

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

Statements of Financial Position as at 31 March 2021

	Note	Group		Bank	
		31.03.2021 RM'000	31.12.2020 RM'000	31.03.2020 RM'000	31.12.2020 RM'000
Assets					
Cash and short-term funds	9	2,892,342	5,216,737	2,891,684	5,216,280
Financial assets at fair value through profit or loss (FVTPL)	10	1,532,387	1,181,200	1,526,580	1,175,440
Derivative financial assets	11	51,725	61,665	51,725	61,665
Financial assets at fair value through other comprehensive income (FVOCI)	12	11,734,688	12,557,991	11,735,426	12,558,729
Financing, advances and others	13	55,131,928	54,670,635	55,131,928	54,670,635
Other financial assets at amortised cost (AC)	14	193,725	207,349	190,783	196,588
Statutory deposits with Bank Negara Malaysia		249,758	192,425	249,758	192,425
Current tax assets		106,779	106,773	106,773	106,773
Deferred tax assets		35,305	1,511	33,874	-
Right-of-use assets	15	205,145	209,736	205,145	209,736
Investments in subsidiaries		-	-	15,525	15,525
Property and equipment		230,977	231,000	230,518	230,516
Total assets		<u>72,364,759</u>	<u>74,637,022</u>	<u>72,369,719</u>	<u>74,634,312</u>
Liabilities and equity					
Deposits from customers	16	50,023,792	51,077,262	50,040,999	51,095,451
Investment accounts of customers	17	11,378,896	12,368,528	11,379,266	12,368,897
Derivative financial liabilities	11	39,248	105,872	39,248	105,872
Bills and acceptance payable		68,737	29,621	68,737	29,621
Recourse obligations on financing sold to Cagamas	18	1,501,187	1,501,187	1,501,187	1,501,187
Subordinated Sukuk Murabahah	19	1,723,288	1,713,164	1,723,288	1,713,164
Other liabilities	20	1,041,616	1,136,863	1,035,532	1,121,885
Lease Liabilities	15	309,062	312,429	309,062	312,429
Zakat and taxation		70,409	31,952	70,221	31,776
Deferred tax liabilities		-	74,445	-	74,445
Total liabilities		<u>66,156,235</u>	<u>68,351,323</u>	<u>66,167,540</u>	<u>68,354,727</u>

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Statements of Financial Position as at 31 March 2021 (continued)

	Note	Group		Bank	
		31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Equity					
Share capital		3,306,118	3,306,118	3,306,118	3,306,118
Reserves		2,902,406	2,979,581	2,896,061	2,973,467
Total equity		<u>6,208,524</u>	<u>6,285,699</u>	<u>6,202,179</u>	<u>6,279,585</u>
Total liabilities and equity		<u>72,364,759</u>	<u>74,637,022</u>	<u>72,369,719</u>	<u>74,634,312</u>
Restricted investment accounts managed by the Bank	17	5,612	11,915	5,612	11,915
Total Islamic banking asset owned and managed by the Bank		<u>72,370,371</u>	<u>74,648,937</u>	<u>72,375,331</u>	<u>74,646,227</u>
Commitments and Contingencies	32	<u>19,129,307</u>	<u>20,189,496</u>	<u>19,129,307</u>	<u>20,189,496</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 2020.

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Statements of Profit or Loss for the three months ended 31 March 2021

	Note	Group		Bank	
		31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Income derived from investment of depositors' funds	21	552,756	691,027	552,756	691,027
Income derived from investment account funds	22	118,965	137,241	118,965	137,241
Income derived from investment of shareholders' funds	23	99,194	95,184	94,232	88,152
Net allowance for impairment on financing and advances, net of recoveries	24	(11,840)	(30,738)	(11,840)	(30,738)
Net allowance for impairment on other financial assets		225	410	225	410
Direct expenses		(3,601)	(3,578)	(3,601)	(3,578)
Total distributable income		755,699	889,546	750,737	882,514
Wakalah fees from restricted investment accounts		7	118	7	118
Income attributable to depositors	25	(200,213)	(308,148)	(200,262)	(308,216)
Income attributable to investment account holders	26	(38,231)	(69,058)	(38,231)	(69,058)
Total net income		517,262	512,458	512,251	505,358
Personnel expenses	27	(168,421)	(162,520)	(164,087)	(158,775)
Other overhead expenses	28	(112,526)	(106,175)	(112,185)	(103,698)
Finance cost	29	(21,840)	(22,213)	(21,840)	(22,212)
Profit before zakat and tax		214,475	221,550	214,139	220,673
Zakat		(3,751)	(3,663)	(3,750)	(3,750)
Tax expense		(52,013)	(53,516)	(51,882)	(53,456)
Profit for the period		158,711	164,371	158,507	163,467
Earnings per share (sen)		6.10	6.55	6.10	6.55

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Statements of Other Comprehensive Income
for the three months ended 31 March 2021

	Group		Bank	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Profit for the period	<u>158,711</u>	<u>164,371</u>	<u>158,507</u>	<u>163,467</u>
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of foreign operations	(12,205)	(20,587)	(12,232)	(20,633)
Movement in fair value reserve (debt instruments):				
Net change in fair value	(264,538)	(10,698)	(264,538)	(10,698)
Changes in expected credit losses	41	15	41	15
Net amount transferred to profit or loss	(28,662)	(96,536)	(28,662)	(96,536)
Income tax effect relating to components of other comprehensive income	<u>70,358</u>	<u>25,732</u>	<u>70,358</u>	<u>25,732</u>
	<u>(235,006)</u>	<u>(102,074)</u>	<u>(235,033)</u>	<u>(102,120)</u>
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instrument):				
Net change in fair value	<u>(880)</u>	<u>(1,156)</u>	<u>(880)</u>	<u>(1,156)</u>
Other comprehensive income for the period, net of tax	<u>(235,886)</u>	<u>(103,230)</u>	<u>(235,913)</u>	<u>(103,276)</u>
Total comprehensive income for the period	<u>(77,175)</u>	<u>61,141</u>	<u>(77,406)</u>	<u>60,191</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 2020.

