Monday August 16 2021 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

		2020 RM'000	2019 RM'000
Ву	Product (at amortised cost)		
_	rocash	8,273,185	7,611,279
	oject Financing	5,532,591	4,913,114
	nd For Food ("3F") Rahnu	1,008,978 577,371	902,844 350,875
	hery Boat Financing Scheme ("SPBP")	130,641	147,979
	JST-i	260,221	256,073
Oil	Palm Replanting Scheme ("TASKS")	3,500	3,991
Bu	miputera Commercial and Industrial Community Scheme ("MPPB")	67,814	75,228
Fir	ancing for Small and Medium Size Industries ("PKS")	103,633	120,116
	n-Food Production Credit Scheme ("SKPBM")	17,868	25,056
	od Production Credit Scheme ("SKPM")	86,701	100,554
	lia Tani Scheme	5,240	5,398
	nd For Small and Medium Size Industries ("TIKS") orking Capital-i	11,313 222,012	7,399 275,386
	ddy Credit Scheme	86,334	92,585
	cro Economic Stimulus Package ("Micro-ESP-I")	18,039	71
Na	tional Key Economic Area ("NKEA")	9,162	7,704
Мι	rabahah Working Capital Financing	968,318	1,190,201
Ins	ani	728	1,226
Ba	i Al-Dayn Working Capital Financing	61,278	107,383
	PB Hub	678	693
_	ro Cash Line-i	425,762	470,853
	rtani-i	1,288,485	1,237,368
	ro Flood Relief ecial Relief Facility	217 457,054	441 9,272
	ecial Relief Facility mmercial Agriculture Fund ("DPK3")	457,054 87,028	9,272 78,220
	ro Industrial Hire Purchase-i	26,984	6,782
-	ners	17,750	12,342
		19,748,885	18,010,433
Ad	d : Staff financing and advances	176,225	155,130
		19,925,110	18,165,563
Le	ss : Unearned profit	(6,699,421)	(6,331,625)
Gr	oss financing and advances	13,225,689	11,833,938
Le	ss:		
	Stage 1 - 12-month ECL	(76,566)	(75,451)
	Stage 2 - Lifetime ECL not credit-impaired	(80,099)	(24,993)
	Stage 3 - Lifetime ECL credit-impaired	(401,113)	(266,242)
Ne	t financing and advances at amortised cost	12,667,911	11,467,252
(i)	By maturity		
	Maturity within six months	1,815,380	2,001,475
	Between six months to one year	206,248	232,913
	Between one year to three years Between three years to five years	271,622 1,139,391	205,105 733,983
	More than five years More than five years	9,793,048	8,660,462
	moto than the years	13,225,689	11,833,938
/i\	By sector	13,223,009	11,000,900
(i)	Construction and Services	97,350	77,513
	Fishery	647,409	567,343
	Crops	4,724,145	4,403,269
	Livestock	933,597	855,205
	Manufacturing	1,499,986	1,395,302
	Others-Primary Agriculture	79,819	31,598
	Retail and Wholesale Trade	1,530,066	1,305,703
	Household	3,088,243	3,063,814
	Others	625,074	134,191
		13,225,689	11,833,938
(iii)	By state		
	Kuala Lumpur	1,813,637	1,593,693
	Selangor	1,471,267	1,289,835
	Pahang	830,479	742,465
	Perak Negari Sambilan	1,464,355	1,287,713
	Negeri Sembilan Melaka	322,477 625,150	298,772 527,369
	Johor	1,227,867	1,058,438
	Kelantan	697,058	633,329
	Kedah	958,998	839,668
	Perlis	194,513	177,002
	Sarawak	1,259,683	1,237,776
	Sabah	1,227,340	1,114,453
	Pulau Pinang	635,674	572,891
	Terengganu	497,191	460,534
		13,225,689	11,833,938
(iv)	By profit rate sensitivity		
	Fixed rate :		
	Fund For Food ("3F")	684,809	605,275
	Project Financing	23,797	54,406
	MUST-i	192,372	203,240
	Agrocash	6,589	9,470
	Others	930,777	469,522
	Variable rate :		
	Agrocash	5,217,702	4,651,501
		2,993,085	0.044.000
	Project Financing		2,811,606
	Murabahah Working Capital Financing	969,580	1,188,838
	Murabahah Working Capital Financing Hartani-i	969,580 658,974	1,188,838 615,561
	Murabahah Working Capital Financing	969,580 658,974 1,548,004	1,188,838 615,561 1,224,519
	Murabahah Working Capital Financing Hartani-i	969,580 658,974	1,188,838 615,561

