

Deutsche Bank (Malaysia) Berhad
(Company No. 199401026871 (312552-W))
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Interim Financial Statements
for the Financial Period ended 30 September 2020



Consolidated Statements of Financial Position
As at 30 September 2020 - Unaudited

	Note	Group		Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Assets					
Cash and short term funds	12.1	3,504,655	3,749,550	3,504,655	3,749,550
Deposits and placements with banks and other financial institutions	12.2	499,993	199,993	499,993	199,993
Reverse repurchase agreements		199,298	400,307	199,298	400,307
Financial securities	13	2,846,000	1,467,364	2,846,000	1,467,364
Loans, advances and financing	14	2,449,052	2,974,983	2,449,052	2,974,983
Other assets	15	2,461,992	1,240,510	2,461,992	1,240,510
Tax recoverable		-	7,406	-	7,406
Statutory deposit with Bank Negara Malaysia		10,000	10,000	10,000	10,000
Investments in subsidiary companies		-	-	20	20
Property and equipment		1,911	2,538	1,911	2,538
Right-of-use assets		1,022	2,139	1,022	2,139
Deferred tax assets		25,460	29,697	25,460	29,697
Total assets		<u>11,999,383</u> =====	<u>10,084,487</u> =====	<u>11,999,403</u> =====	<u>10,084,507</u> =====
Liabilities and shareholders' funds					
Deposits from customers	16	6,280,464	5,331,773	6,280,484	5,331,793
Deposits and placements of banks and other financial institutions	17	1,014,731	1,249,128	1,014,731	1,249,128
Lease liabilities		1,141	2,157	1,141	2,157
Other liabilities	18	2,779,774	1,606,056	2,779,774	1,606,056
Taxation		23,903	-	23,903	-
Total liabilities		<u>10,100,013</u> -----	<u>8,189,114</u> -----	<u>10,100,033</u> -----	<u>8,189,134</u> -----
Share capital		531,362	531,362	531,362	531,362
Reserves		1,368,008	1,364,011	1,368,008	1,364,011
Shareholders' funds		<u>1,899,370</u> -----	<u>1,895,373</u> -----	<u>1,899,370</u> -----	<u>1,895,373</u> -----
Total liabilities and shareholders' funds		<u>11,999,383</u> =====	<u>10,084,487</u> =====	<u>11,999,403</u> =====	<u>10,084,507</u> =====
Commitments and contingencies	25	<u>87,544,042</u> =====	<u>88,963,721</u> =====	<u>87,544,042</u> =====	<u>88,963,721</u> =====

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2019.

**Consolidated Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2020 - Unaudited**

	Note	Group and Bank			
		Nine months ended 30 September 2020 RM'000	30 September 2019 RM'000	Three months ended 30 September 2020 RM'000	30 September 2019 RM'000
Interest income	19	202,786	231,208	64,062	76,944
Interest expense	20	(37,594)	(72,928)	(9,168)	(25,445)
Net interest income		<u>165,192</u>	<u>158,280</u>	<u>54,894</u>	<u>51,499</u>
Net income from Islamic Banking Operations	26	1,716	2,029	575	708
Non-interest income	21	238,302	205,029	76,051	55,581
Operating income		<u>405,210</u>	<u>365,338</u>	<u>131,520</u>	<u>107,788</u>
Other operating expenses	22	(106,126)	(111,059)	(35,695)	(37,011)
Operating profit		<u>299,084</u>	<u>254,279</u>	<u>95,825</u>	<u>70,777</u>
Allowance (made) / written back for impairment	23	(781)	224	111	296
Profit before tax		<u>298,303</u>	<u>254,503</u>	<u>95,936</u>	<u>71,073</u>
Tax expense		(73,000)	(61,426)	(23,081)	(17,073)
Net profit for the period		<u>225,303</u>	<u>193,077</u>	<u>72,855</u>	<u>54,000</u>
Other comprehensive income:					
<i>Movement in fair value reserve (debt securities) :</i>					
Net change in fair value		870	961	(1,591)	257
Net amount transferred to profit or loss		115	(52)	(507)	(7)
Tax expense on other comprehensive income		(236)	(218)	504	(60)
Other comprehensive income for the period		<u>749</u>	<u>691</u>	<u>(1,594)</u>	<u>190</u>
Total comprehensive income for the period		<u>226,052</u>	<u>193,768</u>	<u>71,261</u>	<u>54,190</u>
		=====	=====	=====	=====
Earnings per share (sen)		129.8 sen	111.2 sen	42.0 sen	31.1 sen
		=====	=====	=====	=====

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2019.