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Consolidated Statement of Changes in Equity for the three months ended 31 March 2021

Group	← Attributable to equity holders of the Bank →			Total equity RM'000
	← Non-distributable → Share Capital RM'000	Other reserves RM'000	Distributable Retained earnings RM'000	
At 1 January 2021	3,306,118	88,558	2,891,023	6,285,699
Profit for the period	-	-	158,711	158,711
Currency translation difference in respect of foreign operations	-	(12,205)	-	(12,205)
Fair value reserve (debt instruments):				
Net change in fair value	-	(264,538)	-	(264,538)
Changes in expected credit losses	-	41	-	41
Net amount transferred to profit or loss	-	(28,662)	-	(28,662)
Income tax effect relating to components of other comprehensive income	-	70,358	-	70,358
Fair value reserve (equity instruments):				
Net change in fair value	-	(880)	-	(880)
Total comprehensive income for the period	-	(235,886)	158,711	(77,175)
At 31 March 2021	3,306,118	(147,328)	3,049,734	6,208,524
At 1 January 2020	3,012,368	107,265	2,594,820	5,714,453
Profit for the period	-	-	164,371	164,371
Currency translation difference in respect of foreign operations	-	(20,587)	-	(20,587)
Fair value reserve (debt instruments):				
Net change in fair value	-	(10,698)	-	(10,698)
Changes in expected credit losses	-	15	-	15
Net amount transferred to profit or loss	-	(96,536)	-	(96,536)
Income tax effect relating to components of other comprehensive income	-	25,732	-	25,732
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,156)	-	(1,156)
Total comprehensive income for the period	-	(103,230)	164,371	61,141
At 31 March 2020	3,012,368	4,035	2,759,191	5,775,594

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Statement of Changes in Equity for the three months ended 31 March 2021

	← Attributable to equity holders of the Bank →			Total Equity RM'000
	← Non-distributable Share capital RM'000	→ Other reserves RM'000	Distributable Retained earnings RM'000	
Bank				
At 1 January 2021	3,306,118	88,707	2,884,760	6,279,585
Profit for the period	-	-	158,507	158,507
Currency translation difference in respect of foreign operations	-	(12,232)	-	(12,232)
Fair value reserve (debt instruments):				
Net change in fair value	-	(264,538)	-	(264,538)
Changes in expected credit losses	-	41	-	41
Net amount transferred to profit or loss	-	(28,662)	-	(28,662)
Income tax effect relating to components of other comprehensive income	-	70,358	-	70,358
Fair value reserve (equity instruments):				
Net change in fair value	-	(880)	-	(880)
Total comprehensive income for the period	-	(235,913)	158,507	(77,406)
At 31 March 2021	3,306,118	(147,206)	3,043,267	6,202,179
At 1 January 2020	3,012,368	107,398	2,589,798	5,709,564
Profit for the period	-	-	163,467	163,467
Currency translation difference in respect of foreign operations	-	(20,633)	-	(20,633)
Fair value reserve (debt instruments):				
Net change in fair value	-	(10,698)	-	(10,698)
Changes in expected credit losses	-	15	-	15
Net amount transferred to profit or loss	-	(96,536)	-	(96,536)
Income tax effect relating to components of other comprehensive income	-	25,732	-	25,732
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,156)	-	(1,156)
Total comprehensive income for the period	-	(103,276)	163,467	60,191
At 31 March 2020	3,012,368	4,122	2,753,265	5,769,755

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2020.

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Condensed Statements of Cash Flow for the three months ended 31 March 2021

	Group		Bank	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Profit before zakat and tax	214,475	221,550	214,139	220,673
Adjustment for non-cash items	60,104	33,140	60,083	33,118
Operating profit before working capital changes	274,579	254,690	274,222	253,791
Changes in working capital:				
Net changes in operating assets	(527,466)	(10,175)	(535,285)	(8,409)
Net changes in operating liabilities	(2,165,857)	(2,539,544)	(2,157,944)	(2,540,590)
Net cash used in operations	(2,418,744)	(2,295,029)	(2,419,007)	(2,295,208)
Zakat and tax paid	(55,194)	(57,965)	(55,148)	(57,926)
Net cash used in operating activities	(2,473,938)	(2,352,994)	(2,474,155)	(2,353,134)
Net cash used in investing activities	176,842	(303,641)	176,884	(303,543)
Net cash generated from/ (used in) financing activities	(15,093)	393,656	(15,093)	393,668
Net decrease in cash and cash equivalents	(2,312,189)	(2,262,979)	(2,312,364)	(2,263,009)
Cash and cash equivalents at beginning of the period	5,216,737	3,472,386	5,216,280	3,471,509
Exchange difference on translation	(12,206)	(20,589)	(12,232)	(20,634)
Cash and cash equivalents at end of the period	2,892,342	1,188,818	2,891,684	1,187,866
Cash and cash equivalents comprise:				
Cash and short-term funds	2,892,342	761,789	2,891,684	760,837
Deposits and placements with banks and other financial institutions	-	427,029	-	427,029
	2,892,342	1,188,818	2,891,684	1,187,866

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and of the Bank for the financial year ended 31 December 2020.

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**Notes to the unaudited interim financial statements
for the three months ended 31 March 2021**

1. Basis of preparation

The unaudited interim financial statements of the Group and of the Bank for the three months ended 31 March 2021 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), Financial Reporting for Islamic Banking Institution policy document issued by Bank Negara Malaysia (“BNM”) and the requirements of the Companies Act 2016.

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

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2020. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

- Amendments to MFRS 7, MFRS 9 and MFRS 16, *Profit Rate Benchmark Reform Phase 2*

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

2. Auditors’ report on preceding financial statements

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

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the three months ended 31 March 2021.

4. Unusual items

There were no unusual items in the three months ended 31 March 2021.

5. Changes in accounting estimates

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

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6. Sukuk and equity securities

There was no sukuk issuance or share buy-back during the three months ended 31 March 2021.

7. Significant events during the three months ended 31 March 2021

There was no significant events during the three months ended 31 March 2021 other than as disclosed in Note 36 to the interim financial statements.

8. Dividends

There was no dividend payment during the three months ended 31 March 2021.

