

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

**Statements of Financial Position as at 31 December 2022**

	Note	Group		Bank	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Assets</b>					
Cash and short-term funds	8	<b>7,145,114</b>	5,222,848	<b>7,128,159</b>	5,204,364
Financial assets at fair value through profit or loss ("FVTPL")	9	<b>299,128</b>	1,582,494	<b>272,735</b>	1,550,700
Derivative financial assets	10	<b>123,000</b>	26,037	<b>123,000</b>	26,037
Financial assets at fair value through other comprehensive income ("FVOCI")	11	<b>12,093,417</b>	12,604,204	<b>12,094,304</b>	12,605,067
Financial assets at amortised cost ("AC")	12	<b>3,055,256</b>	1,348,844	<b>3,055,256</b>	1,348,844
Financing, advances and others	13	<b>64,901,994</b>	58,153,769	<b>64,901,994</b>	58,153,769
Other assets	14	<b>600,746</b>	312,954	<b>501,471</b>	257,080
Statutory deposits with Bank Negara Malaysia		<b>950,508</b>	264,050	<b>950,508</b>	264,050
Current tax assets		<b>7,203</b>	7,047	<b>6,662</b>	6,662
Deferred tax assets		<b>212,349</b>	193,214	<b>211,377</b>	191,773
Right-of-use assets	15	<b>184,383</b>	196,000	<b>183,959</b>	195,614
Investments in subsidiaries		-	-	<b>100,905</b>	100,905
Property and equipment		<b>223,995</b>	244,753	<b>221,835</b>	241,952
Intangible assets		<b>54,578</b>	-	<b>54,578</b>	-
<b>Total assets</b>		<b>89,851,671</b>	80,156,214	<b>89,806,743</b>	80,146,817
<b>Liabilities and equity</b>					
Deposits from customers	16	<b>60,707,504</b>	57,338,834	<b>60,821,715</b>	57,363,926
Investment accounts of customers	17	<b>14,461,439</b>	10,452,902	<b>14,564,962</b>	10,561,601
Deposits and placements of banks and other financial institutions		<b>70,068</b>	-	<b>70,068</b>	-
Derivative financial liabilities	10	<b>137,324</b>	20,421	<b>137,324</b>	20,421
Bills and acceptance payable		<b>22,441</b>	20,112	<b>22,441</b>	20,112
Recourse obligations on financing sold to Cagamas	B8(a)	<b>3,005,343</b>	2,001,720	<b>3,005,343</b>	2,001,720
Subordinated sukuk and capital securities	B8(b)	<b>2,222,092</b>	2,014,849	<b>2,222,092</b>	2,014,849
Other liabilities	18	<b>2,070,964</b>	1,570,602	<b>1,910,462</b>	1,538,375
Lease liabilities	15	<b>295,585</b>	303,448	<b>295,167</b>	302,984
Zakat and taxation		<b>62,668</b>	33,388	<b>62,582</b>	33,256
<b>Total liabilities</b>		<b>83,055,428</b>	73,756,276	<b>83,112,156</b>	73,857,244

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

**Statements of Financial Position as at 31 December 2022 (continued)**

	Note	Group		Bank	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Equity</b>					
Share capital		3,645,043	3,445,757	3,645,043	3,445,757
Reserves		3,151,200	2,954,181	3,049,544	2,843,816
<b>Total equity</b>		<u>6,796,243</u>	<u>6,399,938</u>	<u>6,694,587</u>	<u>6,289,573</u>
<b>Total liabilities and equity</b>		<u>89,851,671</u>	<u>80,156,214</u>	<u>89,806,743</u>	<u>80,146,817</u>
<b>Restricted investment accounts managed by the Bank</b>	17	43	849	43	849
<b>Total Islamic banking asset owned and managed by the Bank</b>		<u>89,851,714</u>	<u>80,157,063</u>	<u>89,806,786</u>	<u>80,147,666</u>
<b>Commitments and Contingencies</b>	30	<u>18,883,556</u>	<u>18,764,994</u>	<u>18,883,556</u>	<u>18,764,994</u>
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<u>3.15</u>	<u>3.08</u>	<u>3.11</u>	<u>3.03</u>

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

**Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2022**

Group	Note	3 months ended		12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Income derived from investment of depositors' funds	19	747,691	568,529	2,585,912	2,260,072
Income derived from investment account funds	20	170,258	133,468	587,924	497,538
Income derived from investment of shareholders' funds	21	127,719	126,916	402,459	458,750
Net allowance for impairment on financing and advances, net of recoveries	22	(37,974)	(111,183)	(140,032)	(190,738)
Loss on modification of financial assets		-	(12,838)	-	(48,911)
Net allowance for impairment on other financial assets		48	(715)	959	(7,406)
Direct expenses		(3,076)	(2,806)	(11,414)	(10,938)
<b>Total distributable income</b>		<b>1,004,666</b>	<b>701,371</b>	<b>3,425,808</b>	<b>2,958,367</b>
Wakalah fees from restricted investment accounts		10	201	59	308
Income attributable to depositors	23	(356,683)	(211,097)	(1,072,342)	(818,688)
Income attributable to investment account holders	24	(61,873)	(40,622)	(194,066)	(160,127)
<b>Total net income</b>		<b>586,120</b>	<b>449,853</b>	<b>2,159,459</b>	<b>1,979,860</b>
Personnel expenses	25	(251,275)	(226,671)	(821,955)	(723,830)
Other overhead expenses	26	(117,899)	(122,672)	(483,467)	(461,922)
		216,946	100,510	854,037	794,108
Finance cost	27	(29,635)	(24,105)	(107,171)	(89,887)
<b>Profit before zakat and tax</b>		<b>187,311</b>	<b>76,405</b>	<b>746,866</b>	<b>704,221</b>
Zakat		(2,448)	(1,029)	(13,682)	(12,275)
Tax expense	B5	(59,125)	4,262	(241,512)	(157,641)
<b>Profit for the period/year</b>		<b>125,738</b>	<b>79,638</b>	<b>491,672</b>	<b>534,305</b>
<b>Earnings per share (sen)</b>	B11			<b>22.86</b>	21.87

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

**Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2022**

Group	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the period/year	<u>125,738</u>	<u>79,638</u>	<u>491,672</u>	<u>534,305</u>
<b>Other comprehensive income, net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of Labuan operations	3,902	1,466	11,076	(14,774)
Movement in fair value reserve (debt instruments):				
Net change in fair value	114,202	(62,750)	(101,101)	(303,103)
Changes in expected credit loss	48	41	(3,975)	(6,834)
Net amount transferred to profit or loss	-	(4,685)	(1,181)	(87,903)
Income tax effect relating to components of other comprehensive income	<u>(27,477)</u>	<u>15,364</u>	<u>26,171</u>	<u>94,671</u>
	<b>90,675</b>	<b>(50,564)</b>	<b>(69,010)</b>	<b>(317,943)</b>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>(1,372)</u>	<u>15,544</u>	<u>(1,495)</u>	<u>13,583</u>
<b>Other comprehensive income for the period/year, net of tax</b>	<u>89,303</u>	<u>(35,020)</u>	<u>(70,505)</u>	<u>(304,360)</u>
<b>Total comprehensive income for the period/year</b>	<u>215,041</u>	<u>44,618</u>	<u>421,167</u>	<u>229,945</u>

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

**Statements of Profit or Loss for the fourth quarter and financial year ended 31 December 2022**

Bank	Note	3 months ended		12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Income derived from investment of depositors' funds	19	747,691	568,529	2,585,912	2,260,072
Income derived from investment account funds	20	170,258	133,468	587,924	497,538
Income derived from investment of shareholders' funds	21	121,579	119,215	378,885	430,950
Net allowance for impairment on financing and advances, net of recoveries	22	(37,974)	(111,183)	(140,032)	(190,738)
Loss on modification of financial assets		-	(12,838)	-	(48,911)
Net allowance for impairment on other financial assets		48	(715)	959	(7,406)
Direct expenses		(3,076)	(2,806)	(11,414)	(10,938)
<b>Total distributable income</b>		<b>998,526</b>	<b>693,670</b>	<b>3,402,234</b>	<b>2,930,567</b>
Wakalah fees from restricted investment accounts		10	201	59	308
Income attributable to depositors	23	(356,730)	(211,149)	(1,072,524)	(818,883)
Income attributable to investment account holders	24	(62,553)	(41,110)	(196,535)	(160,643)
<b>Total net income</b>		<b>579,253</b>	<b>441,612</b>	<b>2,133,234</b>	<b>1,951,349</b>
Personnel expenses	25	(242,081)	(219,022)	(788,420)	(701,784)
Other overhead expenses	26	(119,315)	(114,592)	(483,266)	(449,062)
		217,857	107,998	861,548	800,503
Finance cost	27	(29,630)	(24,098)	(107,156)	(89,878)
<b>Profit before zakat and tax</b>		<b>188,227</b>	<b>83,900</b>	<b>754,392</b>	<b>710,625</b>
Zakat		(2,372)	(972)	(13,622)	(12,222)
Tax expense		(59,101)	4,434	(240,369)	(157,256)
<b>Profit for the period/year</b>		<b>126,754</b>	<b>87,362</b>	<b>500,401</b>	<b>541,147</b>

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**(Incorporated in Malaysia)**  
**Unaudited Interim Financial Statements**

