

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position  
As at 30 September 2020

	Note	Group		Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>Assets</b>					
Cash and short-term funds	11	403,712	573,537	399,457	571,264
Financial investments at fair value through other comprehensive income ("FVOCI")	12	2,051,987	1,416,930	2,051,987	1,416,930
Financial investments at amortised cost	13	2,500,608	2,590,828	2,500,608	2,590,828
Loans, advances and financing	14	1,267,668	555,145	1,267,668	555,145
Other assets	15	78,615	78,518	82,828	80,746
Statutory deposits with Bank Negara Malaysia		99,659	108,016	99,659	108,016
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		535	773	535	773
Intangible assets		1,667	2,294	1,667	2,294
Deferred tax assets		3,930	4,056	3,930	4,056
<b>Total assets</b>		<b>6,408,381</b>	<b>5,330,097</b>	<b>6,408,339</b>	<b>5,330,052</b>
<b>Liabilities</b>					
Deposits from customers	16	4,371,795	3,469,155	4,371,795	3,469,155
Deposits and placements of bank and other financial institutions	17	1,097,321	953,916	1,097,321	953,916
Derivative liabilities	18	1,192	786	1,192	786
Other liabilities	19	77,044	85,345	77,037	85,344
Provision for taxation and zakat		2,269	1,305	2,262	1,302
<b>Total liabilities</b>		<b>5,549,621</b>	<b>4,510,507</b>	<b>5,549,607</b>	<b>4,510,503</b>
<b>Equity</b>					
Share capital		369,111	369,111	369,111	369,111
Reserves		489,649	450,479	489,621	450,438
<b>Total equity</b>		<b>858,760</b>	<b>819,590</b>	<b>858,732</b>	<b>819,549</b>
<b>Total liabilities and equity</b>		<b>6,408,381</b>	<b>5,330,097</b>	<b>6,408,339</b>	<b>5,330,052</b>
<b>Commitments and contingencies</b>	28	1,033,501	694,574	1,033,501	694,574

\* Denotes RM4

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss  
For the nine months ended 30 September 2020

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		76,100	71,012	215,646	184,802
Interest income	20	14,729	23,530	41,369	69,089
Interest expense	21	(7,458)	(18,439)	(24,198)	(55,266)
Net interest income		7,271	5,091	17,171	13,823
Net income from Islamic Banking operation	33(p)	27,926	17,033	71,117	35,995
Non-interest income	22	7,190	7,615	16,427	18,246
		42,387	29,739	104,715	68,064
Operating expenses	23	(18,756)	(16,063)	(51,356)	(46,761)
Operating profit before allowances		23,631	13,676	53,359	21,303
Impairment loss (made)/ written back on:					
- loans, advances and financing	24	(3,036)	7,169	(14,466)	7,328
- financial investments	25	(1,084)	3,553	(1,860)	3,566
- other assets	26	(58)	(406)	37	(480)
Profit before taxation and zakat		19,453	23,992	37,070	31,717
Taxation		(3,689)	(6,947)	(8,391)	(6,836)
Zakat		(489)	(431)	(960)	(766)
Profit for the period attributable to equity holder of the Bank		15,275	16,614	27,719	24,115
Earnings per ordinary share (sen)					
- Basic and diluted	27			17.88	15.56

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income  
For the nine months ended 30 September 2020

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the period attributable to equity holder of the Bank	15,275	16,614	27,719	24,115
Other comprehensive income:				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Changes in allowance for expected credit loss ("ECL")	53	27	169	30
Net gain on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(7,807)	(3,607)	(22,051)	(8,094)
- Fair value changes	8,933	5,210	33,333	18,022
Other comprehensive income for the period, net of tax	1,179	1,630	11,451	9,958
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gain on defined benefit plans	-	-	-	20
Other comprehensive income for the period, net of tax	-	-	-	20
Total comprehensive income for the period attributable to equity holder of Bank	16,454	18,244	39,170	34,093

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

Unaudited Interim Financial Statements

Consolidated statements of profit or loss  
For the nine months ended 30 September 2020

Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		76,087	70,995	215,575	184,752
Interest income	20	14,729	23,530	41,369	69,089
Interest expense	21	(7,458)	(18,439)	(24,198)	(55,266)
Net interest income		7,271	5,091	17,171	13,823
Net income from Islamic Banking operation	33(p)	27,926	17,033	71,117	35,995
Non-interest income	22	7,232	7,598	16,411	18,267
		42,429	29,722	104,699	68,085
Operating expenses	23	(18,751)	(16,062)	(51,341)	(46,756)
Operating profit before allowances		23,678	13,660	53,358	21,329
Impairment loss (made)/ written back on:					
- loans, advances and financing	24	(3,036)	7,169	(14,466)	7,328
- financial investments	25	(1,084)	3,553	(1,860)	3,566
- other assets	26	(58)	(406)	37	(480)
Profit before taxation and zakat		19,500	23,976	37,069	31,743
Taxation		(3,687)	(6,943)	(8,377)	(6,826)
Zakat		(489)	(431)	(960)	(766)
Profit for the period attributable to equity holder of the Bank		15,324	16,602	27,732	24,151

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income  
For the nine months ended 30 September 2020

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the period attributable to equity holder of the Bank	15,324	16,602	27,732	24,151
Other comprehensive income:				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Changes in allowance for expected credit loss ("ECL")	53	27	169	30
Net gain on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(7,807)	(3,607)	(22,051)	(8,094)
- Fair value changes	8,933	5,210	33,333	18,022
Other comprehensive income for the period, net of tax	1,179	1,630	11,451	9,958
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
Re-measurement gain on defined benefit plans	-	-	-	20
Other comprehensive income for the period, net of tax	-	-	-	20
Total comprehensive income for the period attributable to equity holder of Bank	16,503	18,232	39,183	34,129

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

**Unaudited Interim Financial Statements**

**Consolidated statements of changes in equity**  
**For the nine months ended 30 September 2020**

Group	----- Non-distributable ----->			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2020	369,111	17,430	3,687	429,362	819,590
Profit for the financial period	-	-	-	27,719	27,719
Other comprehensive income for the period	-	-	11,451	-	11,451
Total comprehensive income for the period	-	-	11,451	27,719	39,170
<b>Transactions with owner</b>					
Transfer from regulatory reserve	-	(937)	-	937	-
At 30 September 2020	369,111	16,493	15,138	458,018	858,760
At 1 January 2019	369,111	19,389	(2,114)	390,271	776,657
Profit for the financial period	-	-	-	24,115	24,115
Other comprehensive income for the period	-	-	9,958	20	9,978
Total comprehensive income for the period	-	-	9,958	24,135	34,093
<b>Transactions with owner</b>					
Transfer to regulatory reserve	-	193	-	(193)	-
At 30 September 2019	369,111	19,582	7,844	414,213	810,750

# The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

**Unaudited Interim Financial Statements**

**Consolidated statements of changes in equity  
For the nine months ended 30 September 2020 (cont'd.)**

Bank	----- Non-distributable -----			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2020	369,111	17,430	3,687	429,321	819,549
Profit for the financial period	-	-	-	27,732	27,732
Other comprehensive income for the period	-	-	11,451	-	11,451
Total comprehensive income for the period	-	-	11,451	27,732	39,183
<b>Transactions with owner</b>					
Transfer from regulatory reserve	-	(937)	-	937	-
At 30 September 2020	369,111	16,493	15,138	457,990	858,732
At 1 January 2019	369,111	19,389	(2,114)	390,214	776,600
Profit for the financial period	-	-	-	24,151	24,151
Other comprehensive income for the period	-	-	9,958	20	9,978
Total comprehensive income for the period	-	-	9,958	24,171	34,129
<b>Transactions with owner</b>					
Transfer to regulatory reserve	-	193	-	(193)	-
At 30 September 2019	369,111	19,582	7,844	414,192	810,729