2.	FINANCING	AND	ADVANCES	(cont'd)

2.	FIN	IANCING AND ADVANCES (cont'd)			
(v	r)	Financing by type and Shariah Contract			
			Term	Revolving	Total
			Financing RM'000	Financing RM'000	RM'000
		2020			
			101 100		101100
		Qard	104,123	- 01	104,123
		Bai-Al Inah	1,255,447	1 567 100	1,255,468
		Tawarruq Bai-Bithaman Ajil	6,655,980 3,561,808	1,567,192	8,223,172 3,561,808
		Murabahah	61,228		61,228
		ljarah	19,890	_	19,890
		, januari		1 567 212	
			11,658,476	1,567,213	13,225,689
		2019			
		Qard	350,875	-	350,875
		Bai-Al Inah	1,402,334	25	1,402,359
		Tawarruq	5,105,558	1,889,272	6,994,830
		Bai-Bithaman Ajil	2,973,771	-	2,973,771
		Murabahah	107,382	-	107,382
		ljarah	4,721		4,721
			9,944,641	1,889,297	11,833,938
(v	i)	Movements in gross impaired financing and advances are as follows:			
•				2020	2019
				RM'000	RM'000
		At beginning of the year		511,789	439,340
		Additions during the year		621,271	377,770
		Reclassified as non impaired during the year		(87,715)	(123,325)
		Recoveries during the year		(96,927)	(130,523)
		Amount written off		(59,370)	(51,473)
		At end of the year		889,048	511,789
		Excluding Non-Shariah Assets			
		Gross impaired		889,048	511,789
		Gross impaired ratio		6.72%	4.32%
		Including Non-Shariah Assets	,		
		Gross impaired		893,380	518,121
		Gross impaired ratio		6.75%	4.37%
(v	rii)	Impaired financing by sector	:		
(-	,	Construction and Services		23,598	19,258
		Fishery		54,431	49,243
		Crops		417,395	166,840
		Livestock		77,629	67,323
		Manufacturing		70,160	57,505
		Others-Primary Agriculture		3,166	3,115
		Retail and Wholesale Trade		193,947	113,776
		Others		48,722	34,729
				889,048	511,789
(v	iii)	Impaired financing by state			
		Kuala Lumpur		343,323	46,209
		Selangor		83,308	65,058
		Pahang		19,017	19,609
		Perak		83,414	53,913
		Negeri Sembilan		15,149	18,845
		Melaka		15,835	15,531
		Johor		83,009	42,716
		Kelantan		37,305	37,530
		Kedah		39,605	56,924
		Perlis		3,935	4,703
		Sarawak Sabah		25,970 51,404	22,434 50,468
		Pulau Pinang		51,404 44,145	38,074
		Terengganu		43,629	39,775
/ir	\	ECI		889,048	511,789

(ix) ECL Movements in impairment allowances are as follows:

	ECL Staging			
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
Balance as at 1 January 2020	75,451	24,993	266,242	366,686
Transfer to Stage 1	9,756	(5,293)	(4,463)	-
Transfer to Stage 2	(6,145)	8,503	(2,358)	-
Transfer to Stage 3	(1,805)	(10,508)	12,313	-
Allowance made during the year	(691)	62,404	188,749	250,462
New financing and advances originated*	24,996	9,581	13,354	47,931
Net remeasurement due to changes in credit risk	(15,589)	55,118	181,500	221,029
Financial assets that have been derecognised	(10,098)	(2,295)	(6,105)	(18,498)
Write off	-	-	(59,370)	(59,370)
Balance as at 31 December 2020	76,566	80,099	401,113	557,778

