



BANK MUAMALAT MALAYSIA BERHAD

Company No. 196501000376 (6175-W)
(Incorporated in Malaysia)

**UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2021 (23 SAFAR 1443H)**

Company No. 196501000376 (6175-W)

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

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BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 (23 SAFAR 1443H)

		Group		Bank	
		As at	As at	As at	As at
		30 September	31 December	30 September	31 December
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds		1,372,501	2,933,172	1,372,501	2,933,172
Cash and placements with financial institutions		11,054	30,417	11,054	30,417
Financial investments at fair value through profit or loss	8(i)	321,224	313,337	321,224	313,337
Financial investments at fair value through other comprehensive income	8(ii)	4,598,962	3,798,965	4,596,466	3,796,498
Financial investments at amortised cost	8(iii)	107,442	105,544	107,442	105,544
Islamic derivative financial assets	9	9,171	47,820	9,171	47,820
Financing of customers	10	19,574,522	18,115,817	19,567,225	18,110,202
Other assets	11	50,840	113,171	49,648	112,345
Statutory deposits with Bank Negara Malaysia		130,530	95,255	130,530	95,255
Investment in subsidiaries		-	-	13,159	13,159
Investment properties		55,890	55,889	55,890	55,889
Right-of-use assets		33,806	37,746	28,022	31,588
Intangible assets		69,010	65,193	68,717	64,977
Property, plant and equipment		53,723	55,191	53,679	55,156
Deferred tax assets (net)	12	40,917	352	40,536	-
Total assets		26,429,592	25,767,869	26,425,264	25,765,359
Liabilities					
Deposits from customers	13	21,501,434	21,501,366	21,515,665	21,514,158
Investment account of customers	15	51,500	-	51,500	-
Deposits and placements of banks and other financial institutions	14	444,697	98,346	444,697	98,346
Bills and acceptances payable		13,129	6,310	13,129	6,310
Islamic derivative financial liabilities	9	77,567	167,334	77,567	167,334
Other liabilities	16	89,797	88,541	89,683	89,073
Lease Liabilities		37,727	41,641	30,353	34,018
Provision for zakat and taxation	17	12,285	4,378	12,123	4,280
Deferred tax liabilities (net)	12	-	11,826	-	11,826
Recourse obligation on financing sold to Cagamas		431,698	444,141	431,698	444,141
Subordinated sukuk	19(a)	505,398	250,642	505,398	250,642
Senior sukuk	19(b)	509,618	502,692	509,618	502,692
Total liabilities		23,674,850	23,117,217	23,681,431	23,122,820

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 (23 SAFAR 1443H) - (CONT'D.)

		Group		Bank	
		As at	As at	As at	As at
		30 September	31 December	30 September	31 December
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Shareholders' equity					
Share capital		1,195,000	1,195,000	1,195,000	1,195,000
Reserves		1,559,742	1,455,652	1,548,833	1,447,539
Total shareholders' equity		2,754,742	2,650,652	2,743,833	2,642,539
Total liabilities and shareholders' equity					
		26,429,592	25,767,869	26,425,264	25,765,359
Total Islamic banking asset and asset under management					
		26,429,592	25,767,869	26,425,264	25,765,359
Commitments and contingencies					
	33	5,663,055	6,917,484	5,663,055	6,917,484
Capital adequacy *					
CET 1 capital ratio	34	13.686%	15.486%	13.555%	15.385%
Total capital ratio	34	17.437%	17.955%	17.301%	17.858%

* The capital adequacy ratios are computed after taking into account the credit, market and operational risks.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