**Statements of Other Comprehensive Income for the fourth quarter and financial year ended 31 December 2022**

Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the period/year	<u>126,754</u>	<u>87,362</u>	<u>500,401</u>	<u>541,147</u>
<b>Other comprehensive income, net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Currency translation differences in respect of Labuan operations	3,987	1,596	11,056	(14,680)
Movement in fair value reserve (debt instruments):				
Net change in fair value	114,202	(62,875)	(101,125)	(303,228)
Changes in expected credit loss	48	41	(3,975)	(6,834)
Net amount transferred to profit or loss	-	(4,685)	(1,181)	(87,903)
Income tax effect relating to components of other comprehensive income	<u>(27,477)</u>	<u>15,364</u>	<u>26,171</u>	<u>94,671</u>
	<b>90,760</b>	<b>(50,559)</b>	<b>(69,054)</b>	<b>(317,974)</b>
<b>Items that will not be reclassified to profit or loss</b>				
Movement in fair value reserve (equity instruments):				
Net change in fair value	<u>(1,372)</u>	<u>15,669</u>	<u>(1,471)</u>	<u>13,708</u>
<b>Other comprehensive income for the period/year, net of tax</b>	<u>89,388</u>	<u>(34,890)</u>	<u>(70,525)</u>	<u>(304,266)</u>
<b>Total comprehensive income for the period/year</b>	<u>216,142</u>	<u>52,472</u>	<u>429,876</u>	<u>236,881</u>

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

**Consolidated Statement of Changes in Equity for the financial year ended 31 December 2022**

Group	<i>← Attributable to equity holders →</i>			Total Equity RM'000
	<i>← Non-distributable →</i> Share capital RM'000	Other Reserves RM'000	Distributable Retained earnings RM'000	
<b>At 1 January 2022</b>	3,445,757	(10,899)	2,965,080	6,399,938
Profit for the year	-	-	491,672	491,672
Currency translation difference in respect of Labuan operations	-	11,076	-	11,076
Fair value reserve (debt instruments):				
Net change in fair value	-	(101,101)	-	(101,101)
Changes in expected credit loss	-	(3,975)	-	(3,975)
Net amount transferred to profit or loss	-	(1,181)	-	(1,181)
Income tax effect relating to components of other comprehensive income	-	26,171	-	26,171
Fair value reserve (equity instruments):				
Net change in fair value	-	(1,495)	-	(1,495)
Total comprehensive income for the year	-	(70,505)	491,672	421,167
Transfer to regulatory reserve	-	136,000	(136,000)	-
Dividends paid on ordinary shares	-	-	(224,148)	(224,148)
Issue of shares pursuant to Dividend Reinvestment Plan	199,286	-	-	199,286
<b>At 31 December 2022</b>	<b>3,645,043</b>	<b>54,596</b>	<b>3,096,604</b>	<b>6,796,243</b>

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

**Consolidated Statement of Changes in Equity for the financial year ended 31 December 2022 (continued)**

Group	<i>← Attributable to equity holders →</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
	<b>Share capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2021</b>	3,306,118	182,274	2,797,307	6,285,699
Profit for the year	-	-	534,305	534,305
Currency translation difference in respect of Labuan operations	-	(14,774)	-	(14,774)
Fair value reserve (debt instruments):				
Net change in fair value	-	(303,103)	-	(303,103)
Changes in expected credit loss	-	(6,834)	-	(6,834)
Net amount transferred to profit or loss	-	(87,903)	-	(87,903)
Income tax effect relating to components of other comprehensive income	-	94,671	-	94,671
Fair value reserve (equity instruments):				
Net change in fair value	-	13,583	-	13,583
Total comprehensive income for the year	-	(304,360)	534,305	229,945
Effect on predecessor accounting	-	111,187	-	111,187
Dividends paid on ordinary shares	-	-	(366,532)	(366,532)
Issue of shares pursuant to Dividend Reinvestment Plan	139,639	-	-	139,639
<b>At 31 December 2021</b>	<b>3,445,757</b>	<b>(10,899)</b>	<b>2,965,080</b>	<b>6,399,938</b>

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**(Incorporated in Malaysia)**  
**Unaudited Interim Financial Statements**

**Statement of Changes in Equity for the financial year ended 31 December 2022**

	<i>←— Attributable to equity holders —→</i>			<i>→</i>
	<i>← Non-distributable →</i>	<i>Distributable</i>		
<b>Bank</b>	<b>Share capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2022</b>	<b>3,445,757</b>	<b>(121,843)</b>	<b>2,965,659</b>	<b>6,289,573</b>
Profit for the year	-	-	<b>500,401</b>	<b>500,401</b>
Currency translation difference in respect of Labuan operations	-	<b>11,056</b>	-	<b>11,056</b>
Fair value reserve (debt instruments):				
Net change in fair value	-	<b>(101,125)</b>	-	<b>(101,125)</b>
Changes in expected credit loss	-	<b>(3,975)</b>	-	<b>(3,975)</b>
Net amount transferred to profit or loss	-	<b>(1,181)</b>	-	<b>(1,181)</b>
Income tax effect relating to components of other comprehensive income	-	<b>26,171</b>	-	<b>26,171</b>
Fair value reserve (equity instruments):				
Net change in fair value	-	<b>(1,471)</b>	-	<b>(1,471)</b>
Total comprehensive income for the year	-	<b>(70,525)</b>	<b>500,401</b>	<b>429,876</b>
Transfer to regulatory reserve	-	<b>136,000</b>	<b>(136,000)</b>	-
Dividends paid on ordinary shares	-	-	<b>(224,148)</b>	<b>(224,148)</b>
Issue of shares pursuant to Dividend Reinvestment Plan	<b>199,286</b>	-	-	<b>199,286</b>
<b>At 31 December 2022</b>	<b>3,645,043</b>	<b>(56,368)</b>	<b>3,105,912</b>	<b>6,694,587</b>

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**Unaudited Interim Financial Statements**

**Statement of Changes in Equity for the financial year ended 31 December 2022 (continued)**

	<i>←— Attributable to equity holders —→</i>			
	<i>← Non-distributable →</i>	<i>Distributable</i>		
<b>Bank</b>	<b>Share capital RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total Equity RM'000</b>
<b>At 1 January 2021</b>	3,306,118	182,423	2,791,044	6,279,585
Profit for the year	-	-	541,147	541,147
Currency translation difference in respect of Labuan operations	-	(14,680)	-	(14,680)
Fair value reserve (debt instruments):				
Net change in fair value	-	(303,228)	-	(303,228)
Changes in expected credit loss	-	(6,834)	-	(6,834)
Net amount transferred to profit or loss	-	(87,903)	-	(87,903)
Income tax effect relating to components of other comprehensive income	-	94,671	-	94,671
Fair value reserve (equity instruments):				
Net change in fair value	-	13,708	-	13,708
Total comprehensive income for the year	-	(304,266)	541,147	236,881
Dividends paid on ordinary shares	-	-	(366,532)	(366,532)
Issue of shares pursuant to Dividend Reinvestment Plan	139,639	-	-	139,639
<b>At 31 December 2021</b>	<b>3,445,757</b>	<b>(121,843)</b>	<b>2,965,659</b>	<b>6,289,573</b>

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Unaudited Interim Financial Statements**

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

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit before zakat and tax	<b>746,866</b>	704,221	<b>754,392</b>	710,625
Adjustment for non-cash items	<b>420,677</b>	378,625	<b>416,573</b>	377,764
Operating profit before working capital changes	<b>1,167,543</b>	1,082,846	<b>1,170,965</b>	1,088,389
Changes in working capital:				
Net changes in operating assets	<b>(8,007,208)</b>	(5,182,953)	<b>(7,963,768)</b>	(5,243,874)
Net changes in operating liabilities	<b>9,003,171</b>	4,937,067	<b>8,958,838</b>	5,056,351
Net cash generated from operations	<b>2,163,506</b>	836,960	<b>2,166,035</b>	900,866
Zakat and tax paid	<b>(218,997)</b>	(239,962)	<b>(218,099)</b>	(239,434)
Net cash generated from operating activities	<b>1,944,509</b>	596,998	<b>1,947,936</b>	661,432
Net cash used in investing activities	<b>(92,328)</b>	(774,404)	<b>(94,781)</b>	(857,101)
Net cash generated from financing activities	<b>59,021</b>	198,292	<b>59,592</b>	198,434
Net increase in cash and cash equivalents	<b>1,911,202</b>	20,886	<b>1,912,747</b>	2,765
Cash and cash equivalents at beginning of the year	<b>5,222,848</b>	5,216,737	<b>5,204,364</b>	5,216,280
Exchange difference on translation	<b>11,064</b>	(14,775)	<b>11,048</b>	(14,681)
Cash and cash equivalents at end of the year	<b>7,145,114</b>	5,222,848	<b>7,128,159</b>	5,204,364

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**Unaudited Interim Financial Statements**

**Notes to the unaudited interim financial statements for the financial year ended 31 December 2022**

**1. Basis of preparation**

The unaudited interim financial statements of the Group and of the Bank for the financial year ended 31 December 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 financial year ended 31 December 2022.

**4. Unusual items**

There were no unusual items in the financial year ended 31 December 2022.

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

**5. Changes in accounting estimates**

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the financial year ended 31 December 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 financial year ended 31 December 2022.

**7. Subsequent events during the financial year ended 31 December 2022**

There was no subsequent event during the financial year ended 31 December 2022.