# The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

**Unaudited Interim Financial Statements**

**Consolidated statements of cash flows  
For the nine months ended 30 September 2020**

	Note	Group		Bank	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit before taxation and zakat		37,070	31,717	37,069	31,743
Adjustments for non-cash items		(71)	(24,337)	(126)	(19,507)
Operating profit before changes in working capital		36,999	7,380	36,943	12,236
Changes in working capital:					
Net changes in operating assets		(1,244,971)	(564,820)	(1,246,942)	(569,497)
Net changes in operating liabilities		1,038,154	604,825	1,038,144	604,833
Net cash (used in)/generated from operating activities		(169,818)	47,385	(171,855)	47,572
Net cash (used in)/generated from investing activities		(7)	(186)	48	(115)
Net change in cash and cash equivalents		(169,825)	47,199	(171,807)	47,457
Cash and cash equivalents at beginning of the period		573,537	105,746	571,264	105,426
Cash and cash equivalents at end of the period	11	403,712	152,945	399,457	152,883
Cash and cash equivalents comprise of:					
Cash and short-term funds		403,712	152,945	399,457	152,883

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*



## Unaudited Interim Financial Statements

### Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"), IAS 34, Guidelines on Financial Reporting and Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia

#### 1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and Bank Negara Malaysia ("BNM") Guidelines. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2019.

The explanatory notes attached to the unaudited condensed 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 Group and the Bank since the financial year ended 31 December 2019.

#### 2. Significant accounting policies

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements for the year ended 31 December 2019.

##### 2.1 Adoption of Amendments and Annual Improvements to Standards

The Group and the Bank have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2020.

###### Description

- Revised Conceptual Framework For Financial Reporting (the Conceptual Framework)
- Amendments to MFRS 3: *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108: *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*
- Amendments to MFRS 16: *Covid-19 Related Rent Concessions*

The above adoption did not result in any material impact to the financial statements of the Group and the Bank.

## Unaudited Interim Financial Statements

### 2. Significant accounting policies (cont'd.)

#### 2.2 Standards issued but not yet effective

At the date of authorisation of the unaudited condensed interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group and the Bank.

	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform-Phase 2</i>	1 January 2021
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 1, MFRS 9 and MFRS 141: <i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

### 3. Comments about seasonal or cyclical factors

The Group's and the Banks's performance is not materially affected by any seasonal or cyclical factors but is affected by the level of activities in the debt instruments and derivatives markets.

### 4. Unusual items due to their nature, size or incidence

There are significant uncertainties surrounding the growth outlook emanating from (i) novel coronavirus (Covid-19) pandemic; (ii) the sudden drop in oil prices; and (iii) the global supply and demand shocks reverberating as a result. Following this, the Bank has implemented measures such as the granting of six (6) months moratorium on qualifying loans, advances and financing to assist borrowers with short term relief in line with Bank Negara Malaysia's guideline.

At the date of this report, the Bank continues to monitor and assess the developments and its economic impact for significant credit, market, liquidity and operational risks.

## Unaudited Interim Financial Statements

### 5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 September 2020.

### 6. Debt and equity instruments

There were no changes to the debt and equity instruments for the quarter ended 30 September 2020.

### 7. Dividend paid/payable

There were no dividends declared or paid during the quarter ended 30 September 2020.

### 8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

### 9. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM19.5 million for the third quarter ended 30 September 2020, as compared to the pre-tax profit of RM24.0 million recorded in the corresponding quarter ended 30 September 2019. The lower profit for the current period is mainly due to higher collective impairment provision, set aside for potential increase in credit costs expected following the Covid-19 pandemic. This is partially offset with higher finance income for the Islamic banking operations.

The pre-tax profit for the nine months ended 30 September 2020 amounted to RM37.1 million, an increase of RM5.4 million or 16.9% as compared to pre-tax profit of RM31.7 million recorded in the previous corresponding quarter ended 30 September 2019. The higher profit for the period is mainly due to higher finance income for the Islamic banking operations. This is partially offset with higher collective impairment provision, set aside for potential increase in credit costs expected following the Covid-19 pandemic.

## Unaudited Interim Financial Statements

### 10. Review for 2020

Malaysia's gross domestic product ("GDP") registered a significant plunge of -17.1% year-on-year ("yoy") in second quarter of 2020. This was mainly due to the fact that Malaysia had a nationwide Movement Control Order ("MCO") with strict measures in place as public health and safety was the first priority.

In the equity market, FBMKLCI marched to its highest position of 1,611.42 in the early part of third quarter of 2020, on 29 July 2020. However, it had retraced by -6.3% during last week of the quarter and closing at 1,504.82 on 30 September 2020. This could be due to profit taking activities as there was lack of fresh catalyst to propel it higher. News of vaccine and anxieties of the ending of the loan moratorium was amongst the concerns.

In terms of foreign fund flows, foreign fund continued its outflow in third quarter of 2020. However, it was observed that it had lessened slightly to register RM5.48 billion of outflow as compared to RM8.67 billion in second quarter of 2020. This resulted in year-to-date foreign outflow of RM21.78 billion. Meanwhile, buying interest from retailers continued to increase in the current quarter. Net buying by retailers went up from RM3.47 billion in second quarter of 2020 to RM5.17 billion in third quarter 2020.

The Ringgit bond market continued to stage strong rallies in July and August 2020, which saw the 10-year Malaysian Government Securities ("MGS") and 10-year Government Investment Issues ("GII-i") were both traded below 2.50% following strong demands from both local and foreign players driven by ample liquidity in the domestic market coupled with stronger Ringgit as well as higher real interest rates amid deflationary pressure.

However, the momentum started to slide and the yields began to edge higher after Bank Negara Malaysia ("BNM") decided to keep the Overnight Policy Rate ("OPR") unchanged at 1.75% at its Monetary Policy Committee ("MPC") meeting held on 10 September 2020, citing the cumulative 125 basis points reduction in the OPR since the beginning of the year would continue to provide stimulus to the economy. The 10-year MGS and GII-i closed the third quarter of 2020 at 2.68% and 2.66% respectively.

The Ringgit bond market is expected to remain volatile in the near term in view of persistent downside risks emanating from domestic and external factors, given the possibility of the second wave of the Covid-19 in Malaysia as new cases have been on the rise since the end of the third quarter of 2020.

Meanwhile, there were no significant changes in the Kuala Lumpur Interbank Offered Rates ("KLIBORs"), given the OPR was maintained at 1.75%. The 1-month, 3-month, 6-month and 1-year KLIBOR closed the 3rd Quarter of 2020 at 1.87%, 1.97%, 2.13% and 2.25% respectively.

In light of this, the Bank expects to face a challenging operating landscape, with external uncertainties especially on the impact of Covid-19 pandemic playing a key factor. The Bank will continue focusing its effort on managing the Bank's balance sheet as well as enhancing efforts for business activity. Cognisant of the prevailing market conditions, the Bank will remain focused on its efforts to improve revenue streams.

