase of its four-year IT Blueprint to uplift BIMB's ways of working and advance its technological capabilities that would enable BIMB to create greater customer experiences and ultimately deliver its business objectives.

Over the first half of 2022, BIMB has shown traction on its Joint Account Planning initiative and Wholesale Banking Target Operating Model. In expanding its green financing portfolio, BIMB has widened its exposure to new green segments such as energy efficiency, net energy metering, office automation and waste management. BIMB is also developing a digital supply chain model to meet the requirements of corporate clients. The optimisation of digital platforms will help BIMB to further strengthen its collaboration and open more business opportunities with its existing partners and potential new clients.

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B3. Prospects for 2022 (continued)

Meanwhile, BIMB's Corporate Banking aims to cultivate and grow new-to-bank sectorial focus, largely on green financing and unrated Sukuk as part of our commitment to diversify our income contribution. BIMB remains vigilant in preserving asset quality by being cautious in onboarding new corporate customers.

BIMB is staying the course of its five-year roadmap to become a prominent offeror of Shariah ESG total financing solutions, premised on VBI at the heart of its business model. In advancing sustainable banking, BIMB has implemented approaches to consider the ESG risk profile of its customers as part of the origination process. While the Bank's ESG Risk Management Framework is in progress, BIMB has taken steps to assess new financing applications for ESG risks with elevated concerns on ESG based on industry-specific context, aligned with regulators' efforts to build a resilient financial system.

B4. Variance from profit forecast and profit guarantee

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

B5. Tax expense

Major components of tax expense

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Malaysia income tax:				
Current year	77,979	55,589	169,141	162,035
(Over)/ Under provision in prior years	(272)	(2)	(282)	84
	<u>77,707</u>	<u>55,587</u>	<u>168,859</u>	<u>162,119</u>
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	(5,285)	(8,115)	13,059	(216)
Under provision in prior years	-	-	469	-
	<u>(5,285)</u>	<u>(8,115)</u>	<u>13,528</u>	<u>(216)</u>
	<u>72,422</u>	<u>47,472</u>	<u>182,387</u>	<u>161,903</u>

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B5. Tax expense (continued)

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

Group	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Profit before tax	219,035	152,841	559,555	627,816
Income tax calculated using				
Malaysian tax rate of 24%	52,568	36,682	134,293	150,676
Effect of changes in tax rate	19,927	-	46,341	-
Income not subject to tax	(1,120)	(1,144)	(1,353)	(1,355)
Non-deductible expenses	2,243	12,833	5,615	15,197
Zakat	(924)	(897)	(2,696)	(2,699)
(Over)/ Under provision in prior years	(272)	(2)	187	84
Tax expense	72,422	47,472	182,387	161,903

As per Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment (“YA”) 2022, a special one-off tax (“Cukai Makmur”) will be introduced on companies with chargeable income in excess of RM100.0 million. The excess will be taxed at a rate of 33% (first RM100.0 million of chargeable income will be taxed at 24%). Tax expenses for YA 2022 above have been computed based on tax rates as described accordingly.

B6. Status of corporate proposals

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

B7. Status of utilisation of proceeds raised from corporate proposals

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

B8. Borrowings, subordinated sukuk and capital securities

RM'000	As at 30.09.2022		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	2,000,000	1,721	2,001,721
Unsecured			
- Subordinated Sukuk	1,700,000	328,269	2,028,269
- Capital securities	500,000	2,686	502,686
Total unsecured	2,200,000	330,955	2,530,955

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B8. Borrowings, subordinated sukuk and capital securities (continued)

RM'000	As at 31.12.2021		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	2,000,000	1,720	2,001,720
Unsecured			
- Subordinated Sukuk	2,000,000	14,849	2,014,849

RM'000	As at 30.09.2021		
	Long term	Short term	Total borrowings
Secured			
- Recourse obligations on financing sold to Cagamas	2,000,000	1,720	2,001,720
Unsecured			
- Subordinated Sukuk	1,700,000	23,361	1,723,361

The borrowings, subordinated sukuk and capital securities comprise the following:

- a) Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position.