9. Cash and short-term funds

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Cash and balances with banks and other financial institutions	657,624	726,005	656,966	725,548
Money at call and interbank placements with remaining maturity not exceeding one month	2,234,718	4,490,732	2,234,718	4,490,732
	<u>2,892,342</u>	<u>5,216,737</u>	<u>2,891,684</u>	<u>5,216,280</u>

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

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
At fair value				
Malaysian Government Investment Issues	293,623	602,925	293,623	602,925
Unit trust	231,199	238,490	225,392	232,730
Malaysian Islamic Treasury Bills	901,486	243,618	901,486	243,618
Islamic Commercial Paper	30,198	30,051	30,198	30,051
Corporate Sukuk	75,881	66,116	75,881	66,116
	<u>1,532,387</u>	<u>1,181,200</u>	<u>1,526,580</u>	<u>1,175,440</u>

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11. Derivative financial assets/ liabilities

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

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

Group and Bank	31.03.2021			31.12.2020		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	7,664,584	50,077	(38,047)	8,518,422	59,494	(104,228)
Profit rate swaps	105,509	1,648	(1,201)	114,056	2,171	(1,644)
	7,770,093	51,725	(39,248)	8,632,478	61,665	(105,872)

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

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	11,671,617	12,494,040	11,671,617	12,494,040
(b) Equity instruments	63,071	63,951	63,809	64,689
	11,734,688	12,557,991	11,735,426	12,558,729

(a) Debt instrument at FVOCI

	Group and Bank	
	31.03.2021 RM'000	31.12.2020 RM'000
Unquoted		
Corporate Sukuk	9,031,254	9,314,815
Malaysian Government Investment Issues	2,591,156	2,919,864
Islamic Commercial Papers	49,207	259,361
	11,671,617	12,494,040

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12. 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 fair value through other comprehensive income:

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Stage 1		
At 1 January	403	265
(Reversal)/ Addition of impairment during the period/ year	<u>(41)</u>	<u>138</u>
At 31 March/ 31 December	<u>362</u>	<u>403</u>

(b) Equity instrument at FVOCI

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Quoted Shares				
- outside Malaysia	<u>12,875</u>	<u>13,755</u>	<u>12,875</u>	<u>13,755</u>
Unquoted Shares				
- in Malaysia	50,194	50,194	50,932	50,932
- outside Malaysia	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>50,196</u>	<u>50,196</u>	<u>50,934</u>	<u>50,934</u>
	<u>63,071</u>	<u>63,951</u>	<u>63,809</u>	<u>64,689</u>

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13. Financing, advances and others

(a) By type and Shariah contract

Group and Bank	Bai' Bithaman Ajjil	Murabahah	Bai' Al-Dayn	Bai' Al-Inah	At-Tawarruq	^Ijarah Muntahiah Bit-Tamleek	Istisna'	Ar-Rahnu	Total
31 March 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost									
Cash line	-	-	-	1,261	1,311,010	-	-	-	1,312,271
Term financing									
House financing	3,159,089	-	-	-	18,753,608	-	45,175	-	21,957,872
Syndicated financing	-	-	-	-	1,457,122	-	-	-	1,457,122
Leasing financing	-	-	-	-	-	105,772	-	-	105,772
Bridging financing	-	-	-	-	-	-	45,637	-	45,637
Personal financing	-	-	-	4,736	16,914,544	-	-	-	16,919,280
Other term financing	427,471	1,410,588	-	-	10,781,464	-	1,102	-	12,620,625
Staff financing	44,716	16,490	-	-	340,226	-	7,251	-	408,683
Credit cards	-	-	-	-	437,225	-	-	-	437,225
Trade bills discounted	-	579,266	63,554	3,034	153,688	-	-	-	799,542
Trust receipts	-	3,663	2	-	-	-	-	-	3,665
Pawn broking	-	-	-	-	-	-	-	124	124
	3,631,276	2,010,007	63,556	9,031	50,148,887	105,772	99,165	124	56,067,818
Allowance for impairment on financing, advances and others									
- Stage 1									(648,106)
- Stage 2									(155,787)
- Stage 3									(131,997)
Net financing, advances and others									55,131,928

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13. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank	Bai' Bithaman Ajil	Murabahah	Bai' Al-Dayn	Bai' Al-Inah	At-Tawarruq	^Ijarah Muntahiah Bit-Tamleek	Istisna'	Ar-Rahnu	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost									
Cash line	-	-	-	1,465	1,287,126	-	-	-	1,288,591
Term financing									
House financing	3,238,398	-	-	-	18,280,073	-	45,780	-	21,564,251
Syndicated financing	-	-	-	-	1,459,016	-	-	-	1,459,016
Leasing financing	-	-	-	-	-	114,300	-	-	114,300
Bridging financing	-	-	-	-	-	-	47,380	-	47,380
Personal financing	-	-	-	5,256	16,816,181	-	-	-	16,821,437
Other term financing	487,567	1,411,820	-	15	10,736,190	-	1,119	-	12,636,711
Staff financing	46,367	15,847	-	-	307,861	-	7,584	-	377,659
Credit cards	-	-	-	-	447,471	-	-	-	447,471
Trade bills discounted	-	631,567	31,221	3,034	164,888	-	-	-	830,710
Trust receipts	-	5,584	5	-	-	-	-	-	5,589
Pawn broking	-	-	-	-	-	-	-	5,481	5,481
	<u>3,772,332</u>	<u>2,064,818</u>	<u>31,226</u>	<u>9,770</u>	<u>49,498,806</u>	<u>114,300</u>	<u>101,863</u>	<u>5,481</u>	<u>55,598,596</u>
Allowance for impairment on financing, advances and others									
- Stage 1									(653,983)
- Stage 2									(151,446)
- Stage 3									(122,532)
Net financing, advances and others									<u><u>54,670,635</u></u>

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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	
		31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
House financing					
Unrestricted Investment Accounts	17	8,339,148	8,740,902	8,339,333	8,740,902
Sold to Cagamas with recourse	18	<u>1,501,187</u>	<u>1,501,187</u>	<u>1,501,187</u>	<u>1,501,187</u>
		<u>9,840,335</u>	<u>10,242,089</u>	<u>9,840,520</u>	<u>10,242,089</u>
Personal financing					
Unrestricted Investment Accounts	17	<u>3,039,748</u>	<u>3,627,626</u>	<u>3,039,933</u>	<u>3,627,626</u>

