

Bank Pertanian Malaysia Berhad (Incorporated in Malaysia) Company Registration No: 200801010522 (811810-U) Leboh Pasar Besar, P.O. Box 10815, 50726 Kuala Lumpur

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds and others	679,933	720,729
Income derived from investment of shareholder's funds	224,854	215,288
Allowance for impairment	(105,959)	(208,401)
Total distributable income	798,828	727,616
Income attributable to depositors	(155,056)	(236,203)
Total net income	643,772	491,413
Personnel expenses	(298,599)	(266,587)
Other overheads and expenditures	(182,017)	(170,530)
Finance costs	(17,443)	(13,970)
Profit before tax and zakat	145,713	40,326
Tax expense	(35,420)	(9,541)
Zakat	(3,643)	(2,917)
Net profit for the year	106,650	27,868
Other comprehensive (loss)/income: Items that may be reclassified to profit or loss Debt instruments at fair value through other comprehensive income ("FVOCI"):		
Net change in fair value during the financial year	(114,223)	87,784
Reclassification to profit or loss	(5,263)	(17,895)
Income tax related to the above	28,677	(16,773)
Total items that may be reclassified to profit or loss	(90,809)	53,116
Items that will not be reclassified to profit or loss Equity instruments at FVOCI		
Net change in fair value during the financial year	15	110
Income tax related to the above	(4)	(26)
Total items that will not be reclassified to profit or loss	11	84
Other comprehensive (loss)/ income for the year, net of tax	(90,798)	53,200
Total comprehensive income for the year	15,852	81,068

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Assets			
Cash and short term funds		1,839,501	1,934,409
Financial assets at fair value through other comprehensive income ("FVOCI")	1	3,413,200	3,206,063
Financing and advances	2	13,126,142	12,667,911
Other advances	3	1,902	3,029
Other assets		164,457	157,638
Property, plant and equipment		148,332	147,254
Intangible assets		25,404	30,126
Right-of-use assets		35,789	41,163
Deferred tax assets	_	1,570	
TOTAL ASSETS	_	18,756,297	18,187,593
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers		8,292,500	9,091,797
Deposit and placement of banks and other financial institutions		2,415,527	2,603,556
Other liabilities			
Other payables and accruals		122,608	86,657
Paddy credit gratuity scheme		1,884	1,906
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments		5,864	9,869
Lease liabilities		28,745	33,091
Deferred tax liabilities		-	29,776
Financing Scheme Funds		3,167,221	2,441,883
Government Grants			
Operating		18,041	22,757
Launching		1,668	2,082
Funds		993,084	673,043
Sukuk Wakalah	4 _	503,117	
Total Liabilities	_	15,550,259	14,996,417
Equity			
Share capital		1,000,000	1,000,000
Reserves	_	2,206,038	2,191,176
Total Equity	_	3,206,038	3,191,176
TOTAL LIABILITIES AND EQUITY		18,756,297	18,187,593
Commitments and Contingencies	5	868,161	1,032,634

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	•	Non-di	stributable r	eserves	Distributable reserves	
	Share capital RM'000	Statutory reserves RM'000	FVOCI reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2021	1,000,000	487,109	138,382	34,951	1,530,734	3,191,176
Net profit for the year	-	-	-	-	106,650	106,650
Other comprehensive loss for the year	-	-	(90,798)	-	-	(90,798)
Total comprehensive (loss)/ income for the year	-	-	(90,798)	-	106,650	15,852
Dividends paid		-	-	-	(990)	(990)
At 31 December 2021	1,000,000	487,109	47,584	34,951	1,636,394	3,206,038
At 1 January 2020	1,000,000	487,109	85,182	34,951	1,532,866	3,140,108
Net profit for the year	-	-	-	-	27,868	27,868
Other comprehensive income for the year	-	-	53,200	-	-	53,200
Total comprehensive income for the year	-	-	53,200	-	27,868	81,068
Dividends paid		-	-	-	(30,000)	(30,000)
At 31 December 2020	1,000,000	487,109	138,382	34,951	1,530,734	3,191,176