Consolidated Statements Of Changes In Equity
For The Financial Period Ended 30 September 2020

	<-----Attributable to owner of the Bank----->						
	Note	Share capital RM'000	Non- distributable Other reserves RM'000	Distributable Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	Total RM'000
Group and Bank							
At 1 January 2020		531,362	45,872	1,318,139	1,364,011	-	1,895,373
Net profit for the period		-	-	225,303	225,303	-	225,303
Other comprehensive income for the period		-	749	-	749	-	749
Total comprehensive income for the period		-	749	225,303	226,052	-	226,052
Dividend paid		-	-	(222,055)	(222,055)	-	(222,055)
At 30 September 2020		531,362	46,621	1,321,387	1,368,008	-	1,899,370
At 1 January 2019		531,362	40,077	1,301,982	1,342,059	-	1,873,421
Net profit for the period		-	-	193,077	193,077	-	193,077
Other comprehensive income for the period		-	691	-	691	-	691
Total comprehensive income for the period		-	691	193,077	193,768	-	193,768
Transfer pursuant to BNM revised policy*		-	4,000	(4,000)	-	-	-
Dividend paid		-	-	(200,898)	(200,898)	-	(200,898)
At 30 September 2019		531,362	44,768	1,290,161	1,334,929	-	1,866,291

* Bank Negara Malaysia ("BNM") had on 2 February 2018 issued a revised policy document on Financial Reporting which requires all banking institutions to maintain in aggregate, Stage 1 and 2 provisions and regulatory reserve of no less than 1% of all credit exposures, net of Stage 3 provision. During the financial period ended 30 September 2019, the Group and the Bank has transferred RM4,000,000 from its retained profits to other reserves pursuant to the Revised Policy Document.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2019.

**Condensed Consolidated Statements Of Cash Flows
For The Financial Period Ended 30 September 2020**

	Group and Bank	
	30 September 2020 RM'000	30 September 2019 RM'000
Profit before taxation	298,303	254,503
Adjustments for non-operating and non-cash items	2,205	2,321
Operating profit before working capital changes	300,508	256,824
Changes in working capital:		
Net changes in operating assets	(1,872,193)	(335,302)
Net changes in operating liabilities	1,888,012	2,218,263
Income tax paid	(50,271)	(54,154)
Tax refunds received	12,580	13,537
Net cash generated from operations	278,636	2,099,168
Cash flows from investing activities:		
Purchase of property and equipment	(122)	(36)
Net cash used in investing activities	(122)	(36)
Cash flows from financing activities:		
Payment of lease liabilities	(1,354)	(1,447)
Dividend paid	(222,055)	(200,898)
Net cash used in financing activities	(223,409)	(202,345)
Net increase in cash and cash equivalents	55,105	1,896,787
Cash and cash equivalents at beginning of the period	3,949,543	2,168,551
Cash and cash equivalents at end of the period	4,004,648	4,065,338
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,504,655	3,765,346
Deposits and placements with banks and other financial institutions	499,993	299,992
Cash and cash equivalents at end of the period	4,004,648	4,065,338

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2019.

**Explanatory Notes To The Interim Financial Statements
For The Financial Period Ended 30 September 2020**

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 2020 have been prepared under the historical cost convention except for reverse repurchase agreements, financial securities and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2019. The explanatory notes attached to the 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 year ended 31 December 2019.

The unaudited interim financial statements incorporated those activities relating to the Islamic banking business. Islamic banking business refers generally to the acceptance of deposits under the principles of Shariah.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2019, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments* – MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018-2020*”
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

1. Basis of preparation (continued)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020: and,
- from the annual period beginning on 1 January 2022 for the amendment, that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Bank do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Bank.

2. Audit report

The audit report on the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2019 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

The business operations of the Group and the Bank are not subject to material seasonal or cyclical fluctuations.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank for the financial period ended 30 September 2020.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2020.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2020.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid the final dividend of 127.9 sen per ordinary share totalling RM222,055,000 in respect of the financial year ended 31 December 2019. The dividend was paid on 30 July 2020.

8. Material Events

There were no material events subsequent to the reporting date that require disclosure or adjustments to the unaudited condensed interim financial statements.

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2020.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 September 2020 of RM298.3 million compared to RM254.5 million for the previous corresponding period. Operating income increased by RM39.9 million (+10.9%) from RM365.3 million to RM405.2 million, mainly attributed to higher non-interest income of RM238.3 million against RM205.0 million in the previous corresponding period. Operating expenses decreased by RM4.9 million (-4.4%) from RM111.0 million to RM106.1 million mainly attributed to lower intercompany expenses.