<u>Group</u>	<u>Note</u>	3 months ended		9 months ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of depositors' funds and others	20	277,366	285,813	826,779	845,063
Income/(Loss) derived from investment of shareholders' funds	21	7,857	7,584	18,004	(12,078)
Income derived from investment of investment account funds	22	-	100	-	256
Allowance for impairment on financing	23	(4,765)	(4,945)	(48,421)	(39,907)
Writeback of/(Allowance for) impairment losses on financial investments, net	24	(140)	65	260	893
Writeback of/(Allowance for) impairment losses on other financial assets, net	25	(34)	(86)	(6)	183
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(4,127)	(5,092)	(16,799)	(11,829)
Total distributable income		276,157	283,439	779,817	782,581
Income attributable to depositors	26	(86,488)	(97,342)	(247,270)	(340,996)
Income attributable to investment account holders		(3)	-	(3)	-
Total net income		189,666	186,097	532,544	441,585
Personnel expenses	27	(59,965)	(52,979)	(180,050)	(158,818)
Other overheads and expenditures	28	(39,010)	(42,296)	(114,529)	(130,608)
Finance costs	29	(18,086)	(16,442)	(50,638)	(49,184)
Profit before zakat and taxation		72,605	74,380	187,327	102,975
Zakat	30	(1,843)	(1,846)	(4,770)	(2,600)
Taxation	31	(15,926)	(19,859)	(44,278)	(38,785)
Profit for the period		54,836	52,675	138,279	61,590
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				15.43	6.87

The unaudited financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

<u>Bank</u>	Note	3 months ended		9 months ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of depositors' funds and others	20	277,366	285,813	826,779	845,063
Income/(Loss) derived from investment of shareholders' funds	21	5,599	4,287	13,140	(17,148)
Income derived from investment of investment account funds	22	-	100	-	256
Allowance for impairment on financing	23	(4,765)	(4,945)	(48,421)	(39,907)
Writeback of/(Allowance for) impairment losses on financial investments, net	24	(140)	65	260	893
Writeback of/(Allowance for) impairment losses on other financial assets, net	25	(34)	(86)	(6)	183
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(4,127)	(5,092)	(16,799)	(11,829)
Total distributable income		273,899	280,142	774,953	777,511
Income attributable to depositors	26	(86,541)	(97,381)	(247,419)	(341,183)
Income attributable to investment account holders		(3)	-	(3)	-
Total net income		187,355	182,761	527,531	436,328
Personnel expenses	27	(59,382)	(52,315)	(178,314)	(156,746)
Other overheads and expenditures	28	(39,102)	(43,183)	(115,221)	(131,642)
Finance costs	29	(17,985)	(16,337)	(50,330)	(48,863)
Profit before zakat and taxation		70,886	70,926	183,666	99,077
Zakat	30	(1,772)	(1,773)	(4,592)	(2,477)
Taxation	31	(16,004)	(18,757)	(43,591)	(37,053)
Profit for the period		53,110	50,396	135,483	59,547
Earnings per share attributable to shareholders of the Bank (sen) (basic and diluted):				15.12	6.64

The unaudited financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

<u>Group</u>	<u>Note</u>	3 months ended		9 months ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Profit for the period		54,836	52,675	138,279	61,590
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit or loss					
Net (loss)/gain on financial investments at fair value through other comprehensive income		(6,837)	1,439	(25,429)	17,705
- Net (loss)/gain on change in fair value		(10,299)	9,961	(34,768)	68,834
- Changes in expected credit losses	8(ii)	99	(6)	113	(42)
- Income tax effect	12	5,215	2,948	11,085	(2,191)
- Realised gain transferred to profit or loss on disposal	20 & 21	(1,852)	(11,464)	(1,859)	(48,896)
Exchange fluctuation reserve		429	(256)	1,828	1,431
Items that may not be reclassified					
subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at fair value through other comprehensive income		(929)	1,490	(10,588)	(1,775)
Other comprehensive (loss)/income for the period, net of tax		(7,337)	2,673	(34,189)	17,361
Total comprehensive income for the period		47,499	55,348	104,090	78,951

The unaudited financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

<u>Bank</u>	Note	3 months ended		9 months ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Profit for the period		53,110	50,396	135,483	59,547
Other comprehensive income:					
Items that may be reclassified					
subsequently to profit or loss					
Net (loss)/gain on financial investments at fair value through other comprehensive income		(6,837)	1,439	(25,429)	17,705
- Net (loss)/gain on change in fair value		(10,299)	9,961	(34,768)	68,834
- Changes in expected credit losses	8(ii)	99	(6)	113	(42)
- Income tax effect	12	5,215	2,948	11,085	(2,191)
- Realised gain transferred to profit or loss on disposal	20 & 21	(1,852)	(11,464)	(1,859)	(48,896)
Exchange fluctuation reserve		429	(256)	1,828	1,431
Items that may not be reclassified					
subsequently to profit or loss					
Net unrealised (loss)/gain on equity securities at fair value through other comprehensive income		(929)	1,490	(10,588)	(1,775)
Other comprehensive (loss)/income for the period, net of tax		(7,337)	2,673	(34,189)	17,361
Total comprehensive income for the period		45,773	53,069	101,294	76,908