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

(b) By type of customer

	Group and Bank	
	31.03.2021 RM'000	31.12.2020 RM'000
Domestic non-bank financial institutions	1,417,133	1,473,316
Domestic business enterprise	9,894,062	9,859,263
Small and medium industries	1,840,341	1,799,003
Government and statutory bodies	735,962	743,051
Individuals	41,805,831	41,353,603
Other domestic entities	100,797	102,008
Foreign entities	<u>273,692</u>	<u>268,352</u>
	<u>56,067,818</u>	<u>55,598,596</u>

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13. Financing, advances and others (continued)

(c) By profit rate sensitivity

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Fixed rate		
House financing	713,235	732,437
Others	3,772,701	3,859,673
Floating rate		
House financing	21,909,034	21,485,764
Others	29,672,848	29,520,722
	<u>56,067,818</u>	<u>55,598,596</u>

(d) By remaining contractual maturity

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Maturity within one year	3,726,325	3,660,883
More than one year to three years	1,461,119	1,516,856
More than three years to five years	3,382,298	3,272,167
More than five years	47,498,076	47,148,690
	<u>56,067,818</u>	<u>55,598,596</u>

(e) By geographical distribution

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Central Region	25,883,832	25,745,132
Eastern Region	8,807,518	8,757,468
Northern Region	7,493,885	7,431,066
Southern Region	9,556,138	9,416,361
East Malaysia Region	4,326,445	4,248,569
	<u>56,067,818</u>	<u>55,598,596</u>

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13. Financing, advances and others (continued)

(f) By sector

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Primary agriculture	1,030,390	1,044,451
Mining and quarrying	73,173	67,305
Manufacturing (including agro-based)	968,860	1,001,272
Electricity, gas and water	2,003,992	2,032,684
Wholesale & retail trade, and hotels & restaurants	919,819	951,149
Construction	2,825,434	2,736,468
Transport, storage and communications	661,106	681,659
Finance, insurance, real estate and business activities	4,611,779	4,557,954
Education, health and others	1,163,498	1,168,902
Household sectors	41,809,767	41,356,752
	<u>56,067,818</u>	<u>55,598,596</u>

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

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
At 1 January	373,234	433,001
Classified as impaired during the period/ year	120,565	311,012
Reclassified as not impaired during the period/ year	(46,431)	(190,989)
Amount recovered	(24,944)	(67,114)
Amount written-off	(23,289)	(112,676)
At 31 March/ 31 December	<u>399,135</u>	<u>373,234</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>0.71%</u>	<u>0.67%</u>

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

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13. Financing, advances and others (continued)

(h) Impaired financing by geographical distribution

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Central Region	185,059	174,617
Eastern Region	92,552	86,291
Northern Region	78,837	78,220
Southern Region	27,469	19,167
East Malaysia Region	15,218	14,939
	<u>399,135</u>	<u>373,234</u>

(i) Impaired financing by sector

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Manufacturing (including agro-based)	27,729	28,328
Wholesale & retail trade, and hotels & restaurants	88,884	89,812
Construction	39,208	36,220
Transport, storage and communications	17,305	17,801
Finance, insurance, real estate and business activities	6,834	6,141
Education, health and others	3,993	3,969
Household sectors	215,182	190,963
	<u>399,135</u>	<u>373,234</u>

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13. Financing, advances and others (continued)

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

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	431,135	148,115	172,197	751,447
Transfer to Stage 1	1,245	(1,179)	(66)	-
Transfer to Stage 2	(7,782)	10,508	(2,726)	-
Transfer to Stage 3	(264)	(7,659)	7,923	-
Net allowance made during the year	134,059	13,592	60,558	208,209
New financial assets originated or purchased	139,295	6,403	686	146,384
Financial assets that have been derecognised	(44,708)	(18,334)	(3,364)	(66,406)
Write-offs	-	-	(112,676)	(112,676)
Exchange differences	1,003	-	-	1,003
At 31 December 2020/ 1 January 2021	653,983	151,446	122,532	927,961
Transfer to Stage 1	2,060	(2,043)	(17)	-
Transfer to Stage 2	(4,190)	6,293	(2,103)	-
Transfer to Stage 3	(55)	(12,922)	12,977	-
Net allowance made during the period	(7,093)	18,176	23,021	34,104
New financial assets originated or purchased	13,362	2,617	-	15,979
Financial assets that have been derecognised	(8,589)	(7,780)	(1,125)	(17,494)
Write-offs	-	-	(23,288)	(23,288)
Exchange differences	(1,372)	-	-	(1,372)
At 31 March 2021	648,106	155,787	131,997	935,890

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14. Other financial assets at amortised cost

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Corporate sukuk	5,289	5,289	5,289	5,289
Other receivables	148,624	168,256	146,174	157,952
Deposit and prepayments	46,660	41,012	46,016	40,457
Related companies*	1,416	1,056	1,568	1,154
	201,989	215,613	199,047	204,852
Less: Allowance for impairment				
Stage 3				
-Corporate sukuk	(5,289)	(5,289)	(5,289)	(5,289)
-Other receivables	(2,975)	(2,975)	(2,975)	(2,975)
	193,725	207,349	190,783	196,588

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

15. Right-of-use assets and lease liabilities

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

	Group and Bank	
	31.03.2021	31.12.2020
	RM'000	RM'000
Right-of-use assets:		
Buildings	205,145	209,736
Lease liabilities	309,062	312,429

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

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation charge on right-of-use assets	4,601	18,348	4,601	18,317
Finance cost	4,360	17,836	4,360	17,835
Expenses relating to short-term leases	8,398	35,192	8,468	35,477

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16. Deposits from customers

a) By type and Shariah contract

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Saving Deposit				
<i>Qard</i>	6,766,866	6,051,242	6,766,866	6,051,242
Demand Deposit				
<i>Qard</i>	11,517,170	11,742,875	11,525,964	11,752,697
Term Deposit	31,634,110	33,163,038	31,642,523	33,171,405
Special Investment Deposit <i>Mudharabah</i>	3,663	3,662	3,663	3,662
General Investment Deposit <i>Mudharabah</i>	170,511	176,359	170,511	176,359
Term Deposit <i>Tawarruq</i>	30,075,798	31,496,106	30,084,211	31,504,473
Negotiable Islamic Debt Certificates (NIDC)	1,384,138	1,486,911	1,384,138	1,486,911
Others	<u>105,646</u>	<u>120,107</u>	<u>105,646</u>	<u>120,107</u>
Total Deposits	<u>50,023,792</u>	<u>51,077,262</u>	<u>50,040,999</u>	<u>51,095,451</u>