Total assets registered an increase of RM1.9 billion or 18.8% from RM10.1 billion as at 31 December 2019 to RM12.0 billion as at 30 September 2020. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 17.8% and 18.4%, respectively.

11. Prospects

Although the global economic outlook has improved since May, as at Quarter 3 of 2020, the world economy is still expected to contract this year. Future performance is dependent on the pandemic, a second wave would lead to further downside. As such, central banks will remain conservative and are more likely to ease up on fiscal policies. The US economy has contracted and face further uncertainty due to the upcoming elections. Further easing measures will likely be required should adverse developments to the economic outlook occur. The Eurozone has seen a similar decline in its GDP, and it's the largest such contraction since the formation of the single currency. As such, the ECB will likely ease further in December.

Locally, key indicators have also began picking up in May, also due in part to the easing of MCO restrictions. However, the Malaysian economy is still suffering from weak external demand conditions and reduced domestic demand, mainly caused by the necessary imposition of such restrictions in the first place. Bank Negara cut the OPR by 25 basis points at the beginning of Q3, and it remains unchanged at the end of Q3. The cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy. Going forward, while initial concerns are beginning to dissipate, the outlook locally is in line with the rest of the world. The pace of economic recovery still depends on evolving Covid-19 developments.

The Bank remains competitive with the solid frameworks around capital and liquidity management, risk controls and enhanced internal processes. We continue to be relentless in our commitment towards client centricity and in driving product innovation to deliver sustainable performance.

The Bank looks forward to contribute to the economic growth and wellbeing of the communities which we operate and to create positive impact for our clients, investors, employees and society at large.

12. Cash and cash equivalents

12.1 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	192,221	304,703
Money at call and deposit placements maturing within one month	3,312,434	3,444,847
	-----	-----
	3,504,655	3,749,550
	=====	=====

12.2 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Licensed bank	199,998	-
Other financial institutions	299,995	199,993
	-----	-----
	499,993	199,993
	=====	=====

12. Cash and cash equivalents (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for cash and cash equivalents.

Group and Bank	2020				2019			
	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents								
Balance at 1 January	116	-	-	116	219	-	-	219
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	12	-	-	12	(107)	-	-	(107)
New financial assets originated or purchased	20	-	-	20	19	-	-	19
Financial assets that have been derecognised	(19)	-	-	(19)	(15)	-	-	(15)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	129	-	-	129	116	-	-	116

13. Financial securities

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Debt securities at FVTPL		
Malaysian Government Securities	1,578,073	485,124
Malaysian Investment Issue	209,805	301,966
Cagamas bonds	179,984	235,062
Negotiable instruments of deposits	-	150,009
	-----	-----
	1,967,862	1,172,161
	-----	-----
Debt securities at FVOCI		
Malaysian Government Securities	605,385	222,902
Malaysian Investment Issue	71,162	70,710
Negotiable instruments of deposits	200,000	-
	-----	-----
	876,547	293,612
	-----	-----
Equity investments at FVOCI		
Unquoted shares in Malaysia	1,591	1,591
	-----	-----
	2,846,000	1,467,364
	=====	=====

13. Financial securities (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for debt securities at FVOCI.

Group and Bank	2020				2019			
	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities at FVOCI								
Balance at 1 January	158	-	-	158	207	-	-	207
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(5)	-	-	(5)	-	-	-	-
New financial assets originated or purchased	267	-	-	267	158	-	-	158
Financial assets that have been derecognised	(147)	-	-	(147)	(207)	-	-	(207)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	273	-	-	273	158	-	-	158

14. Loans, advances and financing

	Group and Bank	
	30 September 2020	31 December 2019
<i>At amortised cost</i>	RM'000	RM'000
Overdrafts	40,944	63,513
Term loans - housing loans	7,477	8,323
- other term loans	716,318	727,285
Bills receivable	136,906	127,861
Trust Receipt	207,767	171,530
Claims on customers under acceptance credits	1,356,888	1,905,015
Staff loans	33	52
	<u>2,466,333</u>	<u>3,003,579</u>
Unearned interest	(9,415)	(21,383)
	<u>2,456,918</u>	<u>2,982,196</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Expected credit losses	(7,866)	(7,213)
	<u>2,449,052</u>	<u>2,974,983</u>
Net loans, advances and financing	=====	=====

14. Loans, advances and financing (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for loans, advances and financing.