Unaudited Interim Financial Statements

11. Cash and short-term funds

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	30,212	38,637	25,957	36,364
Money at call and deposits placements maturing within one month	373,500	534,900	373,500	534,900
	<u>403,712</u>	<u>573,537</u>	<u>399,457</u>	<u>571,264</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM7,954,000 and RM6,401,000 respectively (2019: RM2,813,000 and RM2,684,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

12. Financial investments at FVOCI

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>At fair value</b>		
Money market instruments:		
Government Investment Issues	1,115,512	848,578
Malaysian Treasury Bills	329,118	-
Negotiable Instruments of Deposit	-	199,724
	<u>1,444,630</u>	<u>1,048,302</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	602,716	363,611
Loan Stocks	3,884	4,260
Shares	757	757
	<u>607,357</u>	<u>368,628</u>
	<u>2,051,987</u>	<u>1,416,930</u>

**Unaudited Interim Financial Statements**

**12. Financial investments at FVOCI (cont'd.)**

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is, as follows:

<b>Group and Bank</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	79	110,228	110,307
Impairment made during the financial period [Note 25]	169	375	544
Written back [Note 25]	-	(1,609)	(1,609)
At 30 September 2020	<u>248</u>	<u>108,994</u>	<u>109,242</u>
At 1 January 2019	44	110,163	110,207
Impairment made during the financial year	35	65	100
At 31 December 2019	<u>79</u>	<u>110,228</u>	<u>110,307</u>

There were no Stage 2 exposure as at 30 September 2020 and 31 December 2019.

**13. Financial investments at amortised cost**

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Money market instruments:		
Government Investment Issues	563,521	670,663
	<u>563,521</u>	<u>670,663</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	1,936,817	1,917,185
Loan stocks	9,743	9,606
	<u>1,946,560</u>	<u>1,926,791</u>
Less: ECL allowance	(9,473)	(6,626)
	<u>2,500,608</u>	<u>2,590,828</u>

## Unaudited Interim Financial Statements

### 13. Financial investments at amortised cost

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 2 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2020	207	887	5,532	6,626
Impairment made during the financial period	1,207	1,539	137	2,883
Written back	-	-	(36)	(36)
At 30 September 2020	<u>1,414</u>	<u>2,426</u>	<u>5,633</u>	<u>9,473</u>
At 1 January 2019	330	-	5,539	5,869
Transfer	(14)	14	-	-
Impairment made during the financial year	-	873	149	1,022
Written back	(109)	-	(110)	(219)
Discount unwind	-	-	(46)	(46)
At 31 December 2019	<u>207</u>	<u>887</u>	<u>5,532</u>	<u>6,626</u>

### 14. Loans, advances and financing

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Term loans/financing		
Syndicated term loans	61,129	61,169
Other term loans	82,849	-
Islamic financing	715,409	170,037
	<u>859,387</u>	<u>231,206</u>
Margin accounts	475,816	378,632
Staff loans	381	403
Gross loans, advances and financing	<u>1,335,584</u>	<u>610,241</u>
Less: ECL allowance	(67,916)	(55,096)
Net loans, advances and financing	<u>1,267,668</u>	<u>555,145</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Domestic business enterprises		
- Small medium enterprises	1,008,177	406,738
Individuals	327,407	203,503
Gross loans, advances and financing	1,335,584	610,241

(ii) By interest rate sensitivity

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Fixed rate		
Staff loans	381	403
Margin accounts	475,816	378,632
Variable rate		
Cost-plus	143,978	61,169
Cost-plus (Islamic financing)	715,409	170,037
Gross loans, advances and financing	1,335,584	610,241



Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing

(iii) By economic sector

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Finance, insurance and business services	429,060	232,754
Household	327,407	203,503
Electricity, gas and water supply	296,585	-
Construction	77,979	59,422
Manufacturing	71,530	68,457
Mining and quarrying	56,478	-
Transport, storage and communications	45,697	-
Wholesale & retail trade and restaurants & hotels	24,156	25,753
Others	6,692	20,352
Gross loans, advances and financing	<u>1,335,584</u>	<u>610,241</u>

(iv) By maturity profile

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	1,081,586	505,608
One year to five years	169,772	32,141
After five years	84,226	72,492
Gross loans, advances and financing	<u>1,335,584</u>	<u>610,241</u>

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(b) Impaired loans, advances and financing ("ILs")

(i) Movements in ILs are as follows:

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
At 1 January	61,189	159,240
Classified as impaired during the period/year	473	19
Recovered	(514)	(73,262)
Written off	-	(24,808)
	<u>61,148</u>	<u>61,189</u>
Less: ECL allowance	(54,284)	(53,669)
Net ILs	<u>6,864</u>	<u>7,520</u>
Ratio of net ILs to gross loans, advances and financing less ECL allowance	<u>0.54%</u>	<u>1.35%</u>

(ii) ILs by economic sector:

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Manufacturing	50,400	50,400
Wholesale & retail trade and restaurants & hotels	10,729	10,770
Household	19	19
	<u>61,148</u>	<u>61,189</u>

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(c) Movements in ECL allowances by class of financial assets

An analysis of changes in the corresponding ECL allowances in relation to loan, advances and financing is, as follows:

<b>Group and Bank</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	1,427	53,669	55,096
Transfer	1,243	-	1,243
Impairment made during the financial period	10,962	733	11,695
Written back [Note 25]	-	(118)	(118)
At 30 September 2020	<u>13,632</u>	<u>54,284</u>	<u>67,916</u>
At 1 January 2019	941	100,721	101,662
Transfer	362	-	362
Impairment made during the financial year	124	67	191
Written back	-	(22,311)	(22,311)
Written off	-	(24,808)	(24,808)
At 31 December 2019	<u>1,427</u>	<u>53,669</u>	<u>55,096</u>

There were no Stage 2 ECL provision as at 30 September 2020 and 31 December 2019.

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15. Other assets

	Note	Group		Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Interest/profit receivables		44,075	34,342	44,075	34,342
Amounts due from brokers and clients	(a)	14,992	22,762	14,992	22,762
Deposits, prepayments and other receivables		13,925	13,159	13,925	13,159
Less: ECL allowance	(b)	(4,035)	(4,072)	(4,035)	(4,072)
		<u>9,890</u>	<u>9,087</u>	<u>9,890</u>	<u>9,087</u>
Amount recoverable from Danaharta		96,973	96,973	96,973	96,973
Less: ECL allowance		(96,973)	(96,973)	(96,973)	(96,973)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related companies	(c)	361	221	361	221
Amount due from subsidiaries	(c)	-	-	4,213	2,228
Tax recoverable		9,297	12,106	9,297	12,106
		<u>78,615</u>	<u>78,518</u>	<u>82,828</u>	<u>80,746</u>

**Unaudited Interim Financial Statements**

**15. Other assets (cont'd.)**

- (a) Amounts due from brokers and clients

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Brokers	34	-
Clients	14,958	22,762
	<u>14,992</u>	<u>22,762</u>

Clients' and brokers' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

- (b) Deposits, prepayments and other receivables

- (i) Movement in ECL allowance

<b>Group and Bank</b>	<b>Total RM'000</b>
At 1 January 2020	4,072
Impairment made during the financial period	213
Written back	(250)
At 30 September 2020	<u>4,035</u>
At 1 January 2019	4,330
Impairment made during the financial year	1,618
Written back	(279)
Written off	(1,597)
At 31 December 2019	<u>4,072</u>

- (c) The amounts due from related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

Unaudited Interim Financial Statements

16. Deposits from customers

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>(a) By types of deposit</b>		
Call deposits	22,638	4,774
Fixed deposits	4,349,157	3,464,381
	<u>4,371,795</u>	<u>3,469,155</u>
<b>(b) By types of customer</b>		
Business enterprises	1,804,022	1,685,339
Government and statutory bodies	2,565,029	1,781,225
Individual	2,744	2,591
	<u>4,371,795</u>	<u>3,469,155</u>
<b>(c) The maturity structure of term deposits is as follows:</b>		
Due within six months	3,957,203	3,154,336
Six months to one year	414,592	280,819
One year to two years	-	34,000
	<u>4,371,795</u>	<u>3,469,155</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>(a) Call deposits</b>		
- Other financial institutions	<u>2,225</u>	<u>2,169</u>
<b>(b) Fixed deposits</b>		
- Other financial institutions	1,095,096	951,747
	<u>1,095,096</u>	<u>951,747</u>
	<u>1,097,321</u>	<u>953,916</u>