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Due within six months	16,792,616	18,093,028	16,792,952	18,093,941
More than six months to one year	10,357,798	9,960,654	10,357,798	9,962,675
More than one year to three years	1,837,574	2,336,348	1,845,651	2,341,781
More than three years to five years	2,646,122	2,773,008	2,646,122	2,773,008
	<u>31,634,110</u>	<u>33,163,038</u>	<u>31,642,523</u>	<u>33,171,405</u>

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16. Deposits from customers (continued)

c) By type of customers

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	6,987,211	6,901,831	7,004,418	6,920,020
Business enterprises	18,715,704	20,921,604	18,715,704	20,921,604
Government and statutory bodies	12,908,943	13,033,032	12,908,943	13,033,032
Individuals	7,650,979	7,042,432	7,650,979	7,042,431
Domestic banking institutions	870,324	718,962	870,324	718,962
Others	2,890,631	2,459,401	2,890,631	2,459,402
	<u>50,023,792</u>	<u>51,077,262</u>	<u>50,040,999</u>	<u>51,095,451</u>

17. Investment accounts of customers

(a) By type and Shariah contract

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
Without maturity				
<i>Mudharabah</i>	5,299,399	5,113,275	5,299,399	5,113,275
- <i>Saving</i>	4,689,171	4,446,643	4,689,171	4,446,643
- <i>Demand</i>	610,228	666,632	610,228	666,632
With maturity				
<i>Wakalah</i>	6,079,497	7,255,253	6,079,867	7,255,622
	<u>11,378,896</u>	<u>12,368,528</u>	<u>11,379,266</u>	<u>12,368,897</u>
Restricted investment accounts ("RIA") managed by the Bank[^]				
With maturity				
<i>Wakalah</i>	5,612	11,915	5,612	11,915

[^] The Bank has an arrangement with its ultimate holding entity where the Bank acts as an investment agent to manage and administer the RIA.

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17. Investment accounts of customers (continued)

(b) By type of customers

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Individuals	5,112,147	4,840,308	5,112,147	4,840,308
Government and statutory bodies	4,000,942	4,385,196	4,000,942	4,385,196
Business enterprises	968,269	1,130,539	968,269	1,130,539
Non-bank financial institutions	1,168,384	1,861,096	1,168,754	1,861,465
International Islamic Bank	-	-	-	-
Others	129,154	151,389	129,154	151,389
	<u>11,378,896</u>	<u>12,368,528</u>	<u>11,379,266</u>	<u>12,368,897</u>

18. Recourse obligations on financing sold to Cagamas

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

19. Subordinated Sukuk Murabahah

	Note	Group and Bank	
		31.03.2021 RM'000	31.12.2020 RM'000
<i>Issued under the RM1.0 billion Subordinated Sukuk Murabahah Programme</i>			
Third tranche	(a)	<u>305,804</u>	<u>302,046</u>
<i>Issued under the RM10.0 billion Sukuk Murabahah Programme</i>			
First tranche	(b)	306,053	302,243
Second tranche	(c)	400,246	403,904
Third tranche	(d)	<u>711,185</u>	<u>704,971</u>
		<u>1,417,484</u>	<u>1,411,118</u>
		<u>1,723,288</u>	<u>1,713,164</u>
Finance cost on Subordinated Sukuk Murabahah		<u>17,480</u>	<u>73,622</u>

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19. Subordinated Sukuk Murabahah (continued)

The details of the issued subordinated Sukuk are as follows:

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

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

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

20. Other liabilities

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Other payables	443,544	357,571	439,396	344,347
Advance payment	565,422	680,508	565,422	680,508
Accruals	32,650	98,784	30,714	97,030
	1,041,616	1,136,863	1,035,532	1,121,885

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21. Income derived from investment of depositors' funds

Group and Bank	3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Income derived from investment of:		
(i) Saving and demand deposits	197,771	228,136
(ii) General investment deposits	2,363	3,621
(iii) Term deposits	337,508	444,118
(iv) Other deposits	15,114	15,152
	<u>552,756</u>	<u>691,027</u>

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

Group and Bank	3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	166,465	172,123
Financial assets:		
- at FVTPL	1,752	2,065
- at FVOCI	18,589	20,508
Money at call and deposits with financial institutions	4,051	3,490
	<u>190,857</u>	<u>198,186</u>
<i>Other dealing income</i>		
Net loss from sale of financial assets at FVTPL	(2,539)	(1,474)
Net loss on revaluation of financial assets at FVTPL	(679)	(555)
	<u>(3,218)</u>	<u>(2,029)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	10,132	31,979
	<u>197,771</u>	<u>228,136</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	3,340	2,967
<i>Unwinding of modification loss</i>	227	-
	<u>227</u>	<u>-</u>

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

(ii) Income derived from investment of general investment deposits

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	2,050	2,871
Financial assets:		
- at FVTPL	17	27
- at FVOCI	183	271
Money at call and deposits with financial institutions	42	55
	2,292	3,224
<i>Other dealing income</i>		
Net loss from sale of financial assets at FVTPL	(24)	(18)
Net loss on revaluation of financial assets at FVTPL	(7)	(7)
	(31)	(25)
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	102	422
	2,363	3,621
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	33	39
<i>Unwinding of modification loss</i>	2	-

(iii) Income derived from investment of term deposits

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	283,598	334,787
Financial assets:		
- at FVTPL	2,989	3,986
- at FVOCI	31,736	39,936
Money at call and deposits with financial institutions	6,929	6,792
	325,252	385,501

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

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

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<i>Other dealing income</i>		
Net loss from sale of financial assets at FVTPL	(4,236)	(2,616)
Net loss on revaluation of financial assets at FVOCI	(1,141)	(925)
	<u>(5,377)</u>	<u>(3,541)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	17,633	62,158
	<u>337,508</u>	<u>444,118</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	5,768	5,774
<i>Unwinding of modification loss</i>	374	-
	<u>374</u>	<u>-</u>

