A27. Capital Adequacy

(a) The capital adequacy ratios of the Bank below are disclosed pursuant to the requirements of BNM's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3):

	31 March 2022	31 December 2021
Before deducting interim dividend *		
Common Equity Tier I ("CET I") capital ratio	**11.365%**	11.777%
Tier I capital ratio	**11.365%**	11.777%
Total capital ratio	**14.661%**	15.142%
After deducting interim dividend *		
CET I capital ratio	**11.365%**	11.777%
Tier I capital ratio	**11.365%**	11.777%
Total capital ratio	**14.661%**	15.142%

* Refer to interim dividend declared subsequent to the financial period / year end.

	31 March 2022 RM'000	31 December 2021 RM'000
Components of CET I, Tier I and Tier II capital:		
CET I capital / Tier I capital		
Share capital	**2,732,717**	2,732,717
Other reserves	**(111,522)**	(94,385)
Retained profits	**3,040,798**	3,040,798
Less: Deferred tax assets, net	**(194,966)**	(194,892)
Less: Defined benefit pension fund assets	**(733)**	(935)
Less: Investment in an associated company deducted from CET I capital	**(67,500)**	(67,500)
Total CET I capital / Tier I capital	**5,398,794**	5,415,803
Tier II capital		
Stage 1 and Stage 2 expected credit loss allowances #	**565,563**	547,391
Subordinated Sukuk Murabahah	**1,000,000**	1,000,000
Total Tier II capital	**1,565,563**	1,547,391
Total capital	**6,964,357**	6,963,194

Excludes expected credit loss allowances restricted from Tier II capital of the Bank of RM160,647,000 (31 December 2021 : RM152,804,000).

A27. Capital Adequacy (continued)

(a) The capital adequacy ratios of the Bank (continued):

The total risk-weighted assets of the Bank are computed based on the following approaches:
(i) Standardised Approach for Credit Risk;
(ii) Standardised Approach for Market Risk; and
(iii) Basic Indicator Approach for Operational Risk.

Regulatory capital requirements

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB") and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Bank has exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Bank has applied CCyB on its private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

As allowed under the BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components, financial institutions which elect to apply the transitional arrangements for regulatory capital treatment of accounting provisions are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to CET I capital over a four-year period from financial year beginning 2020, or a three-year period from financial year beginning 2021. As at the reporting date, the Bank has not applied the said transitional arrangements.

(b) The breakdown of risk-weighted assets by each major risk category of the Bank is as follows:

	31 March 2022 RM'000	31 December 2021 RM'000
Credit risk	**45,245,017**	43,791,293
Market risk	**48**	59
Operational risk	**2,259,096**	2,194,784
	47,504,161	45,986,136