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18. Derivative liabilities

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
<b>30 September 2020</b>			
Interest rate related derivatives:			
- Interest rate swaps	300,000	-	(1,192)
<b>31 December 2019</b>			
Interest rate related derivatives:			
- Interest rate swaps	100,000	-	(786)

19. Other liabilities

	Note	Group		Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Amounts due to brokers and clients	(a)	16,888	24,452	16,888	24,452
Interest/profit payables		30,034	33,537	30,034	33,537
Accrued liabilities and other payables		22,713	21,352	22,713	21,352
Employee benefits		2,174	2,020	2,174	2,020
Amount due to immediate holding company	(b)	2,349	2,828	2,349	2,828
Amount due to related company	(b)	7	1	-	-
ECL allowances on loans, advances and financing commitments and financial investments	(c)	2,879	1,155	2,879	1,155
		<u>77,044</u>	<u>85,345</u>	<u>77,037</u>	<u>85,344</u>

**Unaudited Interim Financial Statements**

**19. Other liabilities (cont'd.)**

- (a) Amount due to brokers and clients

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Brokers	14,211	15,126
Clients	2,677	9,326
	16,888	24,452

Clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

- (b) The amounts due to immediate holding company and related company are non-trade in nature, unsecured, interest-free and are repayable on demand.
- (c) Movements in the ECL allowances on loans, financing and advances commitments and financial investments are as follows:

<b>Group and Bank</b>	<b>Loans, advances and financing commitments RM'000</b>	<b>Financial investments RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	1,149	6	1,155
Transfer	(1,243)	-	(1,243)
Made during the financial period	3,000	78	3,078
Written back	(111)	-	(111)
At 30 September 2020	2,795	84	2,879
At 1 January 2019	490	5	495
Transfer	(362)	-	(362)
Made during the financial period	1,021	1	1,022
At 31 December 2019	1,149	6	1,155



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20. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-impaired loans	8,723	7,285	22,718	20,698
Money at call and deposit placements with financial institutions	861	2,212	3,309	5,080
Financial assets at FVTPL	-	-	15	68
Financial investments at FVOCI				
- Interest income on non-impaired instruments	1,080	2,920	3,336	8,552
Financial investments at amortised cost				
- Interest income on non-impaired instruments	4,023	11,306	12,095	35,037
- Interest income on impaired instruments	72	170	188	312
Others	5	-	10	-
	<u>14,764</u>	<u>23,893</u>	<u>41,671</u>	<u>69,747</u>
Accretion of discount less amortisation of premium	(35)	(363)	(302)	(658)
	<u>14,729</u>	<u>23,530</u>	<u>41,369</u>	<u>69,089</u>

21. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	5,517	14,085	19,301	40,510
Deposits and placements of bank and other financial institutions	1,413	4,278	4,142	14,635
Derivative instruments	528	76	755	121
	<u>7,458</u>	<u>18,439</u>	<u>24,198</u>	<u>55,266</u>

Unaudited Interim Financial Statements

22. Non-interest income

Group	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Fee income:</b>				
Fees on loans and advances	13	28	53	83
Corporate advisory fees	2,100	700	3,205	1,730
Underwriting fees	-	-	594	-
Brokerage commission	2,933	2,543	7,542	8,139
Rollover charges	316	646	1,657	2,244
Facility fee	620	175	1,155	288
Redemption fee	59	116	250	154
Placement fees	-	-	84	22
Other fee income	12	14	35	39
	<u>6,053</u>	<u>4,222</u>	<u>14,575</u>	<u>12,699</u>
<b>Investment income/(loss):</b>				
Net gain on sale of financial assets at FVTPL	-	-	120	45
Net gain on sale of financial investments at FVOCI	13	2,633	1,560	4,051
Net gain on sale of financial investments at amortised cost	-	195	-	292
Net unrealised gain/(loss) on revaluation of derivative instruments	734	(149)	(406)	(802)
	<u>747</u>	<u>2,679</u>	<u>1,274</u>	<u>3,586</u>
<b>Gross dividends from:</b>				
Financial investments at FVOCI	196	98	196	98
	<u>196</u>	<u>98</u>	<u>196</u>	<u>98</u>
<b>Other income:</b>				
Intercompany management fee	132	541	144	1,563
Others	62	37	238	262
	<u>194</u>	<u>616</u>	<u>382</u>	<u>1,863</u>
	<u>7,190</u>	<u>7,615</u>	<u>16,427</u>	<u>18,246</u>

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22. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Fee income:</b>				
Fees on loans and advances	13	28	53	83
Corporate advisory fees	2,100	700	3,205	1,730
Underwriting fees	-	-	594	-
Brokerage commission	2,933	2,543	7,542	8,139
Rollover charges	316	646	1,657	2,244
Facility fee	620	175	1,155	288
Redemption fee	59	116	250	154
Placement fees	-	-	84	22
Other fee income	2	2	5	5
	<u>6,043</u>	<u>4,210</u>	<u>14,545</u>	<u>12,665</u>
<b>Investment income/(loss):</b>				
Net gain on sale of financial assets at FVTPL	-	-	120	45
Net gain on sale of financial investments at FVOCI	13	2,633	1,560	4,051
Net gain on sale of financial investments at amortised cost	-	195	-	292
Net unrealised gain/(loss) on revaluation of derivative instruments	734	(149)	(406)	(802)
	<u>747</u>	<u>2,679</u>	<u>1,274</u>	<u>3,586</u>
<b>Gross dividends from:</b>				
Financial investments at FVOCI	196	98	196	98
Subsidiary	55	-	55	71
	<u>251</u>	<u>98</u>	<u>251</u>	<u>169</u>
<b>Other income:</b>				
Intercompany management fee	132	541	144	1,563
Others	59	32	197	246
	<u>191</u>	<u>611</u>	<u>341</u>	<u>1,847</u>
	<u>7,232</u>	<u>7,598</u>	<u>16,411</u>	<u>18,267</u>

Unaudited Interim Financial Statements

23. Operating expenses

Group	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>(i) Staff costs:</b>				
Wages, salaries and bonuses	11,129	7,741	28,433	22,452
Employees' benefits	51	49	154	146
Defined contribution plans	1,749	1,145	4,348	3,374
Social security costs	39	36	116	108
Other staff related expenses	412	709	1,325	1,654
	<u>13,380</u>	<u>9,680</u>	<u>34,376</u>	<u>27,734</u>
<b>(ii) Establishment costs:</b>				
Depreciation and amortisation	260	474	1,068	1,441
Rental				
- office equipment	1	12	10	28
- premises	554	571	1,657	1,715
General repairs and maintenance	12	56	34	71
Insurance	42	41	121	149
Electricity	17	15	33	46
IT expenses	1,331	1,190	3,968	3,576
	<u>2,217</u>	<u>2,359</u>	<u>6,891</u>	<u>7,026</u>
<b>(iii) Promotion and marketing -related expenses:</b>				
Business promotion and advertisement	66	200	530	1,086
Entertainment	80	152	189	342
	<u>146</u>	<u>352</u>	<u>719</u>	<u>1,428</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