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat	145,713	40,326
Adjustments for:		
Allowance for impairment on financing and advances	131,936	250,462
Writeback of allowance for impairment on other advances	(318)	(987)
(Writeback)/ allowance for impairment on financial guarantees and financing commitments	(4,005) 2	3,693 325
Allowance for impairment on other assets Depreciation of property, plant and equipment	25.645	23,594
Depreciation of right-of-use assets	11,134	10,518
Amortisation of computer software	18,599	17,497
Write off of property, plant and equipment	1	133
Accretion of discount less amortisation of premium	(5,786)	(4,488)
Gain on disposal of financial assets at FVOCI	(5,263)	(17,895)
Gross dividend income from financial assets at FVOCI	(6)	-
Management fees on Government Grant - Funds	(400)	-
Amortisation and utilisation of Government Grants:		
Government Grant - Operating	(4,716)	(251)
Government Grant - Launching	(414)	(409)
Government Grant - Funds	2,180	2,246
Finance costs	17,443	13,970
Finance cost for lease liabilities	1,495	1,454
Finance cost for provision for re-instatement	254	239
Gain on remeasurement of ROU assets	(499)	(110)
Provision made for retirement benefits scheme	1	42
Writeback made for compensation claim	-	(677)
Writeback/(utilisation) of Non-Shariah Income ("NSI")	14	(339)
Operating profit before working capital changes	333,010	339,343
Change in financing and advances	(590,167)	(1,451,121)
Change in other advances	1,445	4,827
Change in other assets	(12,112)	(4,632)
Change in deposits from customers	(799,297)	1,534,161
Change in deposit and placement of banks and other financial institutions	(188,029)	(676,616)
Change in other payables and accruals	30,524	(49,653)
Change in paddy credit gratuity scheme	(22)	(375)
Cash used in operating activities	(1,224,648)	(304,066)
Tax paid	(28,326)	(30,177)
Zakat paid	(2,952)	(4,629)
Net cash used in operating activities	(1,255,926)	(338,872)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVOCI	(763,233)	(1,501)
Proceeds from disposal of financial assets at FVOCI	447,674	525,377
Dividends received from financial assets at FVOCI	6	-
Purchase of property, plant and equipment	(26,724)	(28,535)
Purchase of computer software	(13,877)	(21,904)
Net cash (used in)/ generated from investing activities	(356,154)	473,437
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(11,111)	(10,291)
Additional funds received for Financing Scheme Funds	1,012,941	578,518
Payments of Financing Scheme Funds	(203,286)	(134,852)
Profits paid on Financing Scheme Funds	(12,464)	(13,086)
Additional funds received for Government Grant - Funds	232,082	-
Proceeds from issuance of Sukuk Wakalah	500,000	-
Dividends paid	(990)	(30,000)
Net cash generated from financing activities	1,517,172	390,289
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(94,908)	524,854
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,934,409	1,409,555
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,839,501	1,934,409
CASH AND CASH EQUIVALENTS CONSIST OF:		. ,
Cash and short term funds	1,839,501	1,934,409

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

Equity investments (i) Debt investments (ii) (i) Equity investments Quoted securities KUB Malaysia Berhad (ii) Debt investments Debt investments at FVOCI comprise the following investments having solely payments of prin	269 3,412,931 3,413,200 2021 RM'000 269	3,205,809 3,206,063 2020 RM'000
Debt investments (ii) (i) Equity investments Quoted securities KUB Malaysia Berhad (ii) Debt investments	3,412,931 3,413,200 2021 RM'000	254 3,205,809 3,206,063 2020 RM'000
Quoted securities KUB Malaysia Berhad (ii) Debt investments	3,413,200 2021 RM'000	3,206,063 2020 RM'000
Quoted securities KUB Malaysia Berhad (ii) Debt investments	2021 RM'000	2020 RM'000
Quoted securities KUB Malaysia Berhad (ii) Debt investments	RM'000	RM'000
KUB Malaysia Berhad (ii) Debt investments	RM'000	RM'000
KUB Malaysia Berhad (ii) Debt investments	269	254
· /		
Debt investments at FVOCI comprise the following investments having solely payments of prin-		
	cipal and profit inco	ome:
	2021 RM'000	2020 RM'000
At fair value:		
Corporate sukuk	2,169,882	2,124,798
Government Investment Issues ("GII")	1,243,049	1,081,011
	3,412,931	3,205,809