The financing are not de-recognised and are analysed in Note 13(a). The details are as follows:

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

- b) Subordinated sukuk and capital securities

	Nominal value RM'000	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
Subordinated sukuk					
(i)	300,000	13 November 2017	12 December 2022	12 November 2027	5.08
(ii)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(iii)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(iv)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(v)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10
Capital securities					
(vi)	500,000	24 August 2022	24 August 2027	Perpetual	5.16

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

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B9. Material litigation

- (a) On 16 April 2019, 5 Star Room Hotel Sdn Bhd ("Plaintiff") filed a civil suit against Bank Islam and claimed damages for a breach of promise to grant a financing facility to Pan Asian Resorts Sdn Bhd (Plaintiff's parent company). The Plaintiff claimed for an amount of RM400,000,000.00.

Bank Islam had filed the Defence on 21 May 2019.

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

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

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

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

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

The HC had fixed 13 July 2020 for decision on the PO and O.18.

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

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

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

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

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

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

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

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

The COA had fixed the next case management date on 30 September 2021 for the Plaintiff/Appellant to appoint a new Solicitor.

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B9. Material litigation (continued)

(a) Continued...

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

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

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

On 27 May 2022, the FC decided that there was no merit in the Motion for leave and there was no novel issue for leave to be granted. The Motion was dismissed with costs of RM30,000.00. Therefore, the suit was fully concluded and there was no appeal.

(b) On 20 August 2019, Bank Islam filed a civil suit against 5 Star Room Hotel Sdn Bhd ("Customer") and the guarantors, namely Tang Wooi Chon, Chunsi Kudkumkong, Tang Woan Rou and Tang Woanren (collectively be referred to as "the Defendants") claiming for an amount of RM120,738,812.69 being the outstanding financing facilities granted by Bank Islam to the Customer whose accounts had been defaulted.

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

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

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

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

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

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

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

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

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

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

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

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B9. Material litigation (continued)

(b) Continued...

On 24 August 2021, the Defendants had filed the motion for leave to appeal to Federal Court (“FC”).

The FC had fixed the case management on 23 September 2021. On 23 September 2021, the case management has been postponed to 29 September 2021. On 29 September 2021, the FC had instructed the Defendants to file Notice of Motion for leave at Federal Court and the case management is fixed on 14 October 2021.

On 14 October 2021, the Defendants requested time to file Notice of Motion for leave to appeal at FC. The FC had fixed the case management on 29 October 2021. On 29 October 2021, the FC had instructed parties to file Affidavit in reply to the Notice of Motion and fixed the case management on 24 November 2021.

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

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

There were 3 issues brought to the FC which were as follows:-

- (a) Allowing Bank Islam’s application to record Summary Judgment under (O.14) against the Appellants;
- (b) Allowing Bank Islam’s application to strike out the Appellants’ counterclaim (O.18); and
- (c) Dismissing the Appellants’ application to transfer and consolidate this case with the Alor Setar suit.

After hearing both parties, the FC was of the opinion that there is a novel issue in relation to whether there is a need to state the Ibra clause in the certificate of indebtedness. This relates to the above item (a) allowing Summary Judgment under O.14 and not relevant to the other 2 applications under (b) and (c).

The Motion was allowed only for limited issues related to Ibra clause with costs in the cause. A Notice of Appeal is required to be filed by the Customer within 14 days time. The Order in relation to item (b) and (c) above were fully concluded. Item (a) will proceed with full appeal at the FC on the issue as stated above.

The Appellant filed appeal to FC, the 1st Case Management of the appeal was fixed on 29 July 2022. The next Case Management fixed on 12 August 2022 for the Appellants to file record of appeal. Meanwhile, the Appellants filed a Motion to stay of execution of judgment dated 1 July 2020 and all foreclosure proceedings initiated by the Bank.

Hearing of the stay of execution was fixed on 4 October 2022. After hearing of the Motion to stay of execution, the FC has unanimously dismissed the stay of execution application. The proper appeal fixed for Case Management is on 14 October 2022. The FC further fixed on 28 November 2022 for hearing of appeal.

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

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

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B9. Material litigation (continued)

(c) Continued...