Group	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>(iv) Administrative and general expenses:</b>				
Auditors' remuneration				
- Audit	67	53	200	160
Non-Executive Directors' remuneration	200	217	653	597
Communication expenses	-	15	98	75
Management fees	2,073	2,467	6,145	7,035
Professional fees	38	186	70	496
Securities commission's levy	150	155	421	535
Brokerage fee	176	158	738	567
Bursa fee	50	66	173	181
License fee and stamp duty	4	19	169	313
Corporate dealers' and remisier' commissions	55	11	107	50
Regulatory expenses	96	65	390	119
Others	104	260	206	445
	<u>3,013</u>	<u>3,672</u>	<u>9,370</u>	<u>10,573</u>
	<u>18,756</u>	<u>16,063</u>	<u>51,356</u>	<u>46,761</u>

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23. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>(i) Staff costs:</b>				
Wages, salaries and bonuses	11,129	7,741	28,433	22,452
Employees' benefits	51	49	154	146
Defined contribution plans	1,749	1,145	4,348	3,374
Social security costs	39	36	116	108
Other staff related expenses	412	709	1,325	1,654
	<u>13,380</u>	<u>9,680</u>	<u>34,376</u>	<u>27,734</u>
<b>(ii) Establishment costs:</b>				
Depreciation and amortisation	260	474	1,068	1,441
Rental of:				
- office equipment	1	12	10	28
- premises	554	571	1,657	1,715
General repairs and maintenance	12	56	34	71
Insurance	42	41	121	149
Electricity	17	15	33	46
IT expenses	1,331	1,190	3,968	3,576
	<u>2,217</u>	<u>2,359</u>	<u>6,891</u>	<u>7,026</u>
<b>(iii) Promotion and marketing -related expenses:</b>				
Business promotion and advertisement	66	200	530	1,086
Entertainment	80	152	189	342
	<u>146</u>	<u>352</u>	<u>719</u>	<u>1,428</u>

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23. Operating expenses (cont'd.)

Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>(iv) Administrative and general expenses:</b>				
Auditors' remuneration				
- Audit	67	53	200	160
Non-Executive Directors' remuneration	200	217	653	597
Communication expenses	-	15	98	75
Management fees	2,068	2,466	6,130	7,030
Professional fees	38	186	70	496
Securities commission's levy	150	155	421	535
Brokerage fee	176	158	738	567
Bursa fees	50	66	173	181
License fee and stamp duty	4	19	169	313
Corporate dealers' and remisiers' commissions	55	11	107	50
Regulatory expenses	96	65	390	119
Others	104	260	206	445
	<u>3,008</u>	<u>3,671</u>	<u>9,355</u>	<u>10,568</u>
	<u>18,751</u>	<u>16,062</u>	<u>51,341</u>	<u>46,756</u>

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24. Impairment loss (made)/written back on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Net (made)/written back	(3,036)	7,169	(14,466)	7,328
	<u>(3,036)</u>	<u>7,169</u>	<u>(14,466)</u>	<u>7,328</u>

25. Impairment loss (made)/written back on financial investments

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 12]	(428)	(98)	1,065	(95)
Financial investments at amortised cost	(656)	(1,250)	(2,925)	(1,240)
	<u>(1,084)</u>	<u>3,553</u>	<u>(1,860)</u>	<u>3,566</u>



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26. Impairment loss written back/(made) on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Other debtors				
- Net (made)/written back during the financial period	(58)	(406)	37	(583)
Bad debts written off recovered	-	-	-	103
	<u>(58)</u>	<u>(406)</u>	<u>37</u>	<u>(480)</u>

27. Basic earnings per ordinary shares

	Group Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019
	RM'000	RM'000
Profit for the period	<u>27,719</u>	<u>24,115</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>
Basic and diluted earnings per ordinary share (sen)	<u>17.88</u>	<u>15.56</u>

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28. Commitments and contingencies

	<----- 30 September 2020 ----->			<----- 31 December 2019 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
<b>Group and Bank</b>						
Obligations under an on-going underwriting agreement	21,080	10,540	10,540	-	-	-
Interest rate related contract with an original maturity of:						
- not exceeding one year	100,000	250	50	-	-	-
- exceeding one year	200,000	8,512	1,702	100,000	1,000	200
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	471,741	95,148	95,148	441,992	88,399	88,399
- exceeding one year	240,680	120,340	120,340	152,582	76,291	76,291
<b>Total</b>	<b>1,033,501</b>	<b>234,790</b>	<b>227,780</b>	<b>694,574</b>	<b>165,690</b>	<b>164,890</b>

\* The credit equivalent and risk weighted amount are arrived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

29. Credit exposures arising from credit transactions with connected parties

	<b>Group and Bank</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Outstanding credit exposures with connected parties	244,468	260,102
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	5.18%	7.24%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

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30. Related party disclosures

(a) Significant related party transactions and balances

The following significant transactions between the Group and the Bank and related parties took place at arm's length during the financial period/year.

	<b>Group and Bank</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Penultimate holding company</b>		
Income:		
Interest income on financial investments	3,153	1,785
Brokerage fees earned	822	2,125
Fee income	113	113
	<u>          </u>	<u>          </u>
<b>Immediate holding company</b>		
Income		
Fee income	1,200	1,000
	<u>          </u>	<u>          </u>
Expenditure:		
Rental of premises	1,656	1,703
Management fees	6,130	7,030
	<u>          </u>	<u>          </u>
<b>Other related companies</b>		
Income:		
Interest income on financial investments	1,492	1,055
Interest income on loans, advances and financing	2,961	2,012
Brokerage fees earned	1,795	2,345
Fee income	222	372
	<u>          </u>	<u>          </u>
Expenditure:		
Interest expense on deposits	5,762	9,871
	<u>          </u>	<u>          </u>

Unaudited Interim Financial Statements

30. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with their related parties are as follows:

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Penultimate holding company</b>		
Amount due from:		
Fee receivable	63	138
Financial investments	81,000	81,000
	<hr/>	<hr/>
<b>Other related companies</b>		
Amount due to:		
Deposits from customers	156,547	184,742
Deposits from placements of banks and other financial institutions	34,537	13,216
Other payables	306	379
Amount due from:		
Fee receivable	1,000	1,001
Sundry deposits	553	553
Loans, advances and financing	77,737	59,204
Financial investments	30,000	30,000
	<hr/>	<hr/>

Other related companies include companies within the Yayasan Perlaburan Bumiputra Group and companies related to the Directors of the Bank.

**Unaudited Interim Financial Statements**

**31. Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Group and Bank</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>30 September 2020</b>				
<b>Assets measured at fair value</b>				
Financial investments at FVOCI				
- Money market instruments	-	1,444,630	-	1,444,630
- Unquoted instruments	-	603,473	3,884	607,357
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Assets for which fair values are disclosed:</b>				
Loans, advances and financing				
- staff loans	-	295	-	295
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Liability measured at fair value</b>				
Derivative liabilities	-	1,192	-	1,192
	<hr/>	<hr/>	<hr/>	<hr/>

Unaudited Interim Financial Statements

31. Fair value hierarchy (cont'd.)

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2019</b>				
<b>Assets measured at fair value</b>				
Financial investments at FVOCI				
- Money market instruments	-	1,048,302	-	1,048,302
- Unquoted instruments	-	364,368	4,260	368,628
<b>Assets for which fair values are disclosed:</b>				
Loans, advances and financing				
- staff loans	-	317	-	317
<b>Liability measured at fair value</b>				
Derivative liabilities	-	786	-	786

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period/year.