Movements in ECL in respect of debt instruments at FVOCI are as follows:

At 1 January 2020/31 December 2020/31 December 2021

	ECL Staging		
Stage 1	Stage 2 Lifetime ECL Not	Stage 3 Lifetime ECL	
12-month ECL RM'000	Credit - Impaired RM'000	Credit - Impaired RM'000	Total RM'000
524	7,184	-	7,708

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2. FINANCING AND ADVANCES			2. FINANCING AND ADVANCES (cont'd)				
	2021	2020	(v) The gross financing and advances by financi	ing by type and Shariah	contract is as follows:		
By Product (at amortised cost)	RM'000	RM'000			Term Financing	Revolving Financing	Total
Agrocash	8,556,080	8,273,185			RM'000	RM'000	RM'000
Project Financing	5,191,281	5,532,591	2021				
Fund For Food ("3F") Ar-Rahnu	989,395 603,912	1,008,978 577,371	Qard Bai-Al Inah		1,062 1,099,860	-	1,062 1,099,860
Fishery Boat Financing Scheme ("SPBP")	113,071	130,641	Tawarruq		7,567,570	1,578,962	9,146,532
MUST-i	326,050	260,221	Bai-Bithaman Ajil		3,371,935	-	3,371,935
Oil Palm Replanting Scheme ("TASKS")	2,882 57,479	3,500 67,814	Murabahah Ijarah		86,376 36,049	-	86,376 36,049
Bumiputera Commercial and Industrial Community Scheme ("MPPB") Financing for Small and Medium Size Industries ("PKS")	90,510	103,633	J		12,162,852	1,578,962	13,741,814
Non-Food Production Credit Scheme ("SKPBM")	12,976	17,868	2020				
Food Production Credit Scheme ("SKPM")	67,819	86,701	Qard		104,123	-	104,123
Belia Tani Scheme Fund For Small and Medium Size Industries ("TIKS")	5,030 20,029	5,240 11,313	Bai-Al Inah		1,255,447	21	1,255,468
Working Capital-i	218,906	222,012	Tawarruq Bai-Bithaman Ajil		6,655,980 3,561,808	1,567,192 -	8,223,172 3,561,808
Paddy Credit Scheme	80,688	86,334	Murabahah		61,228	-	61,228
Micro Economic Stimulus Package ("Micro ESP-i") National Key Economic Area ("NKEA")	46,935 9,971	18,039 9,162	ljarah		19,890		19,890
Murabahah Working Capital Financing	1,008,816	968,318			11,658,476	1,567,213	13,225,689
Insani	372	728	(vi) Movements in gross impaired financing and	advances are as follows	s:	2021	2020
Bai Al-Dayn Working Capital Financing	86,429	61,278				RM'000	RM'000
MPPB Hub Agro Cash Line-i	149 388,671	678 425,762	At beginning of the year			889,048	511,789
Hartani-i	1,365,436	1,288,485	Additions during the year Reclassified as non impaired during the year	r		771,769 (475,528)	621,271 (87,715)
Agro Flood Relief	-	217	Recoveries during the year			(225,905)	(96,927)
Special Relief Facility Commercial Agriculture Fund ("DPK3")	903,572 70,487	457,054 87,028	Amount written off			(74,042)	(59,370)
Agro Industrial Hire Purchase-i	47,622	26,984	At end of the year			885,342	889,048
Program Agropreneur Muda	29,378	4,935	Excluding Non-Shariah Assets Gross impaired			885,342	889,048
Others	21,499	12,815	Gross impaired ratio			6.44%	6.72%
Staff financing and advances	170,012 20,485,457	176,225 19,925,110	Including Non-Shariah Assets				
Less: Unearned profit	(6,743,643)	(6,699,421)	Gross impaired Gross impaired ratio			887,726 6.46%	893,380 6.75%
Gross financing and advances	13,741,814	13,225,689	Greec impaned rate			0.1070	0.7070
Less:	(70.004)	(70.500)	(vii) Impaired financing by sector				
Stage 1 - 12-month ECL Stage 2 - Lifetime ECL not credit-impaired	(73,884) (109,217)	(76,566) (80,099)	Sectors: Construction and Services			47,548	23,598
Stage 3 - Lifetime ECL credit-impaired	(432,571)	(401,113)	Fishery			49,438	54,431
Net financing and advances at amortised cost	13,126,142	12,667,911	Crops Livestock			365,985 86,085	417,395 77,629
(i) The gross financing and advances by maturity is as follows:			Manufacturing			54,916	70,160
Maturity within six months Between six months to one year	1,905,980 198,771	1,815,380 206,248	Others-Primary Agriculture			5,708	3,166