**8. Cash and short-term funds**

	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	817,436	754,313	816,234	751,187
Money at call and interbank placements with remaining maturity not exceeding three months	6,327,678	4,468,535	6,311,925	4,453,177
	<u>7,145,114</u>	<u>5,222,848</u>	<u>7,128,159</u>	<u>5,204,364</u>

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

	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Unit trust	244,260	295,395	217,877	263,611
Malaysian Islamic Treasury Bills	49,847	1,131,574	49,847	1,131,574
Islamic Commercial Paper	-	145,300	-	145,300
Corporate Sukuk	5,021	10,225	5,011	10,215
	<u>299,128</u>	<u>1,582,494</u>	<u>272,735</u>	<u>1,550,700</u>

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

**10. Derivative financial assets/ liabilities**

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

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

Group and Bank	31.12.2022			31.12.2021		
	Notional amount RM'000	Fair value		Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Forward contracts	7,713,420	122,827	(137,223)	7,505,850	25,120	(19,753)
Profit rate swaps	42,286	173	(101)	79,153	917	(668)
	<b>7,755,706</b>	<b>123,000</b>	<b>(137,324)</b>	<b>7,585,003</b>	<b>26,037</b>	<b>(20,421)</b>

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

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Financial assets at FVOCI:				
(a) Debt instruments	12,017,378	12,526,670	12,017,378	12,526,670
(b) Equity instruments	76,039	77,534	76,926	78,397
	<b>12,093,417</b>	<b>12,604,204</b>	<b>12,094,304</b>	<b>12,605,067</b>

**(a) Debt instrument at FVOCI**

	Group and Bank	
	31.12.2022 RM'000	31.12.2021 RM'000
Corporate Sukuk	7,357,640	7,143,163
Malaysian Government Investment Issues	4,344,171	3,497,806
Malaysian Islamic Treasury Bills	315,567	962,313
Islamic Commercial Papers	-	923,388
	<b>12,017,378</b>	<b>12,526,670</b>

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

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

*(a) Debt instrument at FVOCI (continued)*

Movement of allowance for impairment on financial assets at FVOCI:

<b>Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
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	<b>237</b>	<b>-</b>	<b>7,000</b>	<b>7,237</b>
Transfer to Stage 2	(21)	21	-	-
Changes in credit risk	6	460	3,500	3,966
Purchases and origination	46	-	-	46
Derecognition and disposal	(37)	-	-	(37)
At 31 December 2022	<b>231</b>	<b>481</b>	<b>10,500</b>	<b>11,212</b>

*(b) Equity instrument at FVOCI*

	<b>Group</b>		<b>Bank</b>	
	<b>31.12.2022 RM'000</b>	<b>31.12.2021 RM'000</b>	<b>31.12.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
Quoted Shares				
- outside Malaysia	<b>7,000</b>	17,004	<b>7,000</b>	17,004
Unquoted Shares				
- in Malaysia	<b>69,023</b>	60,515	<b>69,910</b>	61,378
- outside Malaysia	<b>16</b>	15	<b>16</b>	15
	<b>69,039</b>	60,530	<b>69,926</b>	61,393
	<b>76,039</b>	77,534	<b>76,926</b>	78,397

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

	<b>Group and Bank</b>	
	<b>31.12.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
<i>Debt instrument at amortised cost:</i>		
Malaysian Government Investment Issues	<b>2,288,813</b>	802,446
Corporate sukuk	<b>668,595</b>	551,687
Malaysian Islamic Treasury Bills	<b>97,848</b>	-
	<b>3,055,256</b>	1,354,133
Less: Allowance for impairment	-	(5,289)
	<b>3,055,256</b>	1,348,844

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

**13. Financing, advances and others**

**(a) By type and Shariah contract**

<b>Group and Bank 31.12.2022</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai' Al-Dayn RM'000</b>	<b>Bai' Al-Inah RM'000</b>	<b>At- Tawarruq RM'000</b>	<b>^Ijarah Muntahiah Bit-Tamleek RM'000</b>	<b>Istisna' RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>								
Cash line	-	-	-	280	1,436,808	-	-	1,437,088
Term financing								
House financing	2,710,203	-	-	-	23,123,198	-	38,521	25,871,922
Syndicated financing	-	-	-	-	1,565,789	-	-	1,565,789
Leasing financing	-	-	-	-	-	81,238	-	81,238
Bridging financing	-	-	-	-	-	-	33,031	33,031
Personal financing	-	-	-	2,188	19,834,524	-	-	19,836,712
Other term financing	181,798	1,402,239	-	-	13,675,552	-	884	15,260,473
Staff financing	35,137	20,709	-	-	482,389	-	5,577	543,812
Credit cards	-	-	-	-	508,104	-	-	508,104
Trade bills discounted	-	539,190	89,410	-	20,388	-	-	648,988
Trust receipts	-	4,565	-	-	-	-	-	4,565
Pawn broking	-	-	-	-	150,135	-	-	150,135
	<b>2,927,138</b>	<b>1,966,703</b>	<b>89,410</b>	<b>2,468</b>	<b>60,796,887</b>	<b>81,238</b>	<b>78,013</b>	<b>65,941,857</b>
Allowance for impairment on financing, advances and others								
- Stage 1								(366,051)
- Stage 2								(224,397)
- Stage 3								(449,415)
<b>Net financing, advances and others</b>								<b>64,901,994</b>

^ 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.



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

**13. Financing, advances and others (continued)**

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

<b>Group and Bank 31.12.2021</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Murabahah RM'000</b>	<b>Bai' Al-Dayn RM'000</b>	<b>Bai' Al-Inah RM'000</b>	<b>At- Tawarruq RM'000</b>	<b>^Ijarah Muntahiah Bit-Tamleek RM'000</b>	<b>Istisna' RM'000</b>	<b>Total RM'000</b>
<b>At amortised cost</b>								
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
	<u>3,313,576</u>	<u>2,124,815</u>	<u>107,820</u>	<u>4,218</u>	<u>53,480,975</u>	<u>96,020</u>	<u>90,311</u>	<u>59,217,735</u>
Allowance for impairment on financing, advances and others								
- Stage 1								(487,308)
- Stage 2								(303,998)
- Stage 3								(272,660)
<b>Net financing, advances and others</b>								<u>58,153,769</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.

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

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements**

**13. Financing, advances and others (continued)**

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

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

	Note	Group		Bank	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
House financing					
Unrestricted					
Investment Accounts	17	10,887,549	8,554,270	10,939,310	8,608,619
Sold to Cagamas with recourse	B8(a)	3,005,343	2,001,720	3,005,343	2,001,720
		<u>13,892,892</u>	<u>10,555,990</u>	<u>13,944,653</u>	<u>10,610,339</u>
Personal financing					
Unrestricted					
Investment Accounts	17	3,573,890	1,898,632	3,625,652	1,952,982

**(b) By type of customer**

	Group and Bank	
	31.12.2022 RM'000	31.12.2021 RM'000
Domestic banking institutions	200,741	200,018
Domestic non-bank financial institutions	1,134,114	1,089,617
Domestic business enterprise	11,388,424	10,137,127
Small and medium industries	2,515,004	2,169,436
Government and statutory bodies	1,895,508	919,583
Individuals	48,636,547	44,451,160
Other domestic entities	15,991	21,676
Foreign entities	155,528	229,118
	<u>65,941,857</u>	<u>59,217,735</u>

**(c) By profit rate sensitivity**

	Group and Bank	
	31.12.2022 RM'000	31.12.2021 RM'000
Fixed rate		
House financing	960,743	983,468
Others	4,578,040	4,645,157
Floating rate		
House financing	25,607,476	23,238,913
Others	34,795,598	30,350,197
	<u>65,941,857</u>	<u>59,217,735</u>

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

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	<b>5,683,188</b>	4,117,569
More than one year to three years	<b>2,353,259</b>	1,731,612
More than three years to five years	<b>3,886,072</b>	3,136,006
More than five years	<b>54,019,338</b>	50,232,548
	<b><u>65,941,857</u></b>	<b><u>59,217,735</u></b>

**(e) By geographical distribution**

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Central Region	<b>30,904,086</b>	26,946,146
Eastern Region	<b>9,980,174</b>	9,368,591
Northern Region	<b>8,825,148</b>	8,066,342
Southern Region	<b>11,281,525</b>	10,247,330
East Malaysia Region	<b>4,950,924</b>	4,589,326
	<b><u>65,941,857</u></b>	<b><u>59,217,735</u></b>

**(f) By sector**

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>876,964</b>	943,610
Mining and quarrying	<b>371,447</b>	373,622
Manufacturing (including agro-based)	<b>615,475</b>	844,204
Electricity, gas and water	<b>2,226,137</b>	2,338,340
Wholesale & retail trade, and hotels & restaurants	<b>1,208,104</b>	927,026
Construction	<b>1,967,534</b>	1,964,818
Transport, storage and communications	<b>2,829,640</b>	733,084
Finance, insurance, real estate and business activities	<b>4,724,887</b>	5,176,288
Education, health and others	<b>2,479,672</b>	1,462,749
Household sectors	<b>48,641,997</b>	44,453,994
	<b><u>65,941,857</u></b>	<b><u>59,217,735</u></b>

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

**13. Financing, advances and others (continued)**

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

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM’000</b>	<b>RM’000</b>
At 1 January 2022/ 2021	568,383	373,234
Classified as impaired during the year	916,357	597,779
Reclassified as not impaired during the year	(290,419)	(212,296)
Amount repaid	(107,468)	(62,385)
Amount written-off	(251,621)	(127,949)
At 31 December 2022/ 2021	<u>835,232</u>	<u>568,383</u>
Gross impaired financing as a percentage of gross financing, advances and others	<u>1.27%</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

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM’000</b>	<b>RM’000</b>
Central Region	510,998	395,781
Eastern Region	95,756	68,146
Northern Region	146,491	74,751
Southern Region	55,567	17,458
East Malaysia Region	26,420	12,247
	<u>835,232</u>	<u>568,383</u>

(i) Impaired financing by sector

	<b>Group and Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM’000</b>	<b>RM’000</b>
Mining and quarrying	257,925	245,596
Manufacturing (including agro-based)	37,452	11,047
Electricity, gas and water	467	-
Wholesale & retail trade, and hotels & restaurants	75,788	79,926
Construction	32,449	39,650
Transport, storage and communications	20,222	6,153
Finance, insurance, real estate and business activities	37,872	3,053
Education, health and others	2,158	9,754
Household sectors	370,899	173,204
	<u>835,232</u>	<u>568,383</u>

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

**13. Financing, advances and others (continued)**

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

<b>Group and Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
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)
At 31 December 2021/1 January 2022	<b>487,308</b>	<b>303,998</b>	<b>272,660</b>	<b>1,063,966</b>
Transfer to Stage 1	1,336	(1,194)	(142)	-
Transfer to Stage 2	(12,582)	13,174	(592)	-
Transfer to Stage 3	(1,753)	(16,769)	18,522	-
Net allowance made during the year	(149,026)	(56,960)	443,813	237,827
New financial assets originated or purchased	87,852	8,033	1,572	97,457
Financial assets that have been derecognised	(42,124)	(25,885)	(34,797)	(102,806)
Write-offs	-	-	(251,621)	(251,621)
Exchange differences	(4,960)	-	-	(4,960)
At 31 December 2022	<b>366,051</b>	<b>224,397</b>	<b>449,415</b>	<b>1,039,863</b>

**14. Other assets**

	<b>Group</b>		<b>Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	550,417	265,271	458,443	214,908
Deposit and prepayments	53,241	50,343	45,939	43,730
Related companies*	1,174	1,071	1,175	2,173
	<b>604,832</b>	316,685	<b>505,557</b>	260,811
Less: Allowance for impairment				
<b>Stage 3</b>				
- Other receivables	(4,086)	(3,731)	(4,086)	(3,731)
	<b>600,746</b>	312,954	<b>501,471</b>	257,080

\* 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.