**Unaudited Interim Financial Statements**

**31. Fair value hierarchy (cont'd.)**

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial investments at FVOCI</b>		
Unquoted instruments		
At 1 January	4,260	4,324
Total loss recognised in profit or loss		
Included within impairment loss made on instruments	(375)	(64)
At 30 September 2020 / 31 December 2019	3,884	4,260

Changing one or more of the unobservable inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Unaudited Interim Financial Statements

32. Capital management

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b><u>Tier 1 Capital</u></b>				
<b>Common Equity Tier 1 ("CET1") Capital</b>				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	16,493	17,430	16,493	17,430
FVOCI reserve	15,138	3,687	15,138	3,687
Retained profits	430,299	429,362	430,258	429,321
	<u>831,041</u>	<u>819,590</u>	<u>831,000</u>	<u>819,549</u>
Less: Regulatory adjustments	(30,417)	(25,808)	(30,417)	(25,808)
<i>Total CET1 Capital</i>	<u>800,624</u>	<u>793,782</u>	<u>800,583</u>	<u>793,741</u>
<b>Total Tier 1 Capital</b>	<b><u>800,624</u></b>	<b><u>793,782</u></b>	<b><u>800,583</u></b>	<b><u>793,741</u></b>
<b><u>Tier 2 Capital</u></b>				
Loss provision and regulatory reserve	26,733	16,745	26,775	16,767
<b>Total Tier 2 capital</b>	<b><u>26,733</u></b>	<b><u>16,745</u></b>	<b><u>26,775</u></b>	<b><u>16,767</u></b>
<b>Total Capital</b>	<b><u>827,357</u></b>	<b><u>810,527</u></b>	<b><u>827,358</u></b>	<b><u>810,508</u></b>
CET1 Capital Ratio	33.321%	52.180%	33.272%	52.116%
Tier 1 Capital Ratio	33.321%	52.180%	33.272%	52.116%
Total Capital Ratio	34.433%	53.280%	34.385%	53.217%



Unaudited Interim Financial Statements

32. Capital management (cont'd.)

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Total risk-weighted assets for credit risk	2,138,667	1,339,585	2,142,028	1,341,358
Total risk-weighted assets equivalent for market risk	85,635	14,927	85,635	14,927
Total risk-weighted assets equivalent for operational risk	178,489	166,741	178,489	166,741
	<u>2,402,791</u>	<u>1,521,253</u>	<u>2,406,152</u>	<u>1,523,026</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position  
As at 30 September 2020

	Note	Group and Bank	
		30 September 2020 RM'000	31 December 2019 RM'000
<b>Assets</b>			
Cash and short-term funds	(a)	260,565	416,493
Financial investments at FVOCI	(b)	1,935,129	1,268,607
Financial investments at amortised cost	(c)	2,137,063	2,220,744
Financing and advances	(d)	702,594	168,610
Other assets	(e)	41,457	31,640
Intangible assets		-	121
Deferred tax assets		130	18
<b>Total assets</b>		<b>5,076,938</b>	<b>4,106,233</b>
<b>Liabilities</b>			
Deposits from customers	(f)	3,398,767	2,595,861
Deposits and placements of banks and other financial institutions	(g)	855,955	795,614
Other liabilities	(h)	98,178	73,612
Provision for taxation and zakat		16,798	10,566
<b>Total liabilities</b>		<b>4,369,698</b>	<b>3,475,653</b>
<b>Islamic banking capital funds</b>			
Islamic banking funds		426,600	396,600
Reserves		280,640	233,980
<b>Total Islamic banking capital funds</b>		<b>707,240</b>	<b>630,580</b>
<b>Total liabilities and Islamic banking capital funds</b>		<b>5,076,938</b>	<b>4,106,233</b>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of profit or loss  
For the nine months ended 30 September 2020

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of depositors' funds	(i)	47,610	40,260	137,290	87,090
Income derived from investment of Islamic Banking funds	(j)	6,571	(354)	20,704	11,978
Impairment loss (made)/written back on financing and advances	(k)	(1,981)	3,165	(13,009)	3,268
Impairment loss (made)/written back on financial investments	(l)	(707)	3,743	(2,240)	3,766
Impairment loss written back/(made) on other assets	(m)	10	(387)	145	(543)
Total distributable income		51,503	46,427	142,890	105,559
Income attributable to depositors	(n)	(26,255)	(22,872)	(86,877)	(63,073)
Total net income		25,248	23,555	56,013	42,486
Operating expenses	(o)	(1,351)	(1,728)	(4,363)	(4,193)
Profit before taxation and zakat		23,897	21,827	51,650	38,293
Taxation		(4,923)	(5,117)	(14,424)	(8,608)
Zakat		(489)	(431)	(960)	(766)
Profit for the period		18,485	16,279	36,266	28,919

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of comprehensive income  
For the nine months ended 30 September 2020

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit for the period attributable to equity holder of the Bank	18,485	16,279	36,266	28,919
Other comprehensive income:				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Changes in allowance for ECL	53	27	169	31
Net gain on financial investments at FVOCI				
- Transfer of gain to profit or loss	(7,794)	(974)	(20,491)	(4,043)
- Fair value changes	8,515	2,248	30,717	8,372
Other comprehensive income for the period, net of tax	774	1,301	10,395	4,360
Total comprehensive income for the period attributable to equity holder of the Bank	19,259	17,580	46,661	33,279

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of changes in equity  
For the nine months ended 30 September 2020

Group and Bank	<----- Non-distributable ----->			Distributable	
	Islamic banking funds RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	Total RM'000
At 1 January 2020	396,600	7,603	3,139	223,238	630,580
Profit for the period	-	-	-	36,266	36,266
Other comprehensive income for the period	-	-	10,395	-	10,395
Total comprehensive income for the period	-	-	10,395	36,266	46,660
<b>Transactions with owner</b>					
Transfer from regulatory reserve	-	(182)	-	182	-
Allocation from Head Office	30,000	-	-	-	30,000
At 30 September 2020	426,600	7,421	13,534	259,686	707,240
At 1 January 2019	396,600	9,982	1,198	171,668	579,448
Profit for the period	-	-	-	28,919	28,919
Other comprehensive income for the period	-	-	4,360	-	4,360
Total comprehensive income for the period	-	-	4,360	28,919	33,279
<b>Transactions with owner</b>					
Transfer to regulatory reserve	-	1,403	-	(1,403)	-
At 30 September 2019	396,600	11,385	5,558	199,184	612,727

# The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of cash flows  
For the nine months ended 30 September 2020

	Note	Group and Bank	
		30 September 2020 RM'000	30 September 2019 RM'000
Profit before taxation and zakat		51,650	38,293
Adjustments for non-cash items		(2,854)	(19,884)
Operating profit before changes in working capital		48,796	18,409
Changes in working capital:			
Net changes in operating assets		(1,127,809)	(690,039)
Net changes in operating liabilities		893,085	749,141
Net cash (used in)/generated from operating activities		(185,928)	77,511
Net cash generated from investing activities		-	13
Net cash generated from financing activities			
- Allocation of capital from Head Office		30,000	-
Net change in cash and cash equivalents		(155,928)	77,524
Cash and cash equivalents at beginning of the period		416,493	49,711
Cash and cash equivalents at end of the period	33(a)	260,565	127,235
Cash and cash equivalents comprise of:			
Cash and short-term funds		260,565	127,235

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.*

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(a) Cash and short-term funds

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	3,565	1,493
Money at call and deposit placements maturing within one month	257,000	415,000
	260,565	416,493

(b) Financial investments at FVOCI

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Money market instruments:		
Government Investment Issues	1,072,478	715,384
Malaysian Treasury Bills	329,118	-
Islamic Negotiable Instruments	-	199,724
	1,401,596	915,108
Corporate Sukuk	533,533	353,499
	1,935,129	1,268,607

**Unaudited Interim Financial Statements**

**33. The operations of Islamic Banking Scheme (SPI) (cont'd.)**

**(b) Financial investments at FVOCI (cont'd.)**

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is, as follows:

<b>Group and Bank</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 3 Individual RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	79	8,112	8,191
Impairment made during the financial period [Note 33(l)]	169	-	169
At 30 September 2020	<u>248</u>	<u>8,112</u>	<u>8,360</u>
At 1 January 2019	40	8,112	8,152
Impairment made during the financial year	39	-	39
At 31 December 2019	<u>79</u>	<u>8,112</u>	<u>8,191</u>

There were no Stage 2 exposure as at 30 September 2020 and 31 December 2019.