Between one year to three years	482,025	271,622	Retail and Wholesale Trade Others			209,531 66,131	193,947 48,722
Between three years to five years	925,707	1,139,391	- Canoni			885,342	889,048
More than five years	10,229,331	9,793,048	(viii)Impaired financing by state				
	13,741,814	13,225,689	States:				
(ii) The gross financing and advances by sectors is as follows: Construction and Services	164,684	97,350	Kuala Lumpur Selangor			301,170 130,697	343,323 83,308
Fishery	642,588	647,409	Pahang			16,674	19,017
Crops	4,779,547	4,724,145	Perak Negeri Sembilan			63,288 14,840	83,414 15,149
Livestock Manufacturing	925,795 1,512,212	933,597 1,499,986	Melaka			13,192	15,835
Others-Primary Agriculture	52,116	79,819	Johor			92,788	83,009
Retail and Wholesale Trade	1,841,928	1,530,066	Kelantan Kedah			47,174 38,593	37,305 39,605
Household	3,660,210	3,524,704	Perlis			4,019	3,935
Others	162,734 13,741,814	188,613 13,225,689	Sarawak			24,812	25,970
(iii) The gross financing and advances by state is as follows:	10,741,014	10,223,003	Sabah Pulau Pinang			49,398 38,585	51,404 44,145
Kuala Lumpur	1,805,128	1,813,637	Terengganu			50,112	43,629
Selangor	1,531,392	1,471,267				885,342	889,048
Pahang Perak	912,177 1,534,110	830,479 1,464,355	(ix) ECL				
Negeri Sembilan	333,894	322,477	Movements in impairment allowances are as	s follows:	ECL Staging		
Melaka	597,068	625,150		Stage 1	Stage 2	Stage 3	
Johor	1,263,771 757,634	1,227,867		-	Lifetime ECL Not	Lifetime ECL	Total
Kelantan Kedah	1,088,052	697,058 958,998		12-month ECL RM'000	Credit-Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Perlis	120,830	194,513	Balance as at 1 January 2021	76,566	80,099	401,113	557,778
Sarawak	1,302,761	1,259,683	Transfer to Stage 1	19,921	(17,919)	(2,002)	-
Sabah Pulau Pinang	1,278,142 688,589	1,227,340 635,674	Transfer to Stage 2 Transfer to Stage 3	(11,473) (1,735)	12,473 (10,451)	(1,000) 12,186	-
Terengganu	528,266	497,191	Allowance made/(written back) during the year	(9,395)	45,015	96,316	131,936
	13,741,814	13,225,689	New financing and advances originated*	22,001	6,914	22,901	51,816
(iv) The gross financing and advances by profit rate sensitivity is as follows:			Net remeasurement due to changes in credit risk Financial assets that have been derecognised	(22,987) (8,409)	52,581 (14,480)	103,935 (30,520)	133,529 (53,409)
Fixed rate : Fund For Food ("3F")	669,300	684,809	Write off		-	(74,042)	(74,042)
Project Financing	21,560	23,797	Balance as at 31 December 2021	73,884	109,217	432,571	615,672
MUST-i	267,272	192,372	Balance as at 1 January 2020	75,451	24,993	266,242	366,686
Agrocash	4,133	6,589	Transfer to Stage 1 Transfer to Stage 2	9,756 (6,145)	(5,293) 8,503	(4,463) (2,358)	-
Special Relief Facility Others	666,027 570,729	347,728 583,049	Transfer to Stage 2 Transfer to Stage 3	(1,805)	(10,508)	12,313	-
Variable rate :	5,5,725	300,040	Allowance made/(written back) during the year	(691)	62,404	188,749	250,462
Agrocash	5,467,988	5,217,702	New financing and advances originated* Net remeasurement due to changes in credit risk	24,996 (15,589)	9,581 55,118	13,354 181,500	47,931 221,029
Project Financing	2,881,353	2,993,085	Financial assets that have been derecognised	(10,098)	(2,295)	(6,105)	(18,498)
Murabahah Working Capital Financing Hartani-i	1,009,978 704,214	969,580 658,974	Write off		-	(59,370)	(59,370)
Others	1,479,260	1,548,004	Balance as at 31 December 2020	76,566	80,099	401,113	557,778
	13,741,814	13,225,689	 New financing and advances originated include t deteriorated. 	nose which were not cr	eait-impaired at origina	ation but the credit ri	sk has