The unaudited financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Group						
At 1 January 2021	1,195,000	18,240	45,411	(968)	1,392,969	2,650,652
Profit for the period	-	-	-	-	138,279	138,279
Other comprehensive (loss)/income for the period	-	(36,017)	-	1,828	-	(34,189)
Total comprehensive income/(loss) for the period	-	(36,017)	-	1,828	138,279	104,090
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	1,025	-	-	(1,025)	-
Transfer from regulatory reserve	-	-	(10,204)	-	10,204	-
At 30 September 2021	1,195,000	(16,752)	35,207	860	1,540,427	2,754,742
At 1 January 2020	1,195,000	18,008	62,676	(133)	1,193,264	2,468,815
Profit for the period	-	-	-	-	61,590	61,590
Other comprehensive income for the period	-	15,930	-	1,431	-	17,361
Total comprehensive income for the period	-	15,930	-	1,431	61,590	78,951
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(9,040)	-	-	9,040	-
Transfer to regulatory reserve	-	-	(424)	-	424	-
At 30 September 2020	1,195,000	24,898	62,252	1,298	1,264,318	2,547,766

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

	Non-distributable			Distributable		
	Ordinary shares RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	Regulatory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total Equity RM'000
Bank						
At 1 January 2021	1,195,000	18,240	45,411	(968)	1,384,857	2,642,539
Profit for the period	-	-	-	-	135,483	135,483
Other comprehensive (loss)/income for the period	-	(36,017)	-	1,828	-	(34,189)
Total comprehensive income/(loss) for the period	-	(36,017)	-	1,828	135,483	101,294
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	1,025	-	-	(1,025)	-
Transfer from regulatory reserve	-	-	(10,204)	-	10,204	-
At 30 September 2021	1,195,000	(16,752)	35,207	860	1,529,519	2,743,833
 At 1 January 2020	 1,195,000	 18,008	 62,676	 (133)	 1,186,740	 2,462,291
Profit for the period	-	-	-	-	59,547	59,547
Other comprehensive income for the period	-	15,930	-	1,431	-	17,361
Total comprehensive income for the period	-	15,930	-	1,431	59,547	76,908
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	(9,040)	-	-	9,040	-
Transfer from regulatory reserve	-	-	(424)	-	424	-
At 30 September 2020	1,195,000	24,898	62,252	1,298	1,255,751	2,539,199

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

		Group		Bank	
	Note	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Cash flows from operating activities					
Profit before zakat and taxation		187,327	102,975	183,666	99,077
Adjustment for					
Amortisation of intangible asset	28	15,551	25,044	15,551	25,043
Depreciation of property, plant and equipment	28	9,009	8,544	9,002	8,539
Loss on disposal of property, plant and equipment	20	-	21	-	21
Gain on termination ROU asset		(26)		(26)	
Depreciation of right-of-use assets	28	8,396	9,104	8,023	8,749
Amortisation of cost on Subordinated Sukuk Issued		221	150	221	150
Fixed asset written off		10	5	10	5
Intangible asset written off		30	233	30	233
Amortisation of premium, net	20&21	31,663	18,630	31,663	18,630
Net gain from sale of financial investments at fair value through other comprehensive income	20&21	(1,859)	(48,896)	(1,859)	(48,896)
Net gain from sale of financial investment designated at FVTPL	20&21	(201)	(439)	(201)	(439)
Unrealised loss on revaluation of financial investment designated at FVTPL	20&21	2,691	36,031	2,691	36,031
Net loss on revaluation of foreign exchange transaction	21	9,768	(7,124)	9,768	(7,124)
Unrealised gain from foreign exchange derivatives	21	(14,315)	3,082	(14,315)	3,082
Unrealised (gain)/loss on revaluation of islamic profit rate swap	21	(36,802)	57,991	(36,802)	57,991
Unrealised loss/(gain) on revaluation of hedged items	21	42,636	(64,740)	42,636	(64,740)
Fair value gain of financial liabilities designated at FVTPL	21	(19,678)	(9,051)	(19,678)	(9,051)
Writeback of impairment losses on financial investments, net	24	(260)	(893)	(260)	(893)
Writeback of impairment losses on other financial assets, net	25	6	(183)	6	(183)
Allowance for impairment on financing	23	64,687	54,436	64,687	54,436
Financing written off	23	74	2,525	74	2,525
Finance cost	29	50,638	49,184	50,330	48,863
Gross dividend income	21	(29)	(33)	(2,000)	(1,500)
Operating profit before working capital changes		349,537	236,596	343,217	230,549