**(c) Financial investments at amortised costs**

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Money market instruments:		
Government Investment Issues	563,521	664,733
Corporate Sukuk	1,576,468	1,556,869
	<u>2,139,989</u>	<u>2,221,602</u>
Less: ECL allowance	(2,926)	(858)
	<u>2,137,063</u>	<u>2,220,744</u>



**Unaudited Interim Financial Statements**

**33. The operations of Islamic Banking Scheme (SPI) (cont'd.)**

**(c) Financial investments at amortised costs (cont'd.)**

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is, as follows:

<b>Group and Bank</b>	<b>Stage 1 Collective RM'000</b>	<b>Stage 2 Collective RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	187	671	858
Impairment made during the financial period	855	1,213	2,068
At 30 September 2020	<u>1,042</u>	<u>1,884</u>	<u>2,926</u>
At 1 January 2019	251	-	251
Transfer	(8)	8	-
Impairment made during the financial year	-	663	663
Written back	(56)	-	(56)
At 31 December 2019	<u>187</u>	<u>671</u>	<u>858</u>

There were no Stage 3 exposure as at 30 September 2020 and 31 December 2019.

**(d) Financing and advances**

	<b>Group and Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Term financing		
Syndicated term financing	206,194	72,671
Other term financing	509,215	97,366
	<u>715,409</u>	<u>170,037</u>
Staff financing	9	-
Gross financing and advances	<u>715,418</u>	<u>170,037</u>
Less: ECL allowance	(12,824)	(1,427)
Net financing and advances	<u>702,594</u>	<u>168,610</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances

(i) By type of customer

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Domestic business enterprises	715,418	170,037
Gross financing and advances	<u>715,418</u>	<u>170,037</u>

(ii) By profit rate sensitivity

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Fixed rate		
Staff financing	9	-
Variable rate		
Cost-plus	715,409	170,037
Gross financing and advances	<u>715,418</u>	<u>170,037</u>

(iii) By economic sector

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Finance, insurance and business services	300,389	97,366
Electricity, gas and water supply	213,736	-
Construction	77,979	59,422
Mining and quarrying	56,478	-
Transport, storage and communications	45,697	-
Manufacturing	21,130	13,249
Household	9	-
Gross financing and advances	<u>715,418</u>	<u>170,037</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(iv) By maturity profile

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Within one year	522,919	65,699
One year to five years	108,435	31,918
After five years	84,064	72,420
Gross financing and advances	<u>715,418</u>	<u>170,037</u>

(v) By classification of Shariah contracts

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Term financing		
Commodity Murabahah	715,409	170,037
Staff financing	9	-
Gross financing and advances	<u>715,418</u>	<u>170,037</u>

(b) Impaired financing and advances ("IF")

(i) Movements in IF are as follows:

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
At 1 January	-	86,200
Recovered	-	(62,899)
Written off	-	(23,301)
Net IF	<u>-</u>	<u>-</u>
Ratio of net IF to gross financing and advances less ECL allowance	<u>-</u>	<u>-</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(c) Movement in impairment allowances by class of financial assets

(i) Movement in ECL allowances by class of financial assets

An analysis of changes in the corresponding ECL allowances in relation to financing and advances is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2020	1,427	-	1,427
Transfer	1,050	-	1,050
Impairment made during the financial period	10,347	-	10,347
At 30 September 2020	<u>12,824</u>	<u>-</u>	<u>12,824</u>
At 1 January 2019	941	35,249	36,190
Transfer	362	-	362
Impairment made during the financial year	124	-	124
Written back	-	(11,948)	(11,948)
Written off	-	(23,301)	(23,301)
At 31 December 2019	<u>1,427</u>	<u>-</u>	<u>1,427</u>

There were no Stage 2 exposure as at 30 September 2020 and 31 December 2019.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(e) Other assets

	Note	Group and Bank	
		30 September 2020 RM'000	31 December 2019 RM'000
Other debtors, deposits and prepayments		1,533	2,854
Less: ECL allowance	(a)	(1,023)	(1,168)
		510	1,686
Amounts due from brokers and clients	(b)	263	-
Profit receivables		40,684	29,954
		41,457	31,640

(a) Other debtors, deposits and prepayments

Group and Bank	Total RM'000
At 1 January 2020	1,168
Written back (Note 33(m))	(145)
At 30 September 2020	1,023
At 1 January 2019	553
Impairment made during the financial year	1,259
Written off	(644)
At 31 December 2019	1,168

(b) Amounts due from brokers and clients

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Brokers	34	-
Clients	229	-
	263	-

Clients' and brokers' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(f) Deposits from customers

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>(i) By type of deposit</b>		
<b>Commodity Murabahah fund</b>		
Term deposits	3,398,767	2,595,861
<b>(ii) By type of customer</b>		
<b>Commodity Murabahah fund</b>		
Business enterprises	1,094,759	957,095
Government and statutory bodies	2,304,008	1,638,766
	<u>3,398,767</u>	<u>2,595,861</u>
<b>(iii) The maturity structure of term deposits is as follows:</b>		
Due within six months	3,036,661	2,306,688
Six months to one year	362,106	255,173
One year to two years	-	34,000
	<u>3,398,767</u>	<u>2,595,861</u>

(g) Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>(i) By types of deposit</b>		
<b>Commodity Murabahah fund</b>		
Term deposits	855,955	795,614
<b>(ii) By type of customer</b>		
<b>Commodity Murabahah fund</b>		
Other financial institutions	855,955	795,614
	<u>855,955</u>	<u>795,614</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(h) Other liabilities

	Note	Group and Bank	
		30 September 2020 RM'000	31 December 2019 RM'000
Profit payables to depositors		24,770	22,035
Sundry creditors and accruals		6,634	4,650
Amount due to brokers and clients	(a)	262	-
Amount due to immediate holding company		76	104
Amount due to Head Office		63,669	45,671
ECL allowances on financing and advances commitments and financial investments	(b)	2,767	1,152
		<u>98,178</u>	<u>73,612</u>

(a) Amount due to brokers and clients

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Brokers	3	-
Clients	259	-
	<u>262</u>	<u>-</u>

**Unaudited Interim Financial Statements**

**33. The operations of Islamic Banking Scheme (SPI) (cont'd.)**

**(h) Other liabilities (cont'd.)**

(b) Movements in the ECL allowances on financing and advances commitments and financial investments are as follows:

<b>Group and Bank</b>	<b>Financing and advances commitments RM'000</b>	<b>Financial investments RM'000</b>	<b>Total RM'000</b>
At 1 January 2020	1,149	3	1,152
Transfer	(1,050)	-	(1,050)
Made during the financial period	2,773	3	2,776
Written back	(111)	-	(111)
At 30 September 2020	<u>2,761</u>	<u>6</u>	<u>2,767</u>
At 1 January 2019	490	-	490
Transfer	(362)	-	(362)
Made during the financial year	1,021	3	1,024
At 31 December 2019	<u>1,149</u>	<u>3</u>	<u>1,152</u>



Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(i) Income derived from investment of depositors' funds