Group and Bank	2020				2019			
	12-month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total	12-month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing at amortised cost*								
Balance at 1 January	4,073	1,193	1,947	7,213	5,146	623	1,582	7,351
Transfer to 12-month ECL	283	-	(283)	-	247	(18)	(229)	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	(2)	2	-	-
Transfer to lifetime ECL credit-impaired	(118)	-	118	-	(613)	-	613	-
Net remeasurement of loss allowance	(935)	275	(30)	(690)	(864)	305	(19)	(578)
New financial assets originated or purchased	851	1,509	-	2,360	1,084	444	-	1,528
Financial assets that have been derecognised	(598)	(419)	-	(1,017)	(925)	(163)	-	(1,088)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	3,556	2,558	1,752	7,866	4,073	1,193	1,947	7,213

* The loss allowance in this table includes ECL on loan commitment and financial guarantees.

14. Loans, advances and financing (continued)

The maturity structure of gross loans, advances and financing are as follows:

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Maturing within one year	2,138,285	2,804,093
More than one to three years	312,218	170,659
More than three to five years	1,499	1,266
More than five years	4,916	6,178
	<u>2,456,918</u>	<u>2,982,196</u>
	=====	=====

Gross loans, advances and financing analysed by type of customer are as follows:

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Domestic non-bank financial institutions	309,058	410,306
Domestic business enterprises	1,886,021	2,361,447
Individuals	7,511	8,375
Government and statutory bodies	118,045	74,240
Foreign entities	136,283	127,828
	<u>2,456,918</u>	<u>2,982,196</u>
	=====	=====

Gross loans, advances and financing analysed by interest / profit rate sensitivity are as follows:

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Fixed rate		
- Other fixed rate loan / financing	5,763	9,837
Variable rate		
- Base lending rate plus	221,630	225,194
- Cost-plus	2,214,997	2,735,059
- Other variable rates	14,528	12,106
	<u>2,456,918</u>	<u>2,982,196</u>
	=====	=====

14. Loans, advances and financing (continued)

Gross loans, advances and financing analysed by their geographical distribution are as follows:

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Malaysia	2,320,635	2,854,368
China	-	751
India	97,352	118,661
Turkey	37,935	1,763
Others	996	6,653
	<u>2,456,918</u>	<u>2,982,196</u>
	=====	=====

Gross loans, advances and financing analysed by their economic sector are as follows:

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Mining and Quarrying	150,126	150,215
Manufacturing	485,464	460,813
Construction	223,804	203,901
Wholesale & retail trade and restaurants & hotels	334,465	326,070
Transport, storage and communication	678,905	1,080,433
Finance, insurance and business services	458,598	678,147
Education, health and others	118,045	74,240
Household	7,511	8,375
Others	-	2
	<u>2,456,918</u>	<u>2,982,196</u>
	=====	=====

Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Balance at 1 January	3,526	2,965
Classified as impaired during the period/ year	377	2,070
Reclassified as non-impaired during the period/ year	(671)	(648)
Amount recovered	(329)	(861)
	<u>2,903</u>	<u>3,526</u>
	=====	=====
At 30 September 2020 / 31 December 2019		
Gross impaired loans as a percentage of gross loans, advances and financing	0.12%	0.12%
	=====	=====

14. Loans, advances and financing (continued)

Impaired loans, advances and financing analysed by economic sector and geographical distribution are as follows:

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Household (Malaysia)	2,903	3,526
	<u>2,903</u>	<u>3,526</u>
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Interest / Income receivable	27,545	14,658
Margin placed with exchange	-	1,611
Derivatives	1,271,127	884,393
Other debtors, deposits and prepayments	1,163,320	339,848
	<u>2,461,992</u>	<u>1,240,510</u>
	=====	=====

16. Deposits from customers

	Group		Bank	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Demand deposits	5,577,451	5,000,687	5,577,471	5,000,707
Savings deposits	48	102	48	102
Fixed deposits	439,839	123,389	439,839	123,389
Other deposits	263,126	207,595	263,126	207,595
	<u>6,280,464</u>	<u>5,331,773</u>	<u>6,280,484</u>	<u>5,331,793</u>
	=====	=====	=====	=====

The maturity structure of fixed deposits and other deposits are as follows:-

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Due within six months	543,412	188,142
More than six months to one year	1,549	1,470
More than three years to five years	158,004	-
More than five years	-	141,372
	<u>702,965</u>	<u>330,984</u>
	=====	=====