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

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements**

**15. Right-of-use assets and lease liabilities**

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

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 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	5,569	4,461	5,059	3,920
Depreciation	(17,198)	(18,197)	(16,726)	(18,042)
Effects of movement in exchange rates	12	-	12	-
As at 31 December 2022/ 2021	<u>184,383</u>	<u>196,000</u>	<u>183,959</u>	<u>195,614</u>
Lease liabilities				
As at 1 January 2022/ 2021	303,448	312,429	302,984	312,429
Addition	5,569	4,512	5,059	3,915
Payment of lease liabilities	(30,240)	(30,818)	(29,669)	(30,676)
Finance cost	16,796	17,312	16,781	17,303
Effects of movement in exchange rates	12	13	12	13
As at 31 December 2022/ 2021	<u>295,585</u>	<u>303,448</u>	<u>295,167</u>	<u>302,984</u>

**16. Deposits from customers**

**a) By type and Shariah contract**

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Saving Deposit</b>				
<i>Qard</i>	6,646,714	7,221,380	6,646,714	7,221,380
<b>Demand Deposit</b>				
<i>Qard</i>	13,724,699	12,954,014	13,830,033	12,968,663
<b>Term Deposit</b>	40,220,734	37,044,548	40,229,611	37,054,991
General Investment Deposit				
<i>Mudharabah</i>	118,094	149,833	118,094	149,833
Term Deposit – i				
<i>Tawarruq</i>	39,982,616	35,721,908	39,991,493	35,732,351
Negotiable Islamic Debt				
Certificates (NIDC)	120,024	1,172,807	120,024	1,172,807
<b>Others</b>	115,357	118,892	115,357	118,892
<b>Total Deposits</b>	<u>60,707,504</u>	<u>57,338,834</u>	<u>60,821,715</u>	<u>57,363,926</u>

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

**16. Deposits from customers (continued)**

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Due within six months	27,734,736	22,267,682	27,736,556	22,268,464
More than six months to one year	7,680,524	11,193,457	7,685,806	11,196,267
More than one year to three years	2,074,887	1,252,439	2,076,662	1,259,290
More than three years to five years	2,730,587	2,330,970	2,730,587	2,330,970
	<u>40,220,734</u>	<u>37,044,548</u>	<u>40,229,611</u>	<u>37,054,991</u>

c) By type of customers

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Domestic non-bank financial institutions	6,590,672	6,059,847	6,704,883	6,084,939
Business enterprises	21,229,580	22,935,511	21,229,580	22,935,511
Government and statutory bodies	20,848,877	16,414,063	20,848,877	16,414,063
Individuals	8,748,143	7,864,062	8,748,143	7,864,062
Domestic banking institutions	349,296	976,873	349,296	976,873
Others	2,940,936	3,088,478	2,940,936	3,088,478
	<u>60,707,504</u>	<u>57,338,834</u>	<u>60,821,715</u>	<u>57,363,926</u>

**17. Investment accounts of customers**

(a) By type and Shariah contract

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Unrestricted investment accounts</b>				
Without maturity				
<i>Mudharabah</i>	7,313,658	6,655,637	7,313,658	6,655,637
- <i>Saving</i>	5,086,821	5,343,189	5,086,821	5,343,189
- <i>Demand</i>	2,226,837	1,312,448	2,226,837	1,312,448
With maturity				
<i>Wakalah</i>	7,147,781	3,797,265	7,251,304	3,905,964
	<u>14,461,439</u>	<u>10,452,902</u>	<u>14,564,962</u>	<u>10,561,601</u>
Investment portfolio:				
- <i>House financing</i>	10,887,549	8,554,270	10,939,310	8,608,619
- <i>Personal financing</i>	3,573,890	1,898,632	3,625,652	1,952,982
	<u>14,461,439</u>	<u>10,452,902</u>	<u>14,564,962</u>	<u>10,561,601</u>

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

**17. Investment accounts of customers (continued)**

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

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Restricted investment accounts (“RIA”) managed by the Bank<sup>^</sup></b>				
With maturity				
<i>Wakalah</i>	<u>43</u>	<u>849</u>	<u>43</u>	<u>849</u>
Investment portfolio:				
- <i>Other term financing</i>	<u>43</u>	<u>849</u>	<u>43</u>	<u>849</u>

<sup>^</sup> The Bank has an arrangement with Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RIA.

**(b) By type of customers**

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Individuals	5,390,121	5,745,138	5,390,121	5,745,138
Government and statutory bodies	5,359,249	2,437,046	5,359,249	2,437,046
Business enterprises	2,561,251	1,267,853	2,561,251	1,267,853
Non-bank financial institutions	971,742	835,758	1,075,265	944,457
International Islamic Bank	11,005	-	11,005	-
Others	168,071	167,107	168,071	167,107
	<u>14,461,439</u>	<u>10,452,902</u>	<u>14,564,962</u>	<u>10,561,601</u>

**18. Other liabilities**

	Group		Bank	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Other payables	1,126,596	651,008	968,098	621,696
Dividend payable	224,148	226,893	224,148	226,893
Advance payment	580,612	575,288	580,433	575,288
Accruals	139,608	117,413	137,783	114,498
	<u>2,070,964</u>	<u>1,570,602</u>	<u>1,910,462</u>	<u>1,538,375</u>



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

**19. Income derived from investment of depositors' funds**

Group and Bank	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Saving and demand deposits	242,861	205,742	886,740	808,972
(ii) General investment deposits	1,853	1,945	7,342	8,891
(iii) Term deposit-i	501,464	348,404	1,667,444	1,394,791
(iv) Other deposits	1,513	12,438	24,386	47,418
	<u>747,691</u>	<u>568,529</u>	<u>2,585,912</u>	<u>2,260,072</u>

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	201,777	177,808	755,503	680,037
Financial assets:				
- at FVTPL	590	694	1,251	5,287
- at FVOCI	13,045	15,597	56,550	66,690
- at AC	8,124	2,720	21,153	4,622
Money at call and deposit with financial institutions	17,417	6,154	45,621	21,920
	<u>240,953</u>	<u>202,973</u>	<u>880,078</u>	<u>778,556</u>
<b><i>Other dealing income</i></b>				
Net gain/(loss) from sale of financial assets at FVTPL	302	(282)	1	(2,673)
Net gain on revaluation of financial assets at FVTPL	1,605	1,360	6,252	1,949
	<u>1,907</u>	<u>1,078</u>	<u>6,253</u>	<u>(724)</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	1	1,691	409	31,139
<b><i>Other operating income</i></b>				
Gain on disposal of lease assets	-	-	-	1
	<u>242,861</u>	<u>205,742</u>	<u>886,740</u>	<u>808,972</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	3,840	1,736	14,996	10,970
<i>Unwinding of net modification loss</i>	2,313	7,032	10,000	7,032

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

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	1,596	1,731	6,454	7,713
Financial assets:				
- at FVTPL	3	6	8	49
- at FVOCI	80	119	384	604
- at AC	51	21	140	38
Money at call and deposits with financial institutions	111	48	311	202
	<u>1,841</u>	<u>1,925</u>	<u>7,297</u>	<u>8,606</u>
<b><i>Other dealing income</i></b>				
Net gain/(loss) from sale of financial assets at FVTPL	1	(2)	(1)	(25)
Net gain on revaluation of financial assets at FVTPL	11	9	43	15
	<u>12</u>	<u>7</u>	<u>42</u>	<u>(10)</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	-	13	3	295
	<u>-</u>	<u>13</u>	<u>3</u>	<u>295</u>
	<u>1,853</u>	<u>1,945</u>	<u>7,342</u>	<u>8,891</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	24	14	101	102
<i>Unwinding of net modification loss</i>	14	28	68	28

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	416,620	301,165	1,418,850	1,171,513
Financial assets:				
- at FVTPL	1,220	1,168	2,445	9,140
- at FVOCI	26,929	26,349	105,252	114,824
- at AC	16,774	4,596	40,743	7,940
Money at call and deposits with financial institutions	35,970	10,411	87,530	37,770
	<u>497,513</u>	<u>343,689</u>	<u>1,654,820</u>	<u>1,341,187</u>

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

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Other dealing income</i></b>				
Net gain/(loss) from sale of financial assets at FVTPL	611	(453)	94	(4,481)
Net gain on revaluation of financial assets at FVTPL	3,341	2,287	11,775	3,414
	<u>3,952</u>	<u>1,834</u>	<u>11,869</u>	<u>(1,067)</u>
<b><i>Other operating income</i></b>				
Net (loss)/gain from sale of financial assets at FVOCI	(1)	2,880	755	54,669
<b><i>Other income</i></b>				
Gain on disposal of leased assets	-	1	-	2
	<u>501,464</u>	<u>348,404</u>	<u>1,667,444</u>	<u>1,394,791</u>
<i>of which</i>				
Financing income earned on impaired financing	7,922	2,888	28,060	18,964
Unwinding of net modification loss	4,772	10,615	18,751	10,615