* New financing and advances originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

	4	ECL Staging		
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
Balance as at 1 January 2019	57,070	21,843	265,662	344,575
Transfer to Stage 1	9,528	(5,575)	(3,953)	-
Transfer to Stage 2	(2,573)	5,096	(2,523)	-
Transfer to Stage 3	(1,508)	(7,605)	9,113	-
Allowance made during the year	12,934	11,234	49,416	73,584
New financing and advances originated*	26,255	2,206	14,070	42,531
Net remeasurement due to changes in credit risk	(4,122)	11,033	59,826	66,737
Financial assets that have been derecognised	(9,199)	(2,005)	(24,480)	(35,684)
Write off	-	-	(51,473)	(51,473)
Balance as at 31 December 2019	75,451	24,993	266,242	366,686

^{*} New financing and advances originated include those which were not credit-impaired at origination but the credit risk had eleriorated





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 2020

	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds and others	720,729	766,007
Income derived from investment of shareholder's funds	215,288	244,810
Allowance for impairment	(208,401)	(26,016)
Total distributable income	727,616	984,801
Income attributable to depositors	(236,203)	(297,353)
Total net income	491,413	687,448
Personnel expenses	(266,587)	(307,625)
Other overheads and expenditures	(170,530)	(162,160)
Finance costs	(13,970)	(12,248)
Profit before tax and zakat	40,326	205,415
Tax expense	(9,541)	(51,795)
Zakat	(2,917)	(5,135)
Net profit for the year	27,868	148,485
Other comprehensive 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	87,784	139,193
Reclassification to the profit or loss	(17,895)	(21,818)
Income tax related to the above	(16,773)	(28,170)
Total items that may be reclassified to profit or loss	53,116	89,205
Items that will not be reclassified to profit or loss Equity instruments at FVOCI		
Revaluation gain/(loss) on equity instruments at FVOCI	110	43
Income tax related to the above	(26)	(10)
Total items that will not be reclassified to profit or loss	84	33
Other comprehensive income for the year, net of tax	53,200	89,238
Total comprehensive income for the year	81,068	237,723

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AS AT S	I DECE	WIDEII 202	U
	Note	2020 RM'000	2019 RM'000
Assets			
Cash and short term funds		1,934,409	1,409,555
Financial assets at fair value through other comprehensive income ("FVOCI")	1	3,206,063	3,637,557
Financing and advances	2	12,667,911	11,467,252
Other advances	3	3,029	6,869
Other assets		157,638	148,040
Property, plant and equipment		147,254	142,446
Intangible assets		30,126	25,719
Right-of-use assets	_	41,163	49,797
TOTAL ASSETS		18,187,593	16,887,235
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers		9,091,797	7,557,636
Deposit and placement of banks and other financial institutions		2,603,556	3,280,172
Other liabilities			
Other payables and accruals		86,657	154,397
Paddy credit gratuity scheme Expected credit loss ("ECL") allowance for financial guarantees and financing commitments		1,906	2,281
Communents Lease liabilities		9,869 33,091	6,176 40,134
Deferred tax liabilities		29,776	12,702
Financing Scheme Funds		2,441,883	1,973,320
Government Grants		2,441,003	1,973,320
Operating		22,757	23,008
Launching		2,082	2,491
Funds		673,043	694,810
Total Liabilities	-	14,996,417	13,747,127
Equity	-		
Share capital		1,000,000	1,000,000
Reserves		2,191,176	2,140,108
Total Equity	-	3,191,176	3,140,108
TOTAL LIABILITIES AND EQUITY	-	18,187,593	16,887,235
Commitments and Contingencies	4	1,032,634	1,057,686
	• =	.,552,554	.,,