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2. FINANCING AND ADVANCES (cont'd)

(ix) ECL (cont'd)

Financial assets that are purchased or originated and credit-impaired

The Bank does not purchase or originate credit impaired financing and advances.

Impact on movements in gross carrying amount on allowance for financing and advances

The following explains how significant changes in the gross carrying amount of financing and advances during the financial

year have contributed to the changes in the allowance for impairment on financing and advances for the Bank Overall, the total allowance for impairment on financing and advances for the Bank increased by RM57.89 million from RM557.78 million to RM615.67 million, due to the following:

(a) 12-month ECL (Stage 1) – decrease of RM2.69 million for the Bank, mainly due to:

- Remeasurement of ECL due to improvement in credit quality;
- Financing and advances that were repaid; and
- Partially offset by financing and advances that were newly originated and financing and advances which migrated from Stage 2 and Stage 3 to Stage 1 due to improvement in credit quality.
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) increase of RM29.12 million for the Bank, mainly due to:
 - Remeasurement of ECL due to deterioration in credit quality;
 - Financing and advances that were new originated; and
 - Partially offset by financing and advances that were repaid.
- (c) Lifetime ECL Credit-Impaired (Stage 3) increase of RM31.46 million for the Bank, mainly due to:
 - Remeasurement of ECL and financing and advances which migrated into Stage 3 due to deterioration of credit quality;
 - Financing and advances that were new originated; and
 - Partially offset by financing and advances that were fully repaid and written off.

3. OTHER ADVANCES

		2021 RM'000	2020 RM'000
i)	Non-Shariah Assets	3,424	6,364
	Less:		
	Stage 1 - 12-month ECL	(19)	(90)
	Stage 2 - Lifetime ECL not credit-impaired	(27)	(54)
	Stage 3 - Lifetime ECL credit-impaired	(1,476)	(3,191)
	Non-Shariah Assets at amortised cost	1,902	3,029
			1.1.1.4

Other advances relate to customer loans which are not in compliance with Shariah principles. All income earned during the year from these loans amounting to RM627,749 (2020: RM2,337,261) will be channelled to approved charities.