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Business enterprises	5,488,593	4,742,810	5,488,613	4,742,830
Individuals	361	405	361	405
Foreign customers	101,331	123,658	101,331	123,658
Others	690,179	464,900	690,179	464,900
	<u>6,280,464</u>	<u>5,331,773</u>	<u>6,280,484</u>	<u>5,331,793</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Other financial institutions	1,014,731	1,249,128
	<u>1,014,731</u>	<u>1,249,128</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Interest payable	791	2,587
Bills payable	10,242	23,561
Derivatives	1,133,969	858,058
Employee benefits	23,406	22,023
Other liabilities	1,611,366	699,827
	<u>2,779,774</u>	<u>1,606,056</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	82,964	90,123	24,283	33,842
Money at call and deposit placements with financial institutions	55,586	61,896	15,011	19,727
Reverse repurchase agreements	1,458	2,238	331	1,343
Financial securities	62,764	76,829	24,437	22,000
Other interest income	14	122	-	32
	<u>202,786</u>	<u>231,208</u>	<u>64,062</u>	<u>76,944</u>
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,144	29,585	1,269	10,430
Deposits from customers	31,083	42,676	7,735	14,441
Repurchase agreement	15	21	-	2
Other interest expense	352	646	164	572
	<u>37,594</u>	<u>72,928</u>	<u>9,168</u>	<u>25,445</u>
	=====	=====	=====	=====

21. Non-interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	5,348	6,096	2,366	1,930
Service charges and fees	16,178	23,808	4,873	7,861
Guarantee fees	2,219	3,027	835	1,117
	<u>23,745</u>	<u>32,931</u>	<u>8,074</u>	<u>10,908</u>
	-----	-----	-----	-----
Fee expense:				
Commissions	(3,451)	(4,368)	(1,100)	(1,494)
Service charges and fees	(4,497)	(10,861)	(1,418)	(2,934)
	<u>(7,948)</u>	<u>(15,229)</u>	<u>(2,518)</u>	<u>(4,428)</u>
	-----	-----	-----	-----
Net fee income	<u>15,797</u>	<u>17,702</u>	<u>5,556</u>	<u>6,480</u>
	-----	-----	-----	-----
Net gains from financial instruments:				
Net gain arising from financial securities:				
Realised gain	86,196	46,796	27,385	20,345
Unrealised gain/(loss)	159	1,882	1,197	(2,550)
Net gain/(loss) arising from derivatives:				
Realised (loss)/gain	(25,687)	(42,446)	11,118	(994)
Unrealised revaluation gain/(loss)	102,603	38,810	(46,148)	52,651
Foreign exchange gain/(loss)	57,086	122,177	72,627	(24,759)
Gross dividend income	134	60	89	15
Other income:				
Other operating income, net	2,014	20,048	4,227	4,393
	<u>222,505</u>	<u>187,327</u>	<u>70,495</u>	<u>49,101</u>
	-----	-----	-----	-----
	<u>238,302</u>	<u>205,029</u>	<u>76,051</u>	<u>55,581</u>
	=====	=====	=====	=====

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	33,167	32,493	10,935	10,545
- Others	8,070	9,661	2,910	3,226
Establishment costs				
- Rental	428	227	133	124
- Depreciation – property and equipment	750	810	247	262
- Depreciation – right-of-use assets	1,406	1,407	468	469
- Others	3,535	3,138	609	853
Marketing expenses	1,132	1,522	266	477
Administration and general expenses				
- Intercompany expenses	49,007	52,706	18,224	17,985
- Communication	1,041	1,193	399	354
- Others	7,590	7,902	1,504	2,716
	<u>106,126</u>	<u>111,059</u>	<u>35,695</u>	<u>37,011</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 198 (September 2019 – 201).

23. Allowance for impairment

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
(Allowance) / written back for impairment				
- loans, advances and financing	(653)	77	(483)	319
- cash and cash equivalent	(13)	95	87	(31)
- debt securities at FVOCI	(115)	52	507	8
	<u>(781)</u>	<u>224</u>	<u>111</u>	<u>296</u>
	=====	=====	=====	=====

24. Capital adequacy

	Group and Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Components of Tier 1 and Tier 2 capital are as follows:-		
Tier 1 capital		
Paid-up share capital	531,362	531,362
Other disclosed reserves	636	338
Retained profits	1,096,084	1,318,139
Less: Deferred tax assets	(29,697)	(29,697)
Total common equity tier 1 / Total tier 1 capital	<u>1,598,385</u>	<u>1,820,142</u>
Tier 2 capital		
Expected credit losses ("ECL")*	6,114	5,266
Regulatory reserve	45,000	45,000
Total capital base	<u>1,649,499</u>	<u>1,870,408</u>
	=====	=====
Common equity tier 1 / Tier 1 capital ratio	17.806%	19.423%
Total capital ratio	<u>18.375%</u>	<u>19.959%</u>
	=====	=====

* Refers to ECL for Stage 1 and Stage 2.