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

	Note	Group 30 September 2021 RM'000	30 September 2020 RM'000	Bank 30 September 2021 RM'000	30 September 2020 RM'000
(Increase)/decrease in operating assets:					
Financial investment portfolio		(96,881)	(73,961)	(96,880)	(73,961)
Islamic derivative financial assets		52,965	(20,582)	52,965	(20,582)
Financing of customers		(1,556,176)	(1,353,109)	(1,554,495)	(1,352,512)
Statutory deposits with Bank Negara Malaysia		(35,275)	476,761	(35,275)	476,761
Other assets		(12,745)	660	(12,916)	120
Increase/(decrease) in operating liabilities:					
Deposits from customers		68	994,809	1,507	995,499
Deposits and placements of banks and other financial institutions		366,029	103,758	366,029	103,758
Investment accounts of customers		51,500		51,500	
Islamic derivative financial liabilities		(52,965)	20,582	(52,965)	20,582
Bills and acceptances payable		6,819	(1,839)	6,819	(1,839)
Other liabilities		5,617	30,705	5,018	32,198
Cash (used in)/generated from operations		(921,507)	414,380	(925,476)	410,573
Finance cost on lease liabilities paid		(1,609)	(1,925)	(1,301)	(1,604)
Zakat paid		(4,212)	(3,110)	(4,127)	(3,110)
Tax paid		(15,559)	(40,821)	(14,247)	(39,094)
Net cash (used in)/generated from operating activities		(942,887)	368,524	(945,151)	366,765
Cash flows from investing activities					
Proceeds from disposal of financial investment in securities		2,493,263	4,948,600	2,493,263	4,948,600
Purchase of financial investment in securities		(3,295,230)	(4,999,028)	(3,295,201)	(4,998,995)
Proceeds from disposal of property, plant and equipment		-	410	-	410
Purchase of investment properties		-	(633)	-	(633)
Purchase of property, plant and equipment		(7,550)	(6,576)	(7,535)	(6,577)
Purchase of intangible asset		(19,401)	(10,252)	(19,321)	(10,148)
Dividend income	21	29	33	2,000	1,500
Net cash used in investing activities		(828,889)	(67,446)	(826,794)	(65,843)

Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021 (23 SAFAR 1443H)

	Group		Bank	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividend paid on Islamic subordinated sukuk	(21,000)	(21,000)	(21,000)	(21,000)
Repayment of lease liability	(8,246)	(8,856)	(8,077)	(8,700)
Additional issuance of subordinated sukuk	498,670	-	498,670	-
Proceed from recourse obligation on financing sold to Cagamas	(250,000)	-	(250,000)	-
Repayment of principal for recourse obligation on financing sold to Cagamas	(12,389)	(11,523)	(12,389)	(11,523)
Repayment of finance cost for recourse obligation on financing sold to Cagamas	(15,293)	(15,844)	(15,293)	(15,844)
Net cash generated from/(used in) financing activities	191,742	(57,223)	191,911	(57,067)
Net (decrease)/increase in cash and cash equivalents	(1,580,034)	243,855	(1,580,034)	243,855
Cash and cash equivalents at beginning of the period	2,963,589	1,065,150	2,963,589	1,065,150
Cash and cash equivalents at end of the period	1,383,555	1,309,005	1,383,555	1,309,005
Cash and cash equivalents consist of:				
Cash and short term funds	1,372,501	1,242,047	1,372,501	1,242,047
Cash and placements with financial institutions	11,054	66,958	11,054	66,958
	1,383,555	1,309,005	1,383,555	1,309,005

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020.