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	1,257	10,737	21,089	39,928
Financial assets:				
- at FVTPL	4	43	24	314
- at FVOCI	81	951	1,725	3,978
- at AC	50	165	426	248
Money at call and deposits with financial institutions	109	375	945	1,254
	<u>1,501</u>	<u>12,271</u>	<u>24,209</u>	<u>45,722</u>

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

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

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

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Other dealing income</i></b>				
Net gain/(loss) from sale of financial assets at FVTPL	2	(21)	14	(194)
Net gain on revaluation of financial assets at FVTPL	10	87	149	90
	<u>12</u>	<u>66</u>	<u>163</u>	<u>(104)</u>
<b><i>Other operating income</i></b>				
Net gain from sale of financial assets at FVOCI	-	101	14	1,800
	<u>1,513</u>	<u>12,438</u>	<u>24,386</u>	<u>47,418</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	23	86	422	638
<i>Unwinding of net modification loss</i>	15	601	292	601

**20. Income derived from investment account funds**

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Finance income</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	74,989	57,845	264,924	209,367
- <i>Wakalah</i>	93,123	70,317	314,792	282,865
Unwinding of net modification loss	2,146	5,306	8,208	5,306
	<u>170,258</u>	<u>133,468</u>	<u>587,924</u>	<u>497,538</u>

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

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

Group	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	3,751	2,669	13,308	9,783
Financial assets at FVOCI	51,390	43,521	177,266	177,794
Money at call and deposits with financial institutions	100	100	325	131
	<u>55,241</u>	<u>46,290</u>	<u>190,899</u>	<u>187,708</u>
<b><i>Other dealing income</i></b>				
Net gain/(loss) from foreign exchange transactions	3,074	6,067	(14,891)	32,485
Net gain from sale of financial assets FVTPL	-	26	-	26
Net gain/(loss) on revaluation of financial assets at FVTPL	2,702	10,489	(34,939)	11,029
Net derivatives gain	1	1	3	7
	<u>5,777</u>	<u>16,583</u>	<u>(49,827)</u>	<u>43,547</u>
<b><i>Other operating income</i></b>				
Dividend from financial assets at FVTPL	1,966	3,072	10,065	11,677
Dividend from financial assets at FVOCI	237	-	237	-
Rebate on investment in unit trust	334	599	1,915	2,217
	<u>2,537</u>	<u>3,671</u>	<u>12,217</u>	<u>13,894</u>
<b><i>Fees and commission</i></b>				
Fees	47,712	49,458	186,833	176,581
Commission	9,933	3,578	34,644	13,542
Others	6,206	7,121	26,459	20,987
	<u>63,851</u>	<u>60,157</u>	<u>247,936</u>	<u>211,110</u>
<b><i>Other income</i></b>				
Net gain on disposal of property and equipment	68	26	68	603
Rental income	174	78	751	1,631
Other income	71	111	415	257
	<u>313</u>	<u>215</u>	<u>1,234</u>	<u>2,491</u>
	<u>127,719</u>	<u>126,916</u>	<u>402,459</u>	<u>458,750</u>

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

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

Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b><i>Finance income and hibah</i></b>				
Financing, advances and others	3,751	2,669	13,308	9,783
Financial assets at FVOCI	51,390	43,521	177,266	177,794
Money at call and deposits with financial institutions	1	1	3	-
	<u>55,142</u>	<u>46,191</u>	<u>190,577</u>	<u>187,577</u>
<b><i>Other dealing income</i></b>				
Net gain/(loss) from foreign exchange transactions	3,079	6,074	(14,875)	32,519
Net gain/(loss) on revaluation of financial assets at FVTPL	2,712	10,401	(34,999)	10,882
Net derivatives gain	1	1	3	7
	<u>5,792</u>	<u>16,476</u>	<u>(49,871)</u>	<u>43,408</u>
<b><i>Other operating income</i></b>				
Dividend from financial assets at FVTPL	1,811	2,864	9,598	11,326
Dividend from financial assets at FVOCI	237	-	237	-
Dividend from subsidiary	-	800	3,000	800
Rebate on investment in unit trust	334	599	1,915	2,217
	<u>2,382</u>	<u>4,263</u>	<u>14,750</u>	<u>14,343</u>
<b><i>Fees and commission</i></b>				
Fees	43,883	42,068	165,855	146,352
Commission	10,579	4,977	39,110	19,060
Others	4,154	4,691	16,927	17,214
	<u>58,616</u>	<u>51,736</u>	<u>221,892</u>	<u>182,626</u>
<b><i>Other income</i></b>				
Net gain on disposal of property and equipment	-	26	-	602
Rental income	(373)	459	1,259	2,308
Other income	20	64	278	86
	<u>(353)</u>	<u>549</u>	<u>1,537</u>	<u>2,996</u>
	<u><u>121,579</u></u>	<u><u>119,215</u></u>	<u><u>378,885</u></u>	<u><u>430,950</u></u>

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

**22. Net allowance for impairment on financing and advances**

Group and Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Net allowance for impairment on financing, advances and others				
- Stage 1	(1,594)	(219,939)	(103,299)	(159,674)
- Stage 2	(6,597)	92,054	(74,812)	151,178
- Stage 3	75,675	257,880	410,589	274,433
	<u>67,484</u>	<u>129,995</u>	<u>232,478</u>	<u>265,937</u>
Bad debts and financing recovered	(29,510)	(18,812)	(92,446)	(75,199)
	<u>37,974</u>	<u>111,183</u>	<u>140,032</u>	<u>190,738</u>

**23. Income attributable to depositors**

Group	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Deposits from customers				
- Mudharabah fund	285	215	1,217	2,109
- Non-Mudharabah fund	325,666	189,510	973,642	736,559
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	6	-	6	-
- Non-Mudharabah fund	1,796	-	4,554	36
Recourse obligation on financing sold to Cagamas	28,930	21,372	92,923	79,984
	<u>356,683</u>	<u>211,097</u>	<u>1,072,342</u>	<u>818,688</u>
<b>Bank</b>				
Deposits from customers				
- Mudharabah fund	285	215	1,217	2,109
- Non-Mudharabah fund	325,713	189,562	973,824	736,754
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	6	-	6	-
- Non-Mudharabah fund	1,796	-	4,554	36
Recourse obligation on financing sold to Cagamas	28,930	21,372	92,923	79,984
	<u>356,730</u>	<u>211,149</u>	<u>1,072,524</u>	<u>818,883</u>

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

**24. Income attributable to investment account holders**

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	7,893	4,077	24,164	13,644
- <i>Wakalah</i>	53,980	36,545	169,902	146,483
	<u>61,873</u>	<u>40,622</u>	<u>194,066</u>	<u>160,127</u>
<b>Bank</b>				
Unrestricted investment accounts				
- <i>Mudharabah</i>	7,893	4,077	24,164	13,644
- <i>Wakalah</i>	54,660	37,033	172,371	146,999
	<u>62,553</u>	<u>41,110</u>	<u>196,535</u>	<u>160,643</u>

**25. Personnel expenses**

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Salaries, allowances and bonuses	198,274	177,996	630,557	564,759
Employees' Provident Fund	21,647	20,329	87,541	80,482
Other staff related costs	31,354	28,346	103,857	78,589
	<u>251,275</u>	<u>226,671</u>	<u>821,955</u>	<u>723,830</u>
<b>Bank</b>				
Salaries, allowances and bonuses	192,239	172,994	604,860	548,034
Employees' Provident Fund	20,763	19,480	83,899	78,019
Other staff related costs	29,079	26,548	99,661	75,731
	<u>242,081</u>	<u>219,022</u>	<u>788,420</u>	<u>701,784</u>



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

**26. Other overhead expenses**

Group	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<i>Promotion</i>				
Credit and debit card expenses	15,871	15,986	56,674	48,642
Advertisement and publicity	7,230	11,217	14,952	20,290
Others	2,592	3,324	12,850	16,680
	<u>25,693</u>	<u>30,527</u>	<u>84,476</u>	<u>85,612</u>
<i>Establishment</i>				
Office rental	6,936	6,832	28,288	29,215
Depreciation of property and equipment	15,674	15,476	59,785	59,225
Amortisation of intangible assets	1,024	-	1,024	-
Depreciation right-of-use assets	4,520	4,341	17,198	18,197
Information technology expenses	16,296	16,070	82,668	72,490
Security services	2,111	1,839	9,211	8,877
Utilities	2,345	2,309	11,063	11,170
Office maintenance	2,537	2,743	10,403	10,216
Rental of equipment	1,954	1,254	6,626	5,950
Takaful	3,195	1,751	12,403	7,261
Others	-	-	320	320
	<u>56,592</u>	<u>52,615</u>	<u>238,989</u>	<u>222,921</u>
<i>General expenses</i>				
Outsourcing fees and management fees	3,687	(3,824)	15,466	12,673
Office supplies	1,547	1,709	7,657	8,333
Subscription fees	2,536	2,206	12,482	12,633
SMS service charges	2,224	5,286	17,805	19,647
Security services – cash in transit	1,339	1,091	4,606	4,915
Professional fees	4,110	8,165	14,305	15,267
Others	20,171	24,897	87,681	79,921
	<u>35,614</u>	<u>39,530</u>	<u>160,002</u>	<u>153,389</u>
	<u>117,899</u>	<u>122,672</u>	<u>483,467</u>	<u>461,922</u>