(ii) Movements in gross impaired Non-Shariah Assets are as follows:

	2021 RM'000	2020 RM'000
At beginning of the year	4,332	6,332
Additions during the year	545	1,003
Reclassified as non credit-impaired during the year	(64)	(461)
Recoveries during the year	(934)	(1,819)
Amount written off	(1,495)	(723)
At end of the year	2,384	4,332
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	69.63%	68.07%

Ongoing efforts are made by Special Asset Management Department ("SAMD") and Credit Recovery Centre ("CRC") to reduce the impaired Non-Shariah Assets ("NSA") accounts through rescheduling or restructuring and conversion to Islamic accounts for qualified cases. Where rehabilitative efforts failed, SAMD and CRC will pursue recovery actions, including litigation, until all efforts are exhausted

Movements in impairment allowances are as follows:

	ECL Staying			
	Stage 1	Stage 2 Lifetime ECL Not	Stage 3 Lifetime ECL	
	12-month ECL RM'000	Credit-Impaired RM'000	Credit-Impaired RM'000	Total RM'000
Balance as at 1 January 2021	90	54	3,191	3,335
Transfer to Stage 1	6	(5)	(1)	-
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	(33)	(18)	51	-
Written back during the year	(41)	(7)	(270)	(318)
Net remeasurement due to changes in credit risk	(33)	9	(59)	(83)
Financial assets that have been derecognised	(8)	(16)	(211)	(235)
Write off	-	-	(1,495)	(1,495)
Balance as at 31 December 2021	19	27	1,476	1,522
Balance as at 1 January 2020	75	78	4,892	5,045
Transfer to Stage 1	127	(58)	(69)	-
Transfer to Stage 2	(7)	19	(12)	-
Transfer to Stage 3	-	(4)	4	-
Allowance made/(written back) during the year	(105)	19	(901)	(987)
Net remeasurement due to changes in credit risk	(105)	34	24	(47)
Financial assets that have been derecognised	-	(15)	(925)	(940)
Write off	-	-	(723)	(723)
Balance as at 31 December 2020	90	54	3,191	3,335

* There are no new other advances originated during the year.

Financial assets that are purchased or originated and credit-impaired The Bank does not purchase or originate credit impaired advances

Impact on movements in gross carrying amount on allowance for other advances

The following explains how significant changes in the gross carrying amount of other advances during the financial year have contributed to the changes in the allowance for impairment on other advances for the Bank.

Overall, the total allowance for impairment on other advances for the Bank decreased by RM1.81 million, due to the following:

- (a) 12-month ECL (Stage 1) decrease of RM0.07 million for the Bank, mainly due to
- of ECL due to improv ment in credit aualit\
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) decrease of RM0.03 million for the Bank, mainly due to: Other advances that were repaid.
- (c) Lifetime ECL Credit-Impaired (Stage 3) decrease of RM1.71 million for the Bank, mainly due to
 - Other advances that were fully repaid and written off.

4. SUKUK WAKALAH

	2021 RM'000	2020 RM'000
Principal		
At 1 January	-	-
Issued during the year	500,000	
At 31 December	500,000	
Accrued Profit Payable		
At 1 January	-	-
Charge for the year	3,117	
At 31 December	3,117	
	503,117	

4. SUKUK WAKALAH (cont'd)

The details of the Sukuk Wakalah issued are as follows:

Up to RM1.0 billion Sukuk Wakalah Programme:	Issue date	Maturity date	Profit rate (% p.a.)
(i) Tranche 1 - RM200.0 million	02-Nov-21	02-Nov-26	3.63%
(ii) Tranche 2 - RM300.0 million	02-Nov-21	02-Nov-28	3.90%

On 2 November 2021, the Bank issued RM0.2 billion and RM0.3 billion of Sukuk Wakalah in nominal value with a tenure of 5 and 7 years, respectively pursuant to Sukuk Wakalah Programme of up to RM1.0 billion nominal value established on 18 October 2021.