24. Capital adequacy (continued)

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II – Risk-weighted Assets) reissued on 2 February 2018. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer (CCyB) are 4.5% for CET1 Capital Ratio, 6.0% for Tier 1 Capital Ratio and 8.0% for Total Capital Ratio.

The capital conservation buffer required to be maintained in the form of CET1 Capital above the minimum regulatory capital adequacy ratios requirement is at 2.5%.

The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposure in Malaysia yet but may be applied by regulators in the future.

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

Risk Type		Risk Weighted Assets	
		30 September 2020 RM'000	31 December 2019 RM'000
1	Credit risk	5,301,840	5,399,155
2	Market risk	2,780,102	3,132,398
3	Operational risk	894,971	839,613
Total		8,976,913	9,371,166

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2020 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	4,322,423	4,123,125	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	2,034,930	2,034,930	930,135
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,912,936	1,912,936	1,877,929
	Regulatory Retail	-	-	-
	Residential Mortgages	4,577	4,577	1,602
	Higher Risk Assets	-	-	-
	Other Assets	463,442	463,442	462,342
	Equity Exposure	1,611	1,611	1,841
	Defaulted Exposures	1,150	1,150	1,150
	<i>Total On-Balance Sheet Exposures</i>	8,741,069	8,541,771	3,274,999
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	1,825,062	1,362,479	774,011
	Credit Derivatives	-	-	-
	Transaction related contingent Items	280,194	279,564	260,144
	Short Term Self Liquidating trade related contingencies	49,032	49,032	40,685
	Other commitments, such as formal standby facilities and credit lines	952,001	952,001	952,001
	<i>Total for Off-Balance Sheet Exposures</i>	3,106,289	2,643,076	2,026,841
	<i>Total On and Off- Balance Sheet Exposures</i>	11,847,358	11,184,847	5,301,840

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2020 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
	Interest Rate Risk	92,469,167	90,185,536	2,036,603
	Foreign Currency Risk	613,536	331,886	613,536
	Options	27,361	-	129,963
				2,780,102
3	Operational Risk			894,971
4	Total RWA			8,976,913

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2019 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	3,657,800	3,257,493	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,374,986	1,374,986	642,924
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	2,561,559	2,561,559	2,561,143
	Regulatory Retail	-	-	-
	Residential Mortgages	4,804	4,804	1,681
	Higher Risk Assets	-	-	-
	Other Assets	394,391	394,391	392,955
	Equity Exposure	1,611	1,611	1,841
	Defaulted Exposures	1,579	1,579	1,579
	<i>Total On-Balance Sheet Exposures</i>	<i>7,996,730</i>	<i>7,596,423</i>	<i>3,602,123</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	1,772,932	1,386,942	768,379
	Credit Derivatives	-	-	-
	Transaction related contingent Items	259,757	258,924	246,797
	Short Term Self Liquidating trade related contingencies	15,074	15,074	13,516
	Other commitments, such as formal standby facilities and credit lines	768,340	768,340	768,340
	<i>Total for Off-Balance Sheet Exposures</i>	<i>2,816,103</i>	<i>2,429,280</i>	<i>1,797,032</i>
	<i>Total On and Off- Balance Sheet Exposures</i>	<i>10,812,833</i>	<i>10,025,703</i>	<i>5,399,155</i>

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2019 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
	Interest Rate Risk	94,036,306	92,442,222	2,249,823
	Foreign Currency Risk	175,073	322,271	322,275
	Options	1,013	-	560,300
				3,132,398
3	Operational Risk			839,613
4	Total RWA			9,371,166

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2020 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 4,138,861	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,100	RM'000 -	RM'000 4,139,961	RM'000 -
20%	-	-	609,042	1,624	43,371	-	-	-	-	-	654,037	130,807
35%	-	-	-	-	-	-	4,577	-	-	-	4,577	1,602
50%	-	-	2,403,658	-	30,485	-	-	-	-	-	2,434,143	1,217,072
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	42,823	3,444,203	-	1,150	-	462,342	1,591	3,952,109	3,952,109
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	4,138,861	-	3,012,700	44,447	3,518,059	-	5,727	-	463,442	1,611	11,184,847	5,301,840
Risk-Weighted Assets by Exposures	-	-	1,323,637	43,148	3,468,120	-	2,752	-	462,342	1,841	5,301,840	
Average Risk Weight	0.0%	0.0%	43.9%	97.1%	98.6%	0.0%	48.1%	0.0%	99.8%	114.3%	47.4%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2019 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 3,304,607	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,436	RM'000 -	RM'000 3,306,043	RM'000 -
20%	-	-	482,216	1,894	-	-	-	-	-	-	484,110	96,822
35%	-	-	-	-	-	-	4,804	-	-	-	4,804	1,681
50%	-	-	1,828,768	-	31,880	-	-	-	-	-	1,860,648	930,324
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	18,605	3,955,348	-	1,579	-	392,955	1,591	4,370,078	4,370,078
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	3,304,607	-	2,310,984	20,499	3,987,228	-	6,383	-	394,391	1,611	10,025,703	5,399,155
Risk-Weighted Assets by Exposures	-	-	1,010,827	18,984	3,971,288	-	3,260	-	392,955	1,841	5,399,155	
Average Risk Weight	0.0%	0.0%	43.7%	92.6%	99.6%	0.0%	51.1%	0.0%	99.6%	114.3%	53.9%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