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

**26. Other overhead expenses (continued)**

Bank	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<i>Promotion</i>				
Credit and debit card expenses	15,871	15,986	56,674	48,642
Advertisement and publicity	7,210	7,069	14,819	16,061
Others	2,042	1,345	7,875	7,314
	<u>25,123</u>	<u>24,400</u>	<u>79,368</u>	<u>72,017</u>
<i>Establishment</i>				
Office rental	6,956	6,856	28,196	29,186
Depreciation of property and equipment	15,466	15,242	58,928	58,803
Amortisation of intangible assets	1,024	-	1,024	-
Depreciation right-of-use assets	4,396	4,225	16,726	18,042
Information technology expenses	16,296	16,070	82,668	72,490
Security services	2,111	1,839	9,211	8,877
Utilities	2,291	2,238	10,806	11,036
Office maintenance	2,381	2,664	9,994	9,973
Rental of equipment	1,869	1,186	6,322	5,826
Takaful	3,178	877	12,341	6,379
Others	-	-	320	320
	<u>55,968</u>	<u>51,197</u>	<u>236,536</u>	<u>220,932</u>
<i>General expenses</i>				
Outsourcing fees and management fees	10,236	6,083	35,583	26,830
Office supplies	1,534	1,690	7,582	8,239
Subscription fees	2,534	2,203	12,480	12,630
SMS service charges	2,224	5,286	17,805	19,647
Security services – cash in transit	1,339	1,091	4,606	4,915
Professional fees	3,905	6,788	13,551	13,396
Others	16,452	15,854	75,755	70,456
	<u>38,224</u>	<u>38,995</u>	<u>167,362</u>	<u>156,113</u>
	<u>119,315</u>	<u>114,592</u>	<u>483,266</u>	<u>449,062</u>

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

**27. Finance cost**

	Note	3 months ended		12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Group</b>					
Finance cost:					
- Subordinated sukuk and capital securities		<b>25,467</b>	19,553	<b>90,375</b>	72,575
- Profit expense on leases	15	<b>4,168</b>	4,552	<b>16,796</b>	17,312
		<b>29,635</b>	24,105	<b>107,171</b>	89,887
<b>Bank</b>					
Finance cost:					
- Subordinated sukuk and capital securities		<b>25,467</b>	19,553	<b>90,375</b>	72,575
- Profit expense on leases	15	<b>4,163</b>	4,545	<b>16,781</b>	17,303
		<b>29,630</b>	24,098	<b>107,156</b>	89,878

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

**28. Segmental Reporting on Revenue, Profit and Assets**

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>12 months ended 31 December 2022</u></b>						
<b>Total Revenue</b>	<b>2,355,432</b>	<b>668,568</b>	<b>512,032</b>	<b>69,360</b>	<b>(29,038)</b>	<b>3,576,354</b>
Net fund based income	1,194,710	494,038	73,457	316,614	-	2,078,819
Non-fund based income	183,078	37,792	(29,743)	66,387	(26,387)	231,127
<b>Net income</b>	<b>1,377,788</b>	<b>531,830</b>	<b>43,714</b>	<b>383,001</b>	<b>(26,387)</b>	<b>2,309,946</b>
Net allowance for impairment	(84,853)	(55,179)	1,314	(355)	-	(139,073)
<b>Profit before overheads, zakat &amp; tax</b>	<b>1,292,935</b>	<b>476,651</b>	<b>45,028</b>	<b>382,646</b>	<b>(26,387)</b>	<b>2,170,873</b>
Operating expenses						(1,424,007)
<b>Profit before zakat &amp; tax</b>						<b>746,866</b>
<b><u>12 months ended 31 December 2021</u></b>						
<b>Total Revenue</b>	<b>1,929,505</b>	<b>609,975</b>	<b>582,957</b>	<b>67,426</b>	<b>(22,106)</b>	<b>3,167,757</b>
Net fund based income	1,079,038	382,804	111,097	258,653	-	1,831,592
Non-fund based income	149,087	32,791	130,283	66,584	(21,395)	357,350
<b>Net income</b>	<b>1,228,125</b>	<b>415,595</b>	<b>241,380</b>	<b>325,237</b>	<b>(21,395)</b>	<b>2,188,942</b>
Net allowance for impairment	37,290	(228,028)	(6,650)	(756)	-	(198,144)
<b>Profit before overheads, zakat &amp; tax</b>	<b>1,265,415</b>	<b>187,567</b>	<b>234,730</b>	<b>324,481</b>	<b>(21,395)</b>	<b>1,990,798</b>
Operating expenses						(1,286,577)
<b>Profit before zakat &amp; tax</b>						<b>704,221</b>

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

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

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>3 months ended 31 December 2022</u></b>						
<b>Total Revenue</b>	<b>663,423</b>	<b>190,206</b>	<b>183,699</b>	<b>14,649</b>	<b>(6,299)</b>	<b>1,045,678</b>
Net fund based income	284,106	129,372	19,764	115,509	-	548,751
Non-fund based income	46,247	12,121	11,752	13,823	(5,572)	78,371
<b>Net income</b>	<b>330,353</b>	<b>141,493</b>	<b>31,516</b>	<b>129,332</b>	<b>(5,572)</b>	<b>627,122</b>
Net allowance for impairment	(22,979)	(14,959)	48	(36)	-	(37,926)
<b>Profit before overheads, zakat &amp; tax</b>	<b>307,374</b>	<b>126,534</b>	<b>31,564</b>	<b>129,296</b>	<b>(5,572)</b>	<b>589,196</b>
Operating expenses						(401,885)
<b>Profit before zakat &amp; tax</b>						<b>187,311</b>
<b><u>3 months ended 31 December 2021</u></b>						
<b>Total Revenue</b>	<b>519,672</b>	<b>154,157</b>	<b>137,404</b>	<b>12,282</b>	<b>(7,239)</b>	<b>816,276</b>
Net fund based income	277,326	106,332	22,561	69,842	-	476,061
Non-fund based income	40,721	10,794	24,464	19,216	(6,699)	88,496
<b>Net income</b>	<b>318,047</b>	<b>117,126</b>	<b>47,025</b>	<b>89,058</b>	<b>(6,699)</b>	<b>564,557</b>
Net allowance for impairment	39,648	(150,831)	41	(756)	-	(111,898)
<b>Profit before overheads, zakat &amp; tax</b>	<b>357,695</b>	<b>(33,705)</b>	<b>47,066</b>	<b>88,302</b>	<b>(6,699)</b>	<b>452,659</b>
Operating expenses						(376,254)
<b>Profit before zakat &amp; tax</b>						<b>76,405</b>

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

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

	<b>Consumer Banking RM'000</b>	<b>Corporate and Commercial Banking RM'000</b>	<b>Treasury RM'000</b>	<b>Shareholders unit RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>At 31 December 2022</u></b>						
Segment assets	48,171,809	16,730,185	21,857,219	504,693	(358,859)	86,905,047
Unallocated assets						<u>2,946,624</u>
Total assets						<u><u>89,851,671</u></u>
<b><u>At 31 December 2021</u></b>						
Segment assets	44,032,459	14,121,310	19,983,824	385,141	(274,839)	78,247,895
Unallocated assets						<u>1,908,319</u>
Total assets						<u><u>80,156,214</u></u>

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

**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.

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

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements**

**29. Fair value of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

Group 31 December 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	-	299,128	-	299,128	-	299,128	299,128
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,039	12,093,417	-	12,093,417	12,093,417
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
<i>Financial liabilities</i>							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092
<b>31 December 2021</b>							
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



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

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements**

**29. Fair value of Financial Instruments (continued)**

**Fair value hierarchy (continued)**

Bank 31 December 2022 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
<b>Financial assets</b>							
Financial assets at FVTPL	-	272,735	-	272,735	-	272,735	272,735
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,926	12,094,304	-	12,094,304	12,094,304
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
<b>Financial liabilities</b>							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092
<b>31 December 2021</b>							
<b>RM'000</b>							
<b>Financial assets</b>							
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
<b>Financial liabilities</b>							
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

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

**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

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
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.

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

**30. Commitment and Contingencies**

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

<b>As at 31 December 2022</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>	
<i>Credit related exposures</i>				
Direct credit substitutes	533,884	533,884	578,339	
Transaction related contingent items	985,002	492,501	483,516	
Short-term self-liquidating trade related contingencies	407,370	81,474	80,143	
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,392,315	696,158	575,432	
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	7,809,279	-	-	
	<u>11,127,850</u>	<u>1,804,017</u>	<u>1,717,430</u>	
	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	7,713,420	122,827	212,579	78,664
Profit rate related contracts				
- one year to less than five years	42,286	173	501	325
	<u>7,755,706</u>	<u>123,000</u>	<u>213,080</u>	<u>78,989</u>
<b>Total</b>	<u>18,883,556</u>	<u>123,000</u>	<u>2,017,097</u>	<u>1,796,419</u>

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

**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):

<b>As at 31 December 2021</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<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

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Asset RM'000</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	7,505,850	25,120	114,431	66,277
Profit rate related contracts				
- one year to less than five years	79,153	917	2,368	1,735
	7,585,003	26,037	116,799	68,012
<b>Total</b>	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.

**Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)]****(Incorporated in Malaysia)****Unaudited Interim Financial Statements****31. 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
CET I capital ratio	<b>13.578%</b>	13.179%	<b>13.230%</b>	12.799%
Tier I capital ratio	<b>14.640%</b>	13.179%	<b>14.298%</b>	12.799%
Total capital ratio	<b>19.392%</b>	18.561%	<b>19.074%</b>	18.203%

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

	Group		Bank	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	<b>3,645,043</b>	3,445,757	<b>3,645,043</b>	3,445,757
Retained earnings	<b>3,096,604</b>	2,965,080	<b>3,105,912</b>	2,965,659
Other reserves	<b>54,596</b>	(10,899)	<b>(56,368)</b>	(121,843)
<u>Less:</u>				
Deferred tax assets	<b>(212,349)</b>	(193,214)	<b>(211,377)</b>	(191,773)
Investment in subsidiaries	-	-	<b>(100,905)</b>	(100,905)
Intangible assets	<b>(54,578)</b>	-	<b>(54,578)</b>	-
Regulatory reserves	<b>(136,000)</b>	-	<b>(136,000)</b>	-
<b>Total CET I Capital</b>	<b>6,393,316</b>	6,206,724	<b>6,191,727</b>	5,996,895
Capital securities	<b>500,000</b>	-	<b>500,000</b>	-
<b>Total Tier I Capital</b>	<b>6,893,316</b>	6,206,724	<b>6,691,727</b>	5,996,895
Subordinated sukuk	<b>1,700,000</b>	2,000,000	<b>1,700,000</b>	2,000,000
Loss provision ^	<b>537,883</b>	534,465	<b>535,095</b>	532,094
<b>Total Tier II Capital</b>	<b>2,237,883</b>	2,534,465	<b>2,235,095</b>	2,532,094
<b>Total Capital</b>	<b>9,131,199</b>	8,741,189	<b>8,926,822</b>	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.