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

The Plaintiff claimed for the following:

- 1) RM43,958,509.29 being the difference between the balance sum and total principal sum deposited;
- 2) RM15,910,619.62 for lost of profit on deposit sum;
- 3) Alternatively, RM11,443,914.00 for lost of profit on deposit sum;
- 4) General damages;
- 5) Exemplary damages; and
- 6) Interest

The First Defendants Solicitors had entered Appearance on 8 November 2021 and has requested for an extension of two weeks from 24 November 2021 to file Defence. The Court fixed for next Case Management on 24 November 2021. On 24 November 2021, the Court directed First Defendant to file Defence on 8 December 2021 and Plaintiff to file Reply to Defence by 5 January 2022.

During the case management held on 18 July 2022, the Court made the following directions in relation to Enclosure 32 (First Defendant's Notice of Application seeking original documents for forensic examination:

- 1) Plaintiff shall file and serve its Affidavit in Reply on or before 29 July 2022;
- 2) First Defendant shall file and serve its Affidavit in Reply on or before 12 August 2022;
- 3) Both Parties shall file respective written submissions simultaneously on or before 23 August 2022;
- 4) Both Parties shall file respective written submissions in reply simultaneously on or before 30 August 2022.

The next Case Management is fixed on 26 April 2024, where the full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024.

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

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

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

At the same time, the Customer had filed for the preliminary draft of Scheme of Arrangement (“SOA”) in the Commercial Court indicating the SOA proposal among others that payment will be made in tranches with full recovery expected by year 2025. There would be further discussions in respect to the detailed SOA proposal.

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B9. Material litigation (continued)

(d) Continued...

The SOA and other matters were fixed at the Creditors Meeting on 25 July 2022. The Court Convened Meeting (“CCM”) was concluded and majority of the scheme creditors attended have voted and supported the proposed SOA.

As the Customer had breached the terms of the Scheme, the solicitor for the Syndicated Financiers issued a letter to the Court to advise that there has been a breach of the Scheme or the Consent Order which entitling the Syndicated Financiers to move for the Interim Liquidator (“IL”). On 23 August 2022, the Court allowed for the application of the IL.

The Interim Liquidator appointed was Victor Saw Seng Kee, the licensed liquidator from PwC. The Guarantors filed an application to stay and discharge of the Court Order on the Appointment of IL and to modify the Scheme. The Court fixed for the Case Management (“CM”) on the application to stay and discharge on 15 September 2022 and hearing to modify the Scheme on 27 September 2022.

On CM date 18 October 2022, the solicitors for IL submitted that IL requires more time to complete their assessment on the viability of the Scheme and the Scheme funds. The IL is preparing an affidavit to update the Winding Up court on their current investigation status and indicated that they would extend this affidavit to the scheme court. The Judge fixed a CM date on 9 November 2022. At the Scheme Proceedings the Court ordered that all Originating Summons (“OS”) (OS 812, 813, 814, 815 (Serba Dinamik Development Sdn Bhd) and 816 (Serba Dinamik Controls Sdn Bhd) to be struck out with liberty to file afresh.

During the CM, IL indicated that they are taking instructions on the filing of an Affidavit in Reply and the Court directed for any replies to be filed within 14 days and fixed for hearing of the application on 10 January 2023 together with the Syndicated Financiers’ Winding Up Petition.

(e) Bank Islam filed a civil suit against Burwood Group Limited (“Customer”) and 8 others, namely Robert Kokshoorn, Anthony Richard Witham, George Mavrogenis, Ooi Joo Fong, Dato’ Mohd, Salleh Bin Yeop Abdul Rahman, Stephen Keith Lavender, BPA Group Limited and Dominic Andrla (collectively be referred to as “the Defendants”) claiming for an amount of RM85,456,573.79 being the outstanding financing facilities granted by the Bank to the Customer whose accounts had been defaulted.