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Non-distributable reserves			Distributable reserves	
	Share capital RM'000	Statutory reserves RM'000	FVOCI reserve/ (deficit) RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
As 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)
As at 31 December 2020	1,000,000	487,109	138,382	34,951	1,530,734	3,191,176
As at 1 January 2019	1,000,000	487,109	(4,056)	34,951	1,404,381	2,922,385
Net profit for the year	-	-	-	-	148,485	148,485
Other comprehensive income for the year	-	-	89,238	-	-	89,238
Total comprehensive income for the year	-	-	89,238	-	148,485	237,723
Dividends paid		-	-	-	(20,000)	(20,000)
As at 31 December 2019	1,000,000	487,109	85,182	34,951	1,532,866	3,140,108

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2020

ENDED 31 DECEMBER 2020		
	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat	40,326	205,415
Adjustments for:		
Allowance for impairment on financing and advances	250,462	73,584
Writeback of allowance for impairment on other advances	(987)	(1,496)
Allowance for impairment on financial guarantees and financing commitments	3,693	1,645
Allowance for impairment on other assets	325	302
Depreciation of property, plant and equipment	23,594	21,345
Depreciation of right-of-use assets	10,518	10,051
Amortisation of computer software	17,497	15,008
Write off of property, plant and equipment	133	56
Gain on disposal of property, plant and equipment	-	(76)
Gain on disposal of financial assets at FVOCI	(17,895)	(21,818)
Amortisation and utilisation of Government Grants:		
Government Grant - Operating	(251)	(302)
Government Grant - Launching	(409)	(429)
Government Grant - Funds	2,246	2,374
Finance costs	13,970	12,248
Finance cost for lease liabilities	1,454	1,910
Finance cost for provision for re-instatement	239	225
Provision made for retirement benefits scheme	42	34
(Writeback)/ provision made for compensation claim	(677)	805
Utilisation of Non-Shariah Income ("NSI")	(339)	(4,589)
Operating profit before working capital changes	343,941	316,292
Change in financing and advances	(1,451,121)	(1,109,674)
Change in other advances	4,827	4,175
Change in other assets	(4,632)	(36,125)
Change in deposits from customers	1,534,161	(62,687)
Change in deposit and placement of banks and other financial institutions	(676,616)	290,002
Change in other payables and accruals	(49,763)	6,416
Change in paddy credit gratuity scheme	(375)	6
Cash used in operating activities	(299,578)	(591,595)
Tax paid	(30,177)	(37,332)
Zakat paid	(4,629)	(6,293)
Net cash used in operating activities	(334,384)	(635,220)
· · ·	(334,364)	(033,220)
CASH FLOWS FROM INVESTING ACTIVITIES	(5.000)	(000 500)
Purchase of financial assets at FVOCI	(5,989)	(229,592)
Proceeds from disposal of financial assets at FVOCI	525,377	1,112,007
Purchase of property, plant and equipment	(28,535)	(26,307)
Purchase of computer software	(21,904)	(19,049)
Proceeds from disposal of property, plant and equipment		175
Net cash generated from investing activities	468,949	837,234
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(10,291)	(9,887)
Additional funds received for Financing Scheme Funds	578,518	217,102
Payments of Financing Scheme Funds	(134,852)	(119,640)
Profits paid on Financing Scheme Funds	(13,086)	(11,523)
Additional funds received for Government Grant - Funds	-	20,000
Dividends paid	(30,000)	(20,000)
Net cash generated from financing activities	390,289	76,052
NET INCREASE IN CASH AND CASH EQUIVALENTS	524,854	278,066
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,409,555	1,131,489
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,934,409	1,409,555
CASH AND CASH EQUIVALENTS CONSIST OF: Cash and short term funds	1,934,409	1,409,555

NOTES TO THE FINANCIAL STSTEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") 2020 RM'000

Equity investments	(a)	254	144
Debt investments	(b) _	3,205,809	3,637,413
	_	3,206,063	3,637,557
(a) Equity investments			
		2020 RM'000	2019 RM'000
Quoted securities KUB Malaysia Berhad		254	144
(b) Debt investments			
Debt instruments at FVOCI comprise the following investments having solely payments of	f princip	al and profit inco	me:
		2020	2019