The proceeds from the issuance will be utilised to finance shariah-compliant general business and working capital purposes of

5. COMMITMENTS AND CONTINGENCIES

J.	COMMITMENTS AND CONTINGENCIES	2021 RM'000	2020 RM'000
	Credit related exposures Transaction related contingencies Trade related contingencies Financing commitments	67,235 4,944 760,637	51,870 21,285 914,231
		832,816	987,386
	Capital commitment Approved and contracted for: Capital expenditure	2,212	3,718
	Contingent liabilities Certain legal actions taken against the Bank with compensation claims	33,133	41,530
	Total Commitments and Contingencies	868,161	1,032,634
	•		1,002,001
6.	CAPITAL ADEQUACY		
	The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:	2021 %	2020 %
	Before deducting proposed dividend:		
	Core capital ratio	21.19	21.24
	Risk-weighted capital ratio	25.78	24.45
	After deducting proposed dividend:	04.00	04.04
	Core capital ratio Risk-weighted capital ratio	21.09 25.68	21.24 24.44
		2021	2020
	Components of Tier I and Tier II capital	RM'000	RM'000
	Tier I capital		
	Share capital Statutory reserves Retained earnings ECL allowance ¹ Less: Deferred tax assets	1,000,000 487,109 1,636,394 82,238 (1,570)	1,000,000 487,109 1,530,734 59,905
	Total Tier I capital	3,204,171	3,077,748
	Tier II capital ECL allowance ¹ Regulatory reserve Government Grants - Operating Government Grants - Launching Government Grants - Funds ²	106,773 34,951 18,041 1,668 532,010	106,773 34,951 22,757 2,082 298,148
	Total Tier II capital	693,443	464,711
	Total capital base	3,897,614	3,542,459
	•	-,,-	-,,

¹ The eligible amount for Tier I and II capital is limited to only ECL on non-impaired financing and advances. In accordance to the Transitional Arrangements application, the Stage 1 and Stage 2 provisions of ECL incurred during the year are allowed to be added back to Tier 1 capital over a four year period from the financial year ended 31 December 2021.

² The Government Grants - Funds exclude those grants relating to the fair valuation of financing scheme funds at below market rate amounting to RM461.1 million (2020: RM374.9 million).

The breakdown of risk-weighted assets in the various categories of risk-weights is as follows:

	Notional RM'000	weighted RM'000
0%	2,662,333	-
20%	1,610,675	322,135
50%	32,685	16,343
100%	14,450,604	14,450,604
Off balance sheet risk-weighted assets		331,965
Total risk-weighted assets at 31 December 2021	18,756,297	15,121,047
0%	2,589,022	-
20%	1,925,681	385,136
50%	35,514	17,757
100%	13,637,376	13,637,376
Off balance sheet risk-weighted assets		448,076
Total risk-weighted assets at 31 December 2020	18,187,593	14,488,345

SHARIAH COMMITTEE'S REPORT

In the Name of Allah, The Compassionate, The Most Merciful

Assalamualaikum Warahmatullahi Wabarakatuh

In our opinion:

To the shareholder, depositors and customers of Bank Pertanian Malaysia Berhad ("the Bank"): In compliance with the letter of appointment, we are required to submit the following report in relation to the operations of the Bank.

Firstly, the Shariah Committee was established to ensure that the Bank's Islamic banking business and operational affairs as well as activities are in compliance with Shariah rules and principles. The roles and responsibilities of the Shariah Committee are as prescribed in the Shariah Governance ("SG") issued by BNM, which states that the Shariah Committee is responsible for all Bank decisions, views and opinions relating to Shariah matters. The Shariah committee endorses Shariah policies and procedures, and reviews reports escalated by the dedicated Shariah functions. The Shariah Committee members rigorously deliberate on issues and recommendations to mitigate Shariah control weaknesses and potential Shariah non-compliances

The management of the Bank is responsible for ensuring that the Bank conducts its operations in accordance with Shariah principles and with Shariah rulings issued by the Shariah Advisory Council ("SAC") of Bank Negara Malaysia and the Shariah Committee of the Bank. It is our responsibility to form an independent opinion in respect of the operations of the Bank, based on our review of the operations of the Bank and to report to you.