(iv) Income derived from investment of other deposits

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<i>Finance income and hibah</i>		
Financing, advances and others	12,702	11,678
Financial assets:		
- at FVTPL	135	141
- at FVOCI	1,423	1,383
Money at call and deposits with financial institutions	309	241
	<u>14,569</u>	<u>13,443</u>

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

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

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
<i>Other dealing income</i>		
Net loss from sale of financial assets at FVTPL	(186)	(180)
Net loss on revaluation of financial assets at FVTPL	(64)	(88)
	<u>(250)</u>	<u>(268)</u>
<i>Other operating income</i>		
Net gain from sale of financial assets at FVOCI	795	1,977
	<u>15,114</u>	<u>15,152</u>
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	254	197
<i>Unwinding of modification loss</i>	13	-
	<u>13</u>	<u>-</u>

22. Income derived from investment account funds

Group and Bank	3 months ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Finance income		
Unrestricted investment accounts		
- <i>Mudharabah</i>	48,299	39,060
- <i>Wakalah</i>	69,543	98,181
Unwinding of modification loss	1,123	-
	<u>118,965</u>	<u>137,241</u>

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23. Income derived from investment of shareholders' funds

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
<i>Finance income and hibah</i>				
Financing, advances and others	2,175	1,481	2,175	1,481
Financial assets at FVOCI	44,713	47,020	44,713	47,020
Money at call and deposits with financial institutions	3	2	1	1
	<u>46,891</u>	<u>48,503</u>	<u>46,889</u>	<u>48,502</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	10,958	15,751	10,976	15,755
Net loss on revaluation of financial assets at FVTPL	(7,337)	(25,325)	(7,337)	(25,323)
Net derivatives gain	1	15	1	15
	<u>3,622</u>	<u>(9,559)</u>	<u>3,640</u>	<u>(9,553)</u>
<i>Other operating income</i>				
Gross dividend income from:				
- unit trust in Malaysia	26	54	-	10
- income from rebate on investment in unit trust	494	-	494	-
	<u>520</u>	<u>54</u>	<u>494</u>	<u>10</u>
<i>Fees and commission</i>				
Fees	40,249	48,906	33,798	40,381
Commission	2,541	3,689	3,806	4,823
Others	4,009	2,852	4,215	3,182
	<u>46,799</u>	<u>55,447</u>	<u>41,819</u>	<u>48,386</u>
<i>Other income</i>				
Net gain on disposal of property and equipment	575	-	575	-
Rental income	703	684	802	775
Other income	84	55	13	32
	<u>1,362</u>	<u>739</u>	<u>1,390</u>	<u>807</u>
	<u>99,194</u>	<u>95,184</u>	<u>94,232</u>	<u>88,152</u>

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24. Net allowance for impairment on financing and advances

Group and Bank	3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Net allowance for impairment on financing, advances and others:		
- Stage 1	(2,320)	475
- Stage 2	13,013	37,686
- Stage 3	21,896	20,010
	<u>32,589</u>	<u>58,171</u>
Bad debts and financing recovered	(20,749)	(27,433)
	<u>11,840</u>	<u>30,738</u>

25. Income attributable to depositors

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Deposits from customers				
- Mudharabah fund	792	1,613	792	1,613
- Non-Mudharabah fund	181,677	288,751	181,726	288,819
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah fund	10	-	10	-
Recourse obligation on financing sold to Cagamas	17,734	17,784	17,734	17,784
	<u>200,213</u>	<u>308,148</u>	<u>200,262</u>	<u>308,216</u>

26. Income attributable to investment account holders

	Group and Bank	
	3 months ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Unrestricted investment accounts		
- <i>Mudharabah</i>	3,139	2,671
- <i>Wakalah</i>	35,092	66,387
	<u>38,231</u>	<u>69,058</u>

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	Group		Bank	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	130,049	129,440	126,487	126,558
Employees' Provident Fund	20,342	17,757	19,859	17,338
Other staff related costs	18,030	15,323	17,741	14,879
	<u>168,421</u>	<u>162,520</u>	<u>164,087</u>	<u>158,775</u>

28. Other overhead expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Credit and debit card expenses	10,785	10,001	10,785	10,001
Advertisement and publicity	3,906	3,575	3,889	3,496
Others	3,336	5,296	1,957	2,379
	<u>18,027</u>	<u>18,872</u>	<u>16,631</u>	<u>15,876</u>
<i>Establishment</i>				
Office rental	7,121	8,162	7,206	8,253
Depreciation of property and equipment	14,835	14,002	14,788	13,950
Depreciation right-of-use assets	4,601	4,575	4,601	4,562
Information technology related expenses	18,630	16,551	18,630	16,551
Security services	2,329	2,877	2,329	2,877
Utilities	3,261	3,168	3,240	3,151
Office maintenance	2,653	3,193	2,605	3,137
Rental of equipment	1,277	1,529	1,262	1,509
Takaful	929	738	928	737
Others	281	281	281	281
	<u>55,917</u>	<u>55,076</u>	<u>55,870</u>	<u>55,008</u>
<i>General expenses</i>				
Outsourcing fees	5,472	5,733	5,472	5,733
Office supplies	2,401	2,605	2,385	2,575
Subscription fees	3,275	1,759	3,274	1,759
SMS service charges	4,249	2,455	4,249	2,455
Security services – cash in transit	1,075	1,615	1,075	1,615
Professional fees	3,547	2,578	3,492	2,519
Others	18,563	15,482	19,737	16,158
	<u>38,582</u>	<u>32,227</u>	<u>39,684</u>	<u>32,814</u>
	<u>112,526</u>	<u>106,175</u>	<u>112,185</u>	<u>103,698</u>

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29. Finance cost

	Note	Group		Bank	
		3 months ended		3 months ended	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		RM'000	RM'000	RM'000	RM'000
Finance cost:					
- Subordinated Sukuk Murabahah	19	17,480	17,684	17,480	17,684
- Profit expense on leases	15	4,360	4,529	4,360	4,528
		<u>21,840</u>	<u>22,213</u>	<u>21,840</u>	<u>22,212</u>

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30. Segmental Reporting on Revenue, Profit and Assets