25. Commitments and contingencies

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows:

30 September 2020 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	560,388	280,194	260,144
Short Term Self Liquidating Trade Related Contingencies	245,159	49,032	40,685
Foreign exchange related contracts			
One year or less	12,916,581	269,154	249,323
Over one year to five years	1,817,653	164,505	150,534
Over five years	-	-	-
Interest/Profit rate related contracts			
One year or less	182,667	1,288	656
Over one year to five years	150,000	6,070	3,166
Over five years	27,063	1,624	1,624
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	67,742,869	1,382,421	368,708
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	572,228	286,114	286,114
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,329,434	665,887	665,887
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	87,544,042	3,106,289	2,026,841

25. Commitments and contingencies (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows (continued):

31 December 2019 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	519,514	259,757	246,797
Short Term Self Liquidating Trade Related Contingencies	75,372	15,074	13,516
Foreign exchange related contracts			
One year or less	13,110,350	282,876	235,748
Over one year to five years	1,705,634	159,315	159,315
Over five years	310,475	31,048	15,524
Interest/Profit rate related contracts			
One year or less	230,127	835	579
Over one year to five years	270,000	6,497	2,948
Over five years	27,063	1,894	1,894
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	69,441,961	1,290,467	352,371
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	378,985	189,492	189,492
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,894,240	578,848	578,848
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	88,963,721	2,816,103	1,797,032

26. The operations of Islamic Banking

Statement of Financial Position
As at 30 September 2020 – Unaudited

	Note	Bank	
		30 September 2020 RM'000	31 December 2019 RM'000
Assets			
Cash and short term funds	(a)	61,000	56,000
Financial securities	(b)	20,560	20,010
Other assets		241	66
Total assets		81,801 =====	76,076 =====
Liabilities and shareholders' funds			
Deposits from customer	(c)	41,353	35,196
Other liabilities	(d)	5,194	5,192
Tax payable		409	613
Total liabilities		46,956 -----	41,001 -----
Capital funds		25,000	25,000
Retained profits		9,845	10,075
Islamic banking funds		34,845 -----	35,075 -----
Total liabilities and Islamic banking funds		81,801 =====	76,076 =====
Commitments and contingencies		- =====	- =====

26. The operations of Islamic Banking (continued)

**Statement Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2020 - Unaudited**

	Bank			
	Nine months ended 30 September 2020 RM'000	30 September 2019 RM'000	Three months ended 30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of Islamic banking funds	1,716	2,029	575	708
Total net income	<u>1,716</u>	<u>2,029</u>	<u>575</u>	<u>708</u>
Other operating expenses	(15)	(15)	(4)	(5)
Operating profit	<u>1,701</u>	<u>2,014</u>	<u>571</u>	<u>703</u>
Allowance written back for impairment	5	-	39	-
Profit before tax	<u>1,706</u>	<u>2,014</u>	<u>610</u>	<u>703</u>
Taxation	(410)	(483)	(147)	(168)
Profit for the period	<u>1,296</u>	<u>1,531</u>	<u>463</u>	<u>535</u>
Other comprehensive income:				
<i>Movement in fair value reserve (debt securities) :</i>				
Net change in fair value	549	-	93	-
Net amount transferred to profit or loss	(5)	-	(39)	-
Tax expense on other comprehensive income	(130)	-	(12)	-
Other comprehensive income for the period	<u>414</u>	<u>-</u>	<u>42</u>	<u>-</u>
Total comprehensive income for the period	<u>1,710</u>	<u>1,531</u>	<u>505</u>	<u>535</u>
	=====	=====	=====	=====