BANK MUAMALAT MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(23 SAFAR 1443H)

1. Basis of preparation

The unaudited condensed financial statements during the nine-month period ended 30 September 2021 of Bank Muamalat Malaysia Berhad ("BMMB" or "the Bank") and its subsidiaries ("the Group") have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements of the Group and of the Bank are prepared under the historical cost basis except for the following assets and liabilities that are stated at fair values: financial investments at fair value through other comprehensive income ("FVOCI"), financial investments at fair value through profit or loss ("FVTPL"), and Islamic derivative financial instruments.

The Group and the Bank present the statements of financial position in order of liquidity.

These condensed consolidated interim financial statements for the nine-month period ended 30 September 2021 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, Bank Negara Malaysia Guidelines ("BNM"), and the principles of Shariah.

The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 2020. The explanatory notes attached to these condensed consolidated 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 of the Bank since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2020 except for adoption of the following MFRSs and Interpretations of the Issues Committee ("IC Interpretations") with effective dates as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139 Profit Rate Benchmark Reform - (Phase 2)	1 January 2021

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1. Basis of preparation (cont'd)

The Group and the Bank have not applied the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Bank. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3: Business Combinations- Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by MASB

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.

3. Seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the nine-month period ended 30 September 2021.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group and of the Bank during the nine-month period ended 30 September 2021.

5. Changes in accounting estimates

There were no material changes in estimates during the nine-month period ended 30 September 2021.

6. Dividends

There was no dividend payment during the nine-month period ended 30 September 2021.

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7. Performance review and outlook

The Group posted an unaudited profit before zakat and taxation of RM187.3 million for the nine (9) months period ended 30 September 2021, as compared to the RM103.0 million recorded in the previous corresponding period September 2020. The better performance mainly attributed to increased in total net income by 20.6% to RM532.5 million from RM441.6 million registered in September 2020. The increase in total net income largely contributed by reduction in total income distributable to depositors by RM93.7 million or 27.5%, arising from lower funding cost following several cuts in Overnight Policy Rate ("OPR") in the year 2020. In addition, total expenditures have been well contained as reflected from marginal increase of 1.8% in total personnel cost and other overheads from RM289.4 million in previous corresponding nine months to RM294.6 million in current period reporting.

Total assets of the Group stood at RM26.4 billion, higher by 2.6% from position as at December 2020. This was mainly contributed by the significant growth in net financing of customers by RM1.5 billion (8.1%) and financial investments by RM809.8 million (19.2%), however offset by lower balance in cash and short term funds by RM1.6 billion. Total deposits from customers remained at RM21.5 billion.

The Group's capital ratios remained stable with CET 1 Capital and Total Capital Ratios stood at 13.69% and 17.44% respectively.

OUTLOOK

Malaysia's economy is expected to gradually recover as more economic sectors have been progressively re-opened following rising vaccination rates and continuous easing of containment measures nationwide. With the current vaccination rate at more than 90%¹ benchmark (defined as 90% adults already received two shots of vaccine), the government has allowed interstate and international travel which will potentially spur economic growth especially from tourism-related industries.

Meanwhile, the Twelfth Malaysian Plan (RMK-12) tabled last September 2021 has also outlined a strategic direction for Malaysia's development amidst these unprecedented times. With the objective to achieve a Prosperous, Inclusive, Sustainable Malaysia, the plan encompasses of the first half of the Shared Prosperity Vision 2030 and focuses on three theme namely i) resetting the economy; ii) strengthening security, well-being and inclusivity; and iii) advancing sustainability. With the announcement of RMK-12, the government aims to grow GDP on average of 4.5% to 5.5% annually.²

Domestically, Malaysian financial sector is expected to remain sound and supportive of the domestic economy development in 2021. Overall banking system's capitalisation level remains strong and robust with average industry ratio for Common Equity Tier 1 (CET1) and liquidity coverage is at 14.7% and 150.0%³. Funding condition in the banking system is also stable as the net stable funding ratio (NSFR) stood at 116.4% (December 2020: 116%) with all banks meeting the minimum NSFR requirement of 100% ahead of the 30 September 2021 full compliance deadline.⁴