To ensure smoothness and timely execution of our business operation, we had approved a Guideline on the Delegation of Authority empowering the Head of Shariah Department to approve non-substantial variation to Shariah-related matters, and the approvals are reported to us periodically for review and confirmation.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Bank

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles.

The contracts, transactions and dealings entered by the Bank during the financial year ended 31 December 2021 that we have reviewed are in compliance with Shariah. For cases which have been identified as not fulfilling certain requirement under Shariah principles and rulings, remedial measures have been identified and ongoing rectification efforts on the affected accounts are

- currently being implemented. In the event the affected accounts cannot be rectified, the income will not be recognised as the The main sources and investments of the Bank disclosed to us conform to the basis that had been approved by us in accordance
- with Shariah rules and principles. The allocation of profit and charging of losses relating to the Bank's assets and liabilities conform to the basis that had been approved by us in accordance with Shariah principles.
- (d) All earnings that have been realised from sources or by means prohibited under Shariah will be channelled for charitable
- purposes
- The calculation of zakat is in compliance with Shariah principles.

 We hereby confirm that the overall operations, business, affairs and activities of the Bank are Shariah-compliant and do not involve any material Shariah non-compliance event, except for the matter as set out in Note 38 to the financial statements, in which such matter has been resolved by the Shariah Committee.

10 Tuesday August 30 2022 THE STAR



Bank Pertanian Malaysia Berhad (Incorporated in Malaysia) Company Registration No: 200801010522 (811810-U) Leboh Pasar Besar, P.O. Box 10815, 50726 Kuala Lumpur

SHARIAH COMMITTEE'S REPORT (cont'd)

We, TUAN HAJI AZIZI BIN CHE SEMAN and Y.M. ENGKU AHMAD FADZIL BIN Y.M. ENGKU ALI, being two of the members of the Shariah Committee of the Bank, to the best of our knowledge, do hereby confirm on behalf of the members of the Shariah Committee, that the operations of the Bank for the financial year ended 31 December 2021 have been conducted in conformity with Shariah.

TUAN HAJI AZIZI BIN CHE SEMAN

Chairman of the Committee

Kuala Lumpur, Malaysia 1 July 2022

Y.M. ENGKU AHMAD FADZIL BIN Y.M. ENGKU ALI

Member of the Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD (Incorporated in Malaysia)

Report on the summary financial statements

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2021, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the financial year then ended, and related notes, are derived from the audited financial statements of Bank Pertanian Malaysia Berhad for the financial year ended 31 December 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with presentation and disclosure requirements as prescribed by Bank Negara Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD (Incorporated in Malaysia) (cont'd)

The summary financial statements do not contain all the disclosures required by the Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia, as disclosed in Note 5(a) to the financial statements, and the Companies Act 2016 in Malaysia. Reading the summary financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements of Bank Pertanian Malaysia Berhad and the auditors' report thereon

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 1 July 2022.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with presentation and disclosure requirements as prescribed by Bank Negara Malaysia

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements"

Other Matters

Our report on the summary financial statements of Bank Pertanian Malaysia Berhad for the financial year ended 31 December 2021 is issued in compliance with Bank Negara Malaysia Guidelines and for no other purpose.

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

Kuala Lumpur, Malaysia 1 July 2022

Wan Daneena Liza Bt Wan Abdul Rahman No. 02978/03/2024 J

Chartered Accountant

BANK PERTANIAN MALAYSIA BERHAD 200801010522 (811810-U)







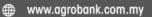
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