26. The operations of Islamic Banking (continued)

**Statement Of Changes In Islamic Banking Funds
For The Financial Period Ended 30 September 2020**

Bank	Capital funds RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2020	25,000	19	10,056	35,075
Net profit for the period	-	-	1,296	1,296
Other comprehensive income for the period	-	414	-	414
Total comprehensive income for the period	-	414	1,296	1,710
Dividend paid	-	-	(1,940)	(1,940)
At 30 September 2020	25,000	433	9,412	34,845

	Capital funds RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2019	25,000	-	10,643	35,643
Net profit for the period	-	-	1,531	1,531
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,531	1,531
Dividend paid	-	-	(2,527)	(2,527)
At 30 September 2019	25,000	-	9,647	34,647

26. The operations of Islamic Banking (continued)

Statement Of Cash Flows
For The Financial Period Ended 30 September 2020

	Bank	
	30 September 2020	30 September 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,706	2,014
Operating profit before working capital changes	<u>1,706</u>	<u>2,014</u>
Changes in working capital:		
Net changes in operating assets	(312)	(46)
Net changes in operating liabilities	6,159	261,764
Income taxes paid	(613)	(798)
Net cash generated from operations	<u>6,940</u>	<u>262,934</u>
Cash flows from financing activities:		
Dividend paid	(1,940)	(2,527)
Net cash used in financing activities	<u>(1,940)</u>	<u>(2,527)</u>
Net increase in cash and cash equivalents	5,000	260,407
Cash and cash equivalents at beginning of period	56,000	94,593
Cash and cash equivalents at end of period	<u>61,000</u>	<u>355,000</u>
	=====	=====
Analysis of cash and cash equivalents:		
Cash and short term funds	61,000	355,000
	=====	=====

26. The operations of Islamic Banking (continued)

Shariah Committee

The Shariah Committee was established under BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

The Shariah Committee comprises of Dr Sheikh Hussein Hamed Sayed Hassan, Dr Muhammad Qaseem and Dr Mohd Hilmi bin Ramli.

Shariah Governance Policy Document require 3 Shariah Committee members for banking institution which operate Islamic Banking Window.

Basis of measurement

The financial statements of the Islamic banking business have been prepared on the basis consistent with that of the Group and of the Bank as disclosed in Note 1 to the financial statements of the Group and of the Bank.

(a) Cash and short term funds

	Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	61,000 =====	56,000 =====

(b) Financial securities

	Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Debt securities at FVOCI Malaysian Investment Issue	20,560 =====	20,010 =====

26. The operations of Islamic Banking (continued)

(c) Deposits from customer

	Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Non-Mudharabah		
Demand deposits	41,353	35,196
	=====	=====

(d) Other liabilities

	Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
Bills payable	18	12
Others	5,176	5,180
	-----	-----
	5,194	5,192
	=====	=====

26. The operations of Islamic Banking (continued)

(e) Capital adequacy

The capital adequacy ratios of the Islamic banking business of the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Components of Tier I and Tier II Capital:

	Bank	
	30 September 2020	31 December 2019
	RM'000	RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Other disclosed reserves	195	9
Retained profits	8,116	10,056
Total common equity tier 1/ Total tier 1 capital	33,311	35,065
Total Tier 2 capital	-	-
Capital base	33,311	35,065
Common equity tier 1 / Tier 1 capital ratio	611.632%	618.362%
Total capital ratio	611.632%	618.362%

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

Risk Type		Risk Weighted Assets	
		30 September 2020 RM'000	31 December 2019 RM'000
1	Credit risk	-	-
2	Market risk	-	-
3	Operational risk	5,446	5,671
Total		5,446	5,671

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2020 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	81,801	81,801	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	-	-	-
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	81,801	81,801	-
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	-	-	-
	Total On and Off- Balance Sheet Exposures	81,801	81,801	-

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2020 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
		Long Position	Short Position	
2	Market Risk			
	Interest Rate Risk	-	-	-
	Foreign Currency Risk	-	-	-
	Options	-	-	-
				-
3	Operational Risk			5,446
4	Total RWA			5,446

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2019 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	76,076	76,076	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	-	-	-
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	76,076	76,076	-
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	-	-	-
	<i>Total On and Off- Balance Sheet Exposures</i>	76,076	76,076	-

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2019 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets	
		RM'000		RM'000	
2	Market Risk	Long Position	Short Position		
		Interest Rate Risk	-	-	-
		Foreign Currency Risk	-	-	-
		Options	-	-	-
				-	
3	Operational Risk			5,671	
4	Total RWA			5,671	

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2020 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	81,801	-	-	-	-	-	-	-	-	-	-	81,801	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	81,801	-	-	-	-	-	-	-	-	-	-	81,801	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2019 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 76,076	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 76,076	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	76,076	-	-	-	-	-	-	-	-	-	76,076	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-