Group	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 31 March 2021</u>						
Total Revenue	473,715	151,780	136,254	14,169	(4,996)	770,922
Net fund based income	270,393	94,505	33,789	61,694	-	460,381
Non-fund based income	35,766	6,078	23,387	11,813	(4,947)	72,097
Net income	306,159	100,583	57,176	73,507	(4,947)	532,478
Net allowance for impairment	(17,105)	5,449	41	-	-	(11,615)
Profit before overheads, zakat & tax						520,863
Operating expenses						(306,388)
Profit before zakat & tax						214,475
<u>3 months ended 31 March 2020</u>						
Total Revenue	529,322	177,626	206,830	14,398	(4,606)	923,570
Net fund based income	250,479	95,116	23,519	39,777	-	408,891
Non-fund based income	36,735	11,580	80,914	12,782	(4,538)	137,473
Net income	287,214	106,696	104,433	52,559	(4,538)	546,364
Net allowance for impairment	(24,603)	(6,136)	395	15	-	(30,329)
Profit before overheads, zakat & tax	262,611	100,560	104,829	52,574	(4,538)	516,036
Operating expenses						(294,486)
Profit before zakat & tax						221,550

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

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 31 March 2021</u>						
Segment assets	41,311,605	13,820,323	15,548,449	45,533	(34,269)	70,691,641
Unallocated assets						<u>1,673,118</u>
Total assets						<u><u>72,364,759</u></u>
 <u>At 31 December 2020</u>						
Segment assets	40,874,237	13,796,398	18,286,566	54,179	(35,164)	72,976,216
Unallocated assets						<u>1,660,806</u>
Total assets						<u><u>74,637,022</u></u>

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31. Fair value of Financial Instruments

Fair value hierarchy

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

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

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

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31. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Group 31 March 2021 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	-	1,532,387	-	1,532,387	-	1,532,387	1,532,387
Derivative financial assets	-	51,725	-	51,725	-	51,725	51,725
Financial assets at FVOCI	12,875	11,671,617	50,196	11,734,688	-	11,734,688	11,734,688
Financing, advances and others	-	-	-	-	58,447,665	58,447,665	55,131,928
<i>Financial liabilities</i>							
Derivative financial liabilities	-	39,248	-	39,248	-	39,248	39,248
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,559,100	1,559,100	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,720,358	1,720,358	1,723,288
31 December 2020							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,181,200	-	1,181,200	-	1,181,200	1,181,200
Derivative financial assets	-	61,665	-	61,665	-	61,665	61,665
Financial assets at FVOCI	13,755	12,494,040	50,196	12,557,991	-	12,557,991	12,557,991
Financing, advances and others	-	-	-	-	58,065,344	58,065,344	54,670,635
<i>Financial liabilities</i>							
Derivative financial liabilities	-	105,872	-	105,872	-	105,872	105,872
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,577,805	1,577,805	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,730,236	1,730,236	1,713,164

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31. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Bank 31 March 2021 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	-	1,526,580	-	1,526,580	-	1,526,580	1,526,580
Derivative financial assets	-	51,725	-	51,725	-	51,725	51,725
Financial assets at FVOCI	12,875	11,671,617	50,934	11,735,426	-	11,735,426	11,735,426
Financing, advances and others	-	-	-	-	58,447,665	58,447,665	55,131,928
<i>Financial liabilities</i>							
Derivative financial liabilities	-	39,248	-	39,248	-	39,248	39,248
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,559,100	1,559,100	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,720,358	1,720,358	1,723,288
31 December 2020							
RM'000							
<i>Financial assets</i>							
Financial assets at FVTPL	-	1,175,440	-	1,175,440	-	1,175,440	1,175,440
Derivative financial assets	-	61,665	-	61,665	-	61,665	61,665
Financial assets at FVOCI	13,755	12,494,040	50,934	12,558,729	-	12,558,729	12,558,729
Financing, advances and others	-	-	-	-	58,065,344	58,065,344	54,670,635
<i>Financial liabilities</i>							
Derivative financial liabilities	-	105,872	-	105,872	-	105,872	105,872
Recourse obligations on financing sold to Cagamas	-	-	-	-	1,577,805	1,577,805	1,501,187
Subordinated Sukuk Murabahah	-	-	-	-	1,730,236	1,730,236	1,713,164

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31. Fair value of Financial Instruments (continued)

Fair value hierarchy (continued)

Unobservable inputs used in measuring fair value

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

(a) Financial instruments carried at fair value

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) 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.

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

The fair values of Subordinated Sukuk Murabahah obligations and recourse obligations on financing sold to Cagamas are estimated by discounting the expected future cash flows using the applicable prevailing profit rates for borrowings with similar risks profiles.

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32. Commitment and Contingencies

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

As at 31 March 2021	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000	
<i>Credit related exposures</i>				
Direct credit substitutes	488,621	488,621	486,634	
Transaction related contingent items	885,518	442,759	430,810	
Short-term self-liquidating trade related contingencies	569,094	113,819	112,496	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	929,840	464,920	356,491	
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	8,486,141	-	-	
	<u>11,359,214</u>	<u>1,510,119</u>	<u>1,386,431</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	7,559,672	50,077	125,056	100,436
- one year to less than five years	104,912	-	5,246	1,049
Profit rate related contracts				
- one year to less than five years	105,509	1,648	3,602	2,758
	<u>7,770,093</u>	<u>51,725</u>	<u>133,904</u>	<u>104,243</u>
Total	<u>19,129,307</u>	<u>51,725</u>	<u>1,644,023</u>	<u>1,490,674</u>

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32. Commitment and Contingencies (continued)

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

As at 31 December 2020	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>			
Direct credit substitutes	449,506	449,506	442,426
Transaction related contingent items	899,541	449,770	436,481
Short-term self-liquidating trade related contingencies	592,744	118,549	117,165
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	938,247	469,124	362,317
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	8,676,980	-	-
	11,557,018	1,486,949	1,358,389
	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000
			Risk Weighted Asset RM'000
<i>Derivative Financial Instruments</i>			
Foreign exchange related contracts			
- less than one year	8,518,422	59,494	143,217
Profit rate related contracts			
- one year to less than five years	114,056	2,171	5,414
	8,632,478	61,665	148,631
Total	20,189,496	61,665	1,635,580
			1,423,021

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33. Capital adequacy

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

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

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
CET I & Tier I capital ratio	13.863%	14.667%	13.835%	14.642%
Total capital ratio	18.906%	19.822%	18.884%	19.804%