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

**31. Capital adequacy (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>53,650,821</b>	50,180,739	<b>53,513,221</b>	50,080,971
Less : Credit risk absorbed by unrestricted investment accounts	<b>(10,620,157)</b>	(7,423,579)	<b>(10,705,652)</b>	(7,513,437)
	<b>43,030,664</b>	42,757,160	<b>42,807,569</b>	42,567,534
Market risk	<b>84,876</b>	489,559	<b>84,876</b>	489,559
Operational risk	<b>3,971,313</b>	3,847,886	<b>3,909,361</b>	3,797,811
	<b>47,086,853</b>	47,094,605	<b>46,801,806</b>	46,854,904

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

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

**B1. Performance review for the financial year ended 31 December 2022**

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

	Group		Variance	
	12 months ended			
	31.12.2022	31.12.2021	RM'000	%
<b>Key Profit or Loss Items:</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	<b>3,576,354</b>	3,167,757	408,597	12.9
Net Income	<b>2,309,946</b>	2,188,942	121,004	5.5
Profit Before Zakat and Taxation	<b>746,866</b>	704,221	42,645	6.1
Profit After Zakat and Taxation	<b>491,672</b>	534,305	(42,633)	-8.0

Bank Islam Group (“Bank Islam” or “the Group”) recorded a Profit Before Zakat and Taxation (“PBZT”) of RM746.9 million for the financial year ended 31 December 2022, an improvement by 6.1% over the previous year. This was mainly contributed by higher net income and lower net allowance for impairment on financing and advances, offset by higher total overheads.

The performance translates to Group’s earnings per share of 22.86 sen and Return on Equity (“ROE”) of 7.5% (after tax and zakat).

The increase in Group’s net income was due to higher net fund-based income which increased by RM247.2 million or 13.5% primarily driven by year-on-year financing growth. The increase was however reduced by lower non-fund-based income by RM126.2 million due to lower net gain from sale of financial assets at FVOCI, higher net loss from foreign exchange transactions and higher net loss on revaluation of financial assets at FVTPL.

The Group's net allowance for impairment on financing and advances decreased by RM50.7 million or 26.6% to RM140.0 million as compared to last year.

Total overheads for the financial year ended 31 December 2022 recorded an increase of RM120.1 million or 10.0% to RM1,316.8 million as compared to the previous corresponding twelve-month financial period ended 31 December 2021. The increase in overhead expenses was due to higher staff costs, establishment expenses and general expenses by RM98.1 million, RM16.1 million and RM6.6 million respectively.

The Group’s total assets grew year-on-year by 12.1% to stood at RM89.9 billion at end December 2022. Net assets per share was at RM3.15.

Gross financing grew by 11.4% year-on-year to RM65.9 billion, while customer deposits and investment accounts stood at RM75.2 billion with a year-on-year increase of RM7.4 billion or 10.9%. Total current and saving accounts and transactional investment accounts (“CASATIA”) have grown 3.2% year-on-year to stood at RM27.7 billion. This composition made a healthy level of 36.8% of total customer deposits and investment accounts.

As at 31 December 2022, the gross impaired financing ratio was 1.27% compared to 0.96% at end December 2021.

The Group’s Total Capital Ratio remained strong at 19.4% as at 31 December 2022.

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

**B1. Performance review for the financial year ended 31 December 2022 (continued)**

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

**Operating Segment**

Consumer Banking's reported net income of RM1.4 billion for the financial year ended 31 December 2022, 12.2% higher than the previous year, attributed by both higher net fund-based income and higher non fund-based income. Segment assets for Consumer Banking as at end December 2022 stood at RM48.2 billion, a year-on-year growth of 9.4%, mainly driven by growth in house financing and personal financing.

Corporate and Commercial Banking recorded net income of RM531.8 million, higher by 28.0% from the corresponding period mainly due to higher net fund-based income. Total segment assets stood at RM16.7 billion.

Treasury registered a net income of RM43.7 million for the period, lower by 81.9% compared to the corresponding period due to lower net gain from sale of financial assets at FVOCI, higher net loss from foreign exchange transactions and higher net loss on revaluation of financial assets at FVTPL. Treasury assets stood at RM21.9 billion.

**Current Quarter vs. Previous Year Corresponding Quarter**

	Group		Variance	
	3 months ended			
	31.12.2022	31.12.2021	RM'000	%
<b>Key Profit or Loss Items:</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	<b>1,045,678</b>	816,276	229,402	28.1
Net Income	<b>627,122</b>	564,557	62,565	11.1
Profit Before Zakat and Taxation	<b>187,311</b>	76,405	110,906	145.2
Profit After Zakat and Taxation	<b>125,738</b>	79,638	46,100	57.9

The Group's PBZT for the fourth quarter ended 31 December 2022 ("4Q2022") improved by RM110.9 million or 145.2% to RM187.3 million against the corresponding quarter last year ("4Q2021") of RM76.4 million. 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 increased by RM62.6 million or 11.1%, mainly due to higher net fund-based income during the quarter driven by financing growth.

The Group's net allowance for impairment on financing and advances was lower by RM73.2 million or 65.8% to RM38.0 million as compared to Q42021.

Total overheads were higher by RM20.1 million or 5.7% over 4Q2021 overheads mainly due to higher staff costs by RM24.6 million.



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

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

	Group		Variance	
	3 months ended			
	31.12.2022	30.09.2022	RM'000	%
	RM'000	RM'000		
<b>Key Profit or Loss Items:</b>				
Revenue	<b>1,045,678</b>	933,683	111,995	12.0
Net Income	<b>627,122</b>	612,113	15,009	2.5
Profit Before Zakat and Taxation	<b>187,311</b>	219,035	(31,724)	-14.5
Profit After Zakat and Taxation	<b>125,738</b>	142,860	(17,122)	-12.0

For the fourth quarter ended 31 December 2022 ("4Q2022"), the Group reported a PBZT of RM187.3 million, a decrease of RM31.7 million or 14.5% against the preceding quarter ended 30 September 2022 ("3Q2022"). The decrease in PBZT was mainly due to higher total overheads and net allowance for financing and advances, mitigated by higher net income.

Total overheads were higher by RM33.6 million or 9.9% over 3Q2022 overheads mainly due to higher staff costs by RM46.5 million.

The Group's net allowance for impairment on financing and advances was higher by RM13.0 million to RM38.0 million for 4Q2022 as compared to 3Q2022.

The Group's net income for 4Q2022 was higher by RM15.0 million, an increase of 2.5% compared to 3Q2022 driven by higher non-fund-based income. Non-fund-based income increased by RM13.6 million or 21.1% to RM78.4 million mainly due to higher net gain from foreign exchange transactions, net gain from sale of financial assets at FVTPL and net gain on revaluation of financial assets at FVTPL.

**B3. Prospects for 2023**

The concern on inflation and geopolitical conflict will remain in 2023, despite the opening of borders and China ending its zero-COVID policy. With the strong performance in 2022, Bank Negara Malaysia ("BNM") expects Malaysia's growth for 2023 to be moderate amid a slower growth of global economy and supported by domestic demand.

Malaysian banks remained steadfast in their role as the country's financial backbone, supporting economic recovery by providing liquidity in the market. Analysts anticipated financing growth to hover at 5% to 6% in 2023. The banking sector is expected to continuously drive the ESG and climate change agenda under the National Budget 2023.

As Malaysia's economy is recovering steadily, Bank Islam ("the Bank" or "BIMB") sets continuous effort to build on its core strengths, improving its mobile banking application and building strategic partnerships that benefits all parties involved. The Bank looks to provide financial solutions across segments through its Retail Banking distribution and Premier Wealth Banking. In addition, the newly established Institutional Banking target operating model also focuses on client centricity while manufacturing the right products. In advancing its goals to become future-ready, the Bank has embarked on the second phase of its four-year IT Blueprint in uplifting BIMB's digitalisation aspiration and ways of working.

BIMB has launched its ESG Risk Management Framework on 30 October 2022 in line with regulators' key global and local efforts in building a resilient financial system. The Bank aims to double its Shariah-ESG assets to RM4 billion by the end of 2025 and continues its contribution to Malaysia's net-zero ambitions.

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

**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		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax:				
Current year	65,617	21,077	234,758	183,112
(Over)/Under provision in prior years	-	(17,418)	(282)	145,996
	<u>65,617</u>	<u>3,659</u>	<u>234,476</u>	<u>329,108</u>
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	(6,492)	(23,398)	6,567	(23,614)
Under/(Over) provision in prior years	-	15,477	469	(147,853)
	<u>(6,492)</u>	<u>(7,921)</u>	<u>7,036</u>	<u>(171,467)</u>
	<u>59,125</u>	<u>(4,262)</u>	<u>241,512</u>	<u>157,641</u>

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

Group	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>187,311</u>	<u>76,405</u>	<u>746,866</u>	<u>704,221</u>
Income tax calculated using				
Malaysian tax rate of 24%	44,955	18,337	179,248	169,013
Impact of Cukai Makmur	17,477	(7,011)	63,818	(7,011)
Income not subject to tax	(3,801)	(4,672)	(5,154)	(4,806)
Non-deductible expenses	918	(6,095)	6,355	5,182
Zakat	(495)	(2,880)	(3,191)	(2,880)
Deferred tax assets not recognised	71	-	249	-
(Over)/Under provision in prior years	-	(1,941)	187	(1,857)
Tax expense	<u>59,125</u>	<u>(4,262)</u>	<u>241,512</u>	<u>157,641</u>

As per Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment (“YA”) 2022, a special one-off tax (“Cukai Makmur”) was introduced on companies with chargeable income in excess of RM100.0 million. The excess is 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.