	RM'000	RM'000
At fair value:		
Corporate sukuk	2,124,798	2,371,083
Government Investment Issues ("GII")	1,081,011	1,266,330
	3,205,809	3,637,413
Movements in ECL in respect of debt instruments at EVOCI are as follows:		

	←			
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired RM'000	Total RM'000
As at 1 January 2019/31 December 2019/ 31 December 2020	524	7,184	-	7,708

ECL Staging

2019 RM'000



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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD (CONT'D)

Report on the summary financial statements (cont'd)

Auditors' responsibility

Our responsibility is to express an opinionon 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"

Our report on the summary financial statements of Bank Pertanian Malaysia Berhad for the financial year ended 31 December 2020 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 27 May 2021

Wan Daneena Liza Bt Wan Abdul Rahman No. 02978/03/2022 J Chartered Accountant

BANK PERTANIAN MALAYSIA BERHAD 200801010522 (811810-U)







ADVANCING AGRICULTURE BEYOND BANKING

SECONDARY

PROCESSING

We offer financial services as well as other supportive solutions.



INDIRECT INPUT

SUPPLIERS

💌 Savings & (\$) Deposits





Business 👺 Financing



O Personal Financing



PRODUCTION

Electronic & **Agent Banking**



Other Financial Services

STORAGE

& RETAILERS

For financial support of your agri business, talk to us today!

1 300 88 2476 (LOCAL) +6 03 2079 0600 (INTL)



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

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.

 $\underline{\text{Impact on movements in gross carrying amount on allowance for financing and advances}}$

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 RM191.09 million from RM366.69 million to RM557.78 million, due to the following:

- (a) 12-month ECL (Stage 1) increase of RM1.11 million for the Bank, mainly due to:
 - Financing and advances that were newly originated;
 - Partially offset by remeasurement of ECL due to deterioration in credit quality and financing and advances that were
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) increase of RM55.11 million for the Bank, mainly due to:
 - Financing and advances which migrated from Stage 1 into Stage 2 due to deterioration in credit quality; and
 - Remeasurement of ECL due to deterioration credit quality.
- (c) Lifetime ECL Credit-Impaired (Stage 3) increase of RM134.87 million for the Bank, mainly due to:
 - Financing and advances which migrated into Stage 3 due to deterioration in credit quality; and
 - Remeasurement of ECL due to deterioration of credit quality partially offset by financing and advances that were fully repaid and written off amounting to RM59.37 million.

3. OTHER ADVANCES

		2020 RM'000	2019 RM'000
(i)	Non-Shariah Assets	6,364	11,914
	Less:		
	Stage 1 - 12-month ECL	(90)	(75)
	Stage 2 - Lifetime ECL not credit-impaired	(54)	(78)
	Stage 3 - Lifetime ECL credit-impaired	(3,191)	(4,892)
	Non-Shariah Assets at amortised cost	3,029	6,869

Other advances relate to customer loans not in compliance with Shariah principles. All income earned during the year from these loans amounting to RM2,337,261 (2019: RM4,214,125 will be channelled to approved charities.

	RM'000	RM'000
At beginning of the year	6,332	8,181
Additions during the year	1,003	2,498
Reclassified as non credit-impaired during the year	(461)	(1,180)
Recoveries during the year	(1,819)	(2,229)
Amount written off	(723)	(938)
At end of the year	4,332	6,332
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	68.07%	53.15%

Ongoing efforts are made by Remedial and Recovery Department ("RRD") and Credit Recovery Centre ("CRC") to reduce ongoing entots are made by Hernedal and Necovery Department ("Imb) and Death Hecker ("Inb) 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, RRD and CRC will pursue recovery actions, including litigation, until all efforts are exhausted.

(iii) ECL

Movements in impairment allowances are as follows:

	ECL Staying				
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000	
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 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.