On 28 January 2022 the Bank filed civil suit against the Customer and all Guarantors. The latest summary updates of the suit are as follows:

- (i) On 25 August 2022, Judgement in Default (“JID”) has been obtained against 2nd and 3rd Defendants.
 - (ii) On 20 September 2022, JID has been obtained against 8th Defendant.
 - (iii) Hearing for Summary Judgment Order 14 (“O.14”) Application has been fixed on 6 January 2023 for 1st, 4th, 5th and 6th Defendants.
 - (iv) Attempt to serve the writ to 9th Defendants has been postponed. According to defendant’s lawyer information, the defendant is currently travelling and will not be in Singapore until the end of the year.
 - (v) In the midst to serve Writ Summons against 7th Defendant.
- (f) Bank Islam filed a civil suit against Sawit Raya Oil (Kelantan) Sdn Bhd, Tan See Meng, Tan See Nong and Sawit Raya Sdn Bhd (“the Defendants”) to recover the outstanding amount of RM234,621,328.53 for the financing granted to the first Defendant. The Writ Summons and the Statement of Claim were filed on 1 July 2022. The court has directed the Defendants to file Statement of Defence on or before 23 August 2022 and Reply to Defence on or before 6 September 2022. Defendants to file Affidavit In Reply on or before 17 October 2022 and the Bank to file Affidavit In Reply on or before 31 October 2022. The next Case Management was fixed on 3 November 2022.

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B9. Material litigation (continued)

(f) Continued...

The Court has directed parties to file Written Submission on or before 18 November 2022 and Submission in Reply on or before 25 November 2022. The hearing of the application for Summary Judgment has been fixed on 2 December 2022.

B10. Dividend

On 20 January 2022, the Bank paid an interim dividend of 10.93 sen per ordinary share amounting RM226.9 million for the financial year ended 31 December 2021. From the total dividend amount, approximately 12% or RM27.6 million was distributed as cash dividend whilst the remaining 88% amounting to RM199.3 million was reinvested to subscribe for 79,396,600 new ordinary shares at RM2.51 each via the Dividend Reinvestment Plan. The new ordinary shares were listed on 21 January 2022.

B11. Earnings per share

Basic earnings per share

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

Group	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review attributable to equity holders of the parent	142,860	101,630	365,934	454,667
Number of ordinary shares	2,155,269	2,075,873	2,155,269	2,075,873
Number of average ordinary shares	2,155,269	2,489,131	2,149,452	2,566,973
Earnings per share (sen)	<u>6.63</u>	<u>4.08</u>	<u>17.02</u>	<u>17.71</u>

Diluted earnings per share

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

B12. Foreign exchange exposure/hedging policy

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

RM equivalent	30.09.2022	31.12.2021
	RM'000	RM'000
USD	(375,063)	(291,435)
EURO	(91,463)	(97,001)
Others	15,964	26,717

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

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B13. Material impairment of assets

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

Group	30 September 2022			
	Carrying value before impairment RM'000	Impairment losses RM'000	Carrying value after impairment RM'000	Market value RM'000
Financing, advances and others	62,089,727	(1,025,315)	61,064,412	64,218,713

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

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

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

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

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

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

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B13. Material impairment of assets (continued)

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

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

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

B14. Derivatives

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

	Notional amount 30.09.2022 RM'000	Fair value 30.09.2022 RM'000	Notional amount 31.12.2021 RM'000	Fair value 31.12.2021 RM'000
<i>Trading derivatives</i>				
Foreign exchange related contracts				
- Less than one year	9,853,730	39,391	7,505,850	5,367
Profit rate related contracts				
- One year to 3 years	51,693	106	79,153	249
	9,905,423	39,497	7,585,003	5,616

Market risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in prices of the underlying item such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and not the amount of risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions. As at 30 September 2022, the amount of contracts which were not hedged and, hence, exposed to market risk was RM590.2 million (31 December 2021: RM489.6 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 30 September 2022, the credit risk measured in terms of the cost to replace the profitable contracts, was RM216.6 million (31 December 2021: RM116.8 million).

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B14. Derivatives (continued)

Liquidity risk

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

Cash Requirements of the Derivatives

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

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

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

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

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

	3 months ended	9 months ended
	30.09.2022 RM'000	30.09.2022 RM'000
<i>Trading derivatives</i>		
Net loss arising from fair value changes from derivatives assets and liabilities	(40)	(139)

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