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

**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 31.12.2022		
	Long term	Short term	Total borrowings
<b>Secured</b>			
- Recourse obligations on financing sold to Cagamas	<b>3,000,000</b>	<b>5,343</b>	<b>3,005,343</b>
<b>Unsecured</b>			
- Subordinated Sukuk	1,700,000	12,903	1,712,903
- Capital securities	500,000	9,189	509,189
<b>Total unsecured</b>	<b>2,200,000</b>	<b>22,092</b>	<b>2,222,092</b>

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

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
(iii)	1,000,000	4 November 2022	4 November 2027	4.83

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

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

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

b) Subordinated sukuk and capital securities

	<b>Nominal value RM'000</b>	<b>Issue date</b>	<b>First call date*</b>	<b>Maturity Date</b>	<b>Profit rate (% p.a.)#</b>
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.

**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.

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

**B9. Material litigation (continued)**

(a) Continued...

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.

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 allowed.

(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.

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

**B9. Material litigation (continued)**

(b) Continued...

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.

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.

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

**B9. Material litigation (continued)**

(b) Continued...

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 was on 14 October 2022. The FC further fixed on 28 November 2022 for hearing of appeal. Appellant appointed a new solicitor Gopal Sri Ram to submit the appeal in the FC. The FC fixed for the hearing of appeal on 29 March 2023.

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

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

The sealed Writ and Statement of Claim dated 18 October 2021 was served to Messrs Ganesan & Imohizam (“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.

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

**B9. Material litigation (continued)**

(c) Continued...

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.

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.



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

**B9. Material litigation (continued)**

(d) Continued...

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 was 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 were 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.

On 10 January 2023 the Winding Up order was granted against Serba Dinamik Holdings Bhd (“SDHB”), Serba Dinamik International Ltd (“SDIL”), Serba Dinamik Sdn Bhd (“SDSB”) and Serba Dinamik Group Berhad (“SDGB”).

SDHB, SDIL, SDSB and SDGB filed appeal to the Court of Appeal against the dismissal of the companies’ adjournment application and against the winding up order. The CM for the appeal was fixed on 11 April 2023.

In the meantime, SDHB, SDIL, SDSB and SDGB sought for ad interim stay of the Winding Up Order pending disposal of the Stay Application. The Court was inclined to allow an ad interim stay. The proper hearing date for the Stay Application was fixed on 6 March 2023 and the decision was fixed on 9 March 2023.

(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 2<sup>nd</sup> and 3<sup>rd</sup> Defendants.
- (ii) On 20 September 2022, JID has been obtained against 8<sup>th</sup> Defendant.
- (iii) Hearing for Summary Judgment Order 14 (“O.14”) Application has been fixed on 15 March 2023 for 1<sup>st</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> Defendants.
- (iv) Attempt to serve the writ to 9<sup>th</sup> Defendants has been postponed.
- (v) In the midst to serve Writ Summons against 7<sup>th</sup> 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 (“CM”) was fixed on 3 November 2022.

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 (“Hearing”) has been fixed on 2 December 2022. The Hearing was postponed to 14 February 2023.

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

**B9. Material litigation (continued)**

(f) Continued...

The Court has adjourned the hearing as the Defendants filed a Notice of Application to adduce an expert opinion. The next CM date was fixed on 27 February 2023 for the court to fix a date for the hearing of the said Notice of Application and Summary Judgment.

(g) On 24 November 2022, Chunsi Kudkumkong ("Plaintiff") filed a civil suit against Bank Islam ("Defendant" or "Bank Islam"). The Plaintiff claims the following:

- (a) Damages RM50,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM50,000,000.00;
- (d) Exemplary damages RM50,000,000.00; and
- (e) General damages.

The first Case Management ("CM") was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that he would like to transfer this application to Kuala Lumpur High Court. The Court directed the Plaintiff to file the transfer application by 17 January 2023. The hearing for the Transfer Application to Kuala Lumpur High Court was fixed on 6 March 2023.

(h) On 24 November 2022, Quantum Majesty Sdn Bhd ("Plaintiff") filed a civil suit against Bank Islam ("Defendant"). The Plaintiff claims the following:

- (a) Damages RM500,000,000.00;
- (b) Restitution RM53,420,697.04;
- (c) Severe damages RM500,000,000.00;
- (d) Exemplary damages RM500,000,000.00; and
- (e) General damages.

The first Case Management ("CM") was fixed on 22 December 2022. On the CM date before Deputy Registrar, the Plaintiff informed the Court that they would like to transfer this application to Kuala Lumpur High Court. The Court directed the Plaintiff to file the transfer application by 17 January 2023. The next CM date is fixed on 14 February 2023. The Court fixed on 13 March 2023 for hearing of the Transfer Application to Kuala Lumpur High Court.

(i) On 30 November 2022, Bank Islam ("the Bank") filed a civil suit against 1. Time Marine Services Sdn Bhd, 2. Omar Bin Khalid, 3. Azmel Hafiz Bin Azizt, and 4. Puteri Nazrahtul Binti Omar ("the Defendants") to recover the outstanding amount of RM19,985,772.78 for the financing granted to the first Defendant.

The Court has fixed for the Case Management ("CM") on 4 January 2023. The Court further fixed the CM on 17 February 2023 to record the Consent Judgment ("CJ"). The CJ has been recorded on the CM date. The Defendants are currently in the negotiation for Payment Arrangement within 14 days from the CJ date.

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

**B9. Material litigation (continued)**

- (j) On 29 December 2022, 5 Star Room Hotel Sdn Bhd, Tan Wooi Chon, Chundsi Kudkumkong, Tan Woan Rou & Tan Woanren (“Plaintiff”) filed a civil suit against Bank Islam (“Defendant”). The Plaintiff claims for the following:
- (a) Damages RM300,000,000.00;
  - (b) An injunction;
  - (c) General damages;
  - (d) Damages for breach of contract RM500,000,000.00;
  - (e) Restitution RM53,420,697.04;
  - (f) Punitive damages RM600,000,000.00;
  - (g) Exemplary damages RM600,000,000.00; and
  - (h) Cost.

The Case Management (“CM”) for the Writ was fixed on 8 March 2023. Meanwhile, the Plaintiff filed an Injunction Application whereby the CM was fixed on 13 March 2023.

**B10. Dividend**

- (a) 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.
- (b) On 5 December 2022, Board of Directors of Bank Islam Malaysia Berhad (“The Board”) had declared an interim dividend of 10.40 sen per ordinary share in Bank Islam for the financial year ended 31 December 2022 and paid on 30 January 2023.

From the total dividend amount declared of RM224.1 million, approximately 11% or RM23.6 million was distributed as cash dividend whilst the remaining 89% amounting to RM200.5 million was reinvested to subscribe for 88,736,000 new ordinary shares at RM2.26 each via the Dividend Reinvestment Plan. The new ordinary shares were listed on 31 January 2023.

- (c) The Board proposed a second interim dividend of 3.40 sen per ordinary share amounting to dividend payable of RM76.3 million for the financial year ended 31 December 2022 as follows:

Amount per share	: Single tier dividend of 3.40 sen
Previous corresponding period	: -
Date payable	: to be determined and announced later
Date of entitlement	: to be determined and announced later
Total dividend for the current financial year	: Single tier dividend of 13.80 sen

The Board has also resolved that the entire second interim dividend is applicable for the Dividend Reinvestment Plan.

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

**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		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period under review				
attributable to equity holders of the parent	125,738	79,638	491,672	534,305
Number of ordinary shares	2,155,269	2,075,873	2,155,269	2,075,873
Number of average ordinary shares	<u>2,155,269</u>	<u>2,075,873</u>	<u>2,150,919</u>	<u>2,443,188</u>
Earnings per share (sen)	<u>5.83</u>	<u>3.84</u>	<u>22.86</u>	<u>21.87</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	31.12.2022	31.12.2021
	RM'000	RM'000
USD	109,297	(291,435)
EURO	(92,877)	(97,001)
Others	14,924	26,717

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

**B13. Material impairment of assets**

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

Group	31 December 2022			
	Carrying value before impairment	Impairment losses	Carrying value after impairment	Market value
	RM'000	RM'000	RM'000	RM'000
Financing, advances and others	65,941,857	(1,039,863)	64,901,994	68,151,645

  

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

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

**B13. Material impairment of assets (continued)**

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.

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.

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

**B14. Derivatives**

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

	<b>Notional amount 31.12.2022 RM'000</b>	<b>Fair value 31.12.2022 RM'000</b>	<b>Notional amount 31.12.2021 RM'000</b>	<b>Fair value 31.12.2021 RM'000</b>
<i>Trading derivatives</i>				
Foreign exchange related contracts				
- Less than one year	7,713,420	(14,396)	7,505,850	5,367
Profit rate related contracts				
- One year to 3 years	42,286	72	79,153	249
	<u>7,755,706</u>	<u>(14,324)</u>	<u>7,585,003</u>	<u>5,616</u>

**Market risk**

Market risk on derivatives is the potential loss to the value of these contracts due to changes in prices of the underlying item such as equities, interest rates, foreign exchange rates, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and not the amount of risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions. As at 31 December 2022, the amount of contracts which were not hedged and, hence, exposed to market risk was RM84.9 million (31 December 2021: RM489.6 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 31 December 2022, the credit risk measured in terms of the cost to replace the profitable contracts, was RM213.1 million (31 December 2021: RM116.8 million).

**Liquidity risk**

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

**Cash Requirements of the Derivatives**

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

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

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

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

**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:

	<b>3 months ended</b>	<b>12 months ended</b>
	<b>31.12.2022 RM'000</b>	<b>31.12.2022 RM'000</b>
<i>Trading derivatives</i>		
Net loss arising from fair value changes from derivatives assets and liabilities	<b>(34)</b>	<b>(173)</b>

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.