	ECL Staging					
	Stage 1	Stage 1		Stage 1 Stage 2	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 2019	142	398	6,939	7,479		
Transfer to Stage 1	25	(5)	(20)	-		
Transfer to Stage 2	(16)	16	-	-		
Transfer to Stage 3	(7)	(79)	86	-		
Allowance written back during the year	(69)	(252)	(1,175)	(1,496)		
Net remeasurement due to changes in credit risk	(53)	(24)	(209)	(286)		
Financial assets that have been derecognised	(16)	(228)	(966)	(1,210)		
	-	-	(938)	(938)		
Balance as at 31 December 2019	75	78	4,892	5,045		

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 RM1.71 million, due to the following:

- 12-month ECL (Stage 1) increase of RM0.02 million for the Bank, mainly due to:
- Other advances that migrated from Stage 2 and 3 due to improvement in credit quality; and - Partially offset by remeasurement of ECL due to deterioration in credit quality.
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) decrease of RM0.03 million for the Bank, mainly due to: - Other advances that were fully repaid; and
 - Other advances that migrated from Stage 3 or remeasurement of ECL due to improvement in credit quality.
- (c) Lifetime ECL Credit-Impaired (Stage 3) decrease of RM1.70 million for the Bank, mainly due to:
 - Other advances that were fully repaid and written off.

COMMITMENTS AND CONTINGENCIES

	2020 RM'000	2019 RM'000
Credit related exposures		
Transaction related contingencies	51,870	47,092
Trade related contingencies	21,285	23,954
Financing commitments	914,231	941,574
	987,386	1,012,620
Capital commitment		
Approved and contracted for: Capital expenditure	3,718	3,444
Contingent liabilities		
Certain legal actions taken against the Bank with compensation claims	41,530	41,622
Total Commitments and Contingencies	1,032,634	1,057,686

5. CAPITAL ADEQUACY

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:		
	2020 %	2019 %
Before deducting proposed dividend:		
Core capital ratio	21.24	22.66
Risk-weighted capital ratio	24.45	26.10
After deducting proposed dividend:		
Core capital ratio	21.24	22.44
Risk-weighted capital ratio	24.44	25.88
	2020	2019
	RM'000	RM'000
Components of Tier I and Tier II capital		
Tier I capital		
Share capital	1,000,000	1,000,000
Statutory reserves	487,109	487,109
Retained earnings	1,530,734	1,532,866
Less: Deferred tax assets	59,905	
Total Tier I capital	3,077,748	3,019,975
Tier II capital		
ECL allowance 1	106,773	106,773
Regulatory reserve	34,951	34,951
Government Grants - Operating	22,757	23,008
Government Grants - Launching	2,082	2,491
Government Grants - Funds 2	298,148	291,102
Total Tier II capital	464,711	458,325
Total capital base	3,542,459	3,478,300
		-

- 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 2020.
- The Government Grants Funds exclude those grants relating to the fair valuation of financing scheme funds at below market rate amounting to RM374.89 million (2019: RM403.71 million).

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

	Notional RM'000	Risk- weighted RM'000
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
0%	2,775,408	-
20%	1,527,072	305,414
50%	32,271	16,136
100%	12,552,484	12,552,484
Off balance sheet risk-weighted assets		452,218
Total risk-weighted assets at 31 December 2019	16,887,235	13,326,252

SHARIAH COMMITTEE'S REPORT

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

Assalamualaikum Warahmatullahi Wabarakatuh

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 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 vide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles

- In our opinion:

 (a) The contracts, transactions and dealings entered by the Bank during the financial year ended 31 December 2020 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.

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.

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 here by 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 37 to the financial statements, in which such matter has been resolved by the Shariah Committee.

We, ASSOC. PROF. DR. MOHAMED FAIROOZ BIN ABDUL KHIR and DR. MOHAMAD SABRI BIN ZAKARIA, 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 2020 have been conducted in conformity with Shariah.

ASSOC. PROF. DR. MOHAMED FAIROOZ BIN ABDUL KHIR

DR. MOHAMAD SABRI BIN ZAKARIA

Chairman of the Committee Kuala Lumpur, Malaysia 27 May 2021

Member of the Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD

Report on the summary financial statements

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020, 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 2020.

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.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia. Reading the summary financial statements and the auditors' report there on, 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 27 May 2021.

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.