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Finance income and hibah:</b>				
Financing and advances	6,980	1,270	16,450	3,140
Money at call and deposit placements with financial institutions	1,350	1,850	4,840	4,920
Financial assets at FVTPL	-	10	60	80
Financial investments at FVOCI	13,970	9,950	38,440	21,240
Financial investments at amortised costs	20,300	18,540	61,240	45,410
	<u>42,600</u>	<u>31,620</u>	<u>121,030</u>	<u>74,790</u>
Accretion of discount less amortisation of premium	(2,000)	2,200	(1,880)	3,280
Total finance income and hibah	<u>40,600</u>	<u>33,820</u>	<u>119,150</u>	<u>78,070</u>
<b>Other operating income:</b>				
Net gain/(loss) on sale of financial assets at FVTPL	-	5,250	(300)	5,290
Net gain on sale of financial investments at FVOCI	7,010	1,180	18,440	3,640
Net gain on sale of financial investments at amortised cost	-	10	-	90
	<u>7,010</u>	<u>6,440</u>	<u>18,140</u>	<u>9,020</u>
	<u>47,610</u>	<u>40,260</u>	<u>137,290</u>	<u>87,090</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of Islamic Banking funds

Group and Bank	Individual Quarter 3 Months Ended		Cumulative quarter 9 Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Finance income and hibah:</b>				
Financing and advances	768	(125)	1,825	343
Money at call and deposit placements with financial institutions	145	(211)	533	551
Financial assets at FVTPL	-	(10)	11	8
Financial investments at FVOCI	1,549	(470)	4,271	2,357
Financial investments at amortised costs	2,254	(1,670)	6,808	5,042
	<u>4,716</u>	<u>(2,486)</u>	<u>13,448</u>	<u>8,301</u>
Accretion of discount less amortisation of premium	(220)	88	(204)	360
Total finance income and hibah	<u>4,496</u>	<u>(2,398)</u>	<u>13,244</u>	<u>8,661</u>
<b>Other operating income:</b>				
Net gain/(loss) on sale of financial assets at FVTPL	-	577	(28)	589
Net gain on sale of financial investments at FVOCI	784	(206)	2,051	403
Net gain on sale of financial investments at amortised cost	-	(10)	-	7
	<u>784</u>	<u>361</u>	<u>2,023</u>	<u>999</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of Islamic Banking funds (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Fees and others:</b>				
Fee income				
- Fees on financing and advances	175	112	535	294
- Corporate advisory fees	1,840	1,550	4,390	1,675
- Management fees	-	-	-	285
- Placement fee	-	-	260	-
- Other fee income	(726)	20	249	62
	<u>1,289</u>	<u>1,682</u>	<u>5,434</u>	<u>2,316</u>
Other income	2	1	3	2
	<u>1,291</u>	<u>1,683</u>	<u>5,437</u>	<u>2,318</u>
	<u>6,571</u>	<u>(354)</u>	<u>20,704</u>	<u>11,978</u>

(k) Impairment loss (made)/written back on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Net (made)/written back	(1,981)	3,165	(13,009)	3,268
	<u>(1,981)</u>	<u>3,165</u>	<u>(13,009)</u>	<u>3,268</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(l) Impairment loss (made)/written back on financial investments

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 33(b)]	(53)	(27)	(169)	(31)
Financial investments at amortised cost	(654)	(1,131)	(2,071)	(1,104)
Profit on impaired financial investments recovered	-	4,901	-	4,901
	<u>(707)</u>	<u>3,743</u>	<u>(2,240)</u>	<u>3,766</u>

(m) Impairment loss written back/(made) on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Other assets				
- Written back/(made) during the financial period [Note 33(e)(a)]	10	(387)	145	(543)
	<u>10</u>	<u>(387)</u>	<u>145</u>	<u>(543)</u>

(n) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Commodity Murabahah fund</b>				
Deposits from customers	20,729	17,940	68,113	46,687
Deposits and placements of banks and other financial institutions	5,526	4,932	18,764	16,386
	<u>26,255</u>	<u>22,872</u>	<u>86,877</u>	<u>63,073</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(o) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>(i) Staff costs:</b>				
Wages, salaries and bonuses	551	748	1,851	1,592
Social security costs	3	3	9	8
Defined contribution plan	112	134	346	301
Other staff related expenses	29	28	80	63
	<u>695</u>	<u>913</u>	<u>2,286</u>	<u>1,964</u>
<b>(ii) Establishment costs:</b>				
Amortisation	-	91	121	266
Rental	36	35	107	108
IT expenses	107	61	311	171
Others	11	10	32	26
	<u>154</u>	<u>197</u>	<u>571</u>	<u>571</u>
<b>(iii) Promotion and marketing</b>				
Business promotion and advertisement	-	(10)	2	(9)
Entertainment	-	9	6	12
	<u>-</u>	<u>(1)</u>	<u>8</u>	<u>3</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(o) Operating expenses (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>(iv) Administrative and general expenses:</b>				
Audit fees	7	4	20	12
Non-Executive Directors' remuneration	19	19	63	47
Management fees	207	186	631	470
Professional fees	15	(142)	44	48
Brokerage fees	97	54	274	202
Others	157	498	466	876
	<u>502</u>	<u>619</u>	<u>1,498</u>	<u>1,655</u>
	<u>1,351</u>	<u>1,728</u>	<u>4,363</u>	<u>4,193</u>

(p) Net income from Islamic banking

For consolidation with conventional business, net income from operations of Islamic Banking comprises the followings:

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	47,610	40,260	137,290	87,090
Income derived from investment of Islamic banking funds	6,571	(355)	20,704	11,978
Less: Income attributable to depositors	<u>(26,255)</u>	<u>(22,872)</u>	<u>(86,877)</u>	<u>(63,073)</u>
	<u>27,926</u>	<u>17,033</u>	<u>71,117</u>	<u>35,995</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(q) Capital adequacy

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier 1 Capital</u></b>		
<b>Common Equity Tier 1 ("CET1") Capital</b>		
Islamic banking fund	426,600	396,600
Regulatory reserve	7,421	7,603
FVOCI reserve	13,534	3,139
Retained profits	223,420	223,238
	<u>670,975</u>	<u>630,580</u>
Less: Regulatory adjustments	(14,994)	(9,468)
<b>Total CET 1 Capital, representing Total Tier 1 Capital</b>	<u>655,980</u>	<u>621,112</u>
<b><u>Tier 2 Capital</u></b>		
Loss provision and regulatory reserve	16,837	9,590
<b>Total Tier 2 capital</b>	<u>16,837</u>	<u>9,590</u>
<b>Total Capital</b>	<u>672,817</u>	<u>630,702</u>
CET1 Capital Ratio	45.472%	73.380%
Tier 1 Capital Ratio	45.472%	73.380%
Total Capital Ratio	46.639%	74.513%

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Total risk-weighted assets for credit risk	1,346,928	767,193
Total risk-weighted assets equivalent for market risk	-	-
Total risk-weighted assets equivalent for operational risk	95,679	79,238
	<u>1,442,607</u>	<u>846,431</u>

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**MIDF Amanah Investment Bank Berhad**  
(A Participating Organization of Bursa Malaysia Berhad)



**Unaudited Interim Financial Statements**

I, Datuk Joseph Dominic Silva being the Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the six months ended 30 September 2020, as set out on pages 1 to 63 have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 September 2020. The financial performance and cash flows of the Group and the Bank for the period ended on that date are prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

A handwritten signature in black ink, appearing to read "Datuk Joseph Dominic Silva", written over a horizontal line.

**DATUK JOSEPH DOMINIC SILVA**  
CHIEF EXECUTIVE OFFICER

Date: 22 October 2020