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

	Group		Bank	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	3,306,118	3,306,118	3,306,118	3,306,118
Retained earnings	2,891,023	2,891,023	2,884,760	2,884,760
Other reserves	(147,328)	88,558	(147,206)	88,707
<u>Less:</u>				
Deferred tax assets	(35,305)	(1,511)	(33,874)	-
Gain on financial instruments classified as FVOCI	-	(103,564)	-	(103,564)
Investment in subsidiaries	-	-	(15,525)	(15,525)
Total CET I and Tier I Capital	<u>6,014,508</u>	<u>6,180,624</u>	<u>5,994,273</u>	<u>6,160,496</u>
Sukuk Murabahah	1,700,000	1,700,000	1,700,000	1,700,000
Loss provision ^	487,830	472,256	487,677	472,005
Total Tier II Capital	<u>2,187,830</u>	<u>2,172,256</u>	<u>2,187,677</u>	<u>2,172,005</u>
Total Capital	<u>8,202,338</u>	<u>8,352,880</u>	<u>8,181,950</u>	<u>8,332,501</u>

^ 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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33. Capital adequacy (continued)

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

	Group		Bank	
	31.03.2021 RM'000	31.12.2020 RM'000	31.03.2021 RM'000	31.12.2020 RM'000
Credit risk	47,301,482	46,862,577	47,289,563	46,842,825
Less : Credit risk absorbed by unrestricted investment accounts	(8,275,079)	(9,082,114)	(8,275,382)	(9,082,416)
	39,026,403	37,780,463	39,014,181	37,760,409
Market risk	610,690	638,925	610,690	638,925
Operational risk	3,747,803	3,719,636	3,702,704	3,675,867
	43,384,896	42,139,024	43,327,575	42,075,201

34. Performance review for the three months ended 31 March 2021

The Group reported profit before zakat and tax of RM214.5 million or a decrease of 3.2% for the three months ended 31 March 2021 as compared to RM221.6 million for the corresponding period ended 31 March 2020. The decrease was mainly due to lower non-fund based income which partially offset by higher net fund based income and lower net allowance on impairment on financing.

Year-on-year net financing assets grew by RM4.7 billion or 9.4% to reach RM55.1 billion as at end of March 2021. Comparatively, customer deposits and investment accounts stood at RM61.4 billion with a year-on-year increased by RM5.9 billion or 10.7%. CASATIA ratio as at end of March 2021 was 38.4%.

The Group's gross impaired financing ratio was 0.71% while the net impaired financing ratio was a negative 1.00% as at end of March 2021 compared to 0.67% and a negative 1.20% respectively as at 31 December 2020. The Banking System gross impaired ratio was 1.59% and the net impaired ratio was negative 0.12% as at end of February 2021.

The key performance ratios as at end March 2021 also compared favourably against most of the Banking System ratios as at end of February 2021. The Bank's return on equity and return on assets based on profit before zakat and tax ("PBZT") were 12.7% and 1.1% respectively against the Banking Systems' 9.2% and 1.1% respectively.

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35. Prospect for 2021

Bank Negara Malaysia (“BNM”) projected 2021 GDP to rebound by 6.0% to 7.5% anchored by increasing private consumption, supported by easing of mobility restrictions and gradual improvement in sentiments amidst vaccine rollout. Taking the accommodative stance, BNM has decided to keep the Overnight Policy Rate (“OPR”) untouched at 1.75% in March. The initiatives under PEMERKASA, a stimulus package worth RM20 billion, along with a new fiscal injection by the government amounting to RM11 billion, aims to jumpstart the economy with four focus areas, which are to control the spread of Covid-19, accelerating the economic recovery, strengthening Malaysia’s competitiveness, and ensuring inclusivity.

The banking industry’s financing activities recorded slower growth, mainly underpinned by lower non-household sector despite higher household sector attributed by strong growth from transport vehicles purchase. As for the industry’s Gross Impaired Financing Ratio (“GIFR”), the performance was slightly better in Feb’21 as it inched down to 1.59% from 1.60% in Jan’21. The stress tests showed that Malaysian banks should continue to pre-emptively identify loans with higher credit risks and set aside additional provisions against future potential losses to ensure their continued resilience.

Despite the challenges, the customers remain at the forefront of the Bank’s commitment in the midst of needing times as the social impact to the community continues to be provided to many beneficiaries and businesses with Sadaqa House, iTEKAD programme, BangKIT microfinance, enhanced targeted repayment assistance (“ETRA”), and targeted relief recovery facility (“TRRF”). Grounded by the six strategic objectives premised on the Bank’s role as Value Based Intermediary (“VBI”) namely Sustainable Prosperity, Valuebased Culture, Community Empowerment, Customer Centricity, Real Economy and Digitalisation, the Bank perseveres in its journey to aspire on becoming a champion in offering Shariah Environmental, Social and Governance (“Shariah-ESG”) total financial solution with leadership in digital banking and social finance. With the Bank nearing towards the transfer of listing that establishes Bank Islam as the first pure-play full-fledged Islamic financial institution to be listed in Malaysia, the exercise should help improve the overall transparency of the Bank whilst unlocking its value for shareholders. The re-organisation of the Group allows the Bank and the subsidiaries to leverage on the strength as a Group and deliver total Islamic financial solutions to the customers whilst continuously pursue traction on the lines of businesses and channels

36. Significant events

On 11 December 2019, the immediate holding company, BIMB Holdings Berhad (“BHB”) had announced and proposed to undertake several corporate exercise (“the Proposals”). Subsequently, BHB has obtained approvals from Minister of Finance (on the recommendation of BNM), BNM, shareholders and warrant holders of BHB and now the Group is in the process of executing the Proposals.

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

BHB on 13 April 2021 has announce that it has completed the book building exercise pursuant to the proposed placement and has raised gross proceeds of RM795.6 million. The proceeds raised together with internal cash of BHB will be used to fully settle BHB’s outstanding sukuk.

The Proposals are now subject to the approvals and/or consent being obtained on the sanction from High Court of Malaya for the settlement of warrants pursuant to the proposed scheme of arrangement and the creditors and/or financiers of the BHB Group, the Bank and identified subsidiaries, if required and any other relevant regulatory authorities and/or parties, if required.