Premised on the above, Bank Muamalat remains fully committed to support the Government's economic recovery efforts and will ensure impacted customers continue to have access to the financial assistance and support they require. Adapting to the changes in the current landscape, the Bank will also closely monitor its performance and recalibrate its business strategies beyond the implementation of RISE24⁵, i.e. the Bank's 5-Year Strategic Business Plan that is being executed in year 2020 until 2024. To remain more competitive in the post pandemic landscape, the Bank will intensify its digital-based offerings and innovations, expand businesses in high potential segments and grow further in sustainability-driven sectors.

The Bank will continue to exercise effective Risk and Compliance Management programmes for a more robust enforcement of regulatory requirements. Perceiving any risks associated with the current economic conditions, the Bank has taken necessary steps to ensure good risk management, preservation of the quality assets, intensive recovery plan as well as efficient management of liquidity. The Bank is also focusing on streamlining its business activities for continuous business resilience and is ensuring that appropriate action plans are being put in place to cushion the impact of any potential adverse effects on the Bank's financial performance and balance sheet.

Moving forward, the Bank anticipated a better growth for FY2021 with overall asset and gross financing expected to expand more than projected in the beginning of this year on the back of gradual recovery in domestic economic expansion. The Bank also foresees more opportunity to grow in retail financing by leveraging on digital and advancement of technology.

¹ <https://covidnow.moh.gov.my/vaccinations/>

² Twelfth Malaysia Plan 2021-2025, Economic Planning Unit

³ Monthly Highlights and Statistics in Aug 2021, Bank Negara Malaysia

⁴ Financial Stability Review: First Half 2021, Bank Negara Malaysia

⁵ RISE24 is a 5-Year Strategic Business Plan that focuses on seven (7) Strategic Focus Areas, embedded with risk and compliance culture and overarched by the value-based principles. The business plan will be supported by twenty-four (24) key strategies.

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8. Financial investments

	Note	Group		Bank	
		30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Financial investments at fair value through profit or loss	(i)	321,224	313,337	321,224	313,337
Financial investments at fair value through other comprehensive income	(ii)	4,598,962	3,798,965	4,596,466	3,796,498
Financial investments at amortised cost	(iii)	107,442	105,544	107,442	105,544
		5,027,628	4,217,846	5,025,132	4,215,379

Group and Bank	
30 September 2021 RM'000	31 December 2020 RM'000

(i) Financial investments at fair value through profit or loss

Unquoted securities in Malaysia:

Private equity funds	169,611	165,252
Islamic private debt securities in Malaysia	151,613	148,085
	321,224	313,337

(ii) Financial investments at fair value through other comprehensive income

Government securities and treasury bills:

Malaysian government investment certificates	4,038,074	2,655,932	4,038,074	2,655,932
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Unquoted securities:

Islamic private debt securities in Malaysia	433,681	658,829	433,681	658,829
Cagamas bonds	20,540	25,792	20,539	25,792
	454,221	684,621	454,220	684,621

Money market instruments:

Negotiable Islamic debt certificates	-	349,370	-	349,370
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Equity instruments:

Quoted securities in Malaysia:

Quoted shares	95,598	101,944	95,598	101,944
Unit trusts	6,438	2,467	3,943	-
	102,036	104,411	99,541	101,944

Unquoted securities:

Shares in Malaysia	4,631	4,631	4,631	4,631
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Total financial assets at fair value through other comprehensive income

	4,598,962	3,798,965	4,596,466	3,796,498
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8. Financial investments (cont'd)

(ii) Financial investments at fair value through other comprehensive income (cont'd.)

- (a) Movements in the allowances for impairment losses on debt instruments at fair value through other comprehensive income are as follows for the Group and the Bank:

	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
	RM'000	impaired	impaired	Total ECL
At 30 September 2021		RM'000	RM'000	RM'000
At 1 January 2021	81	-	38,241	38,322
Allowance made	177	-	-	177
Amount written back in respect of recoveries	(64)	-	-	(64)
Amount written off	-	-	(14,670)	(14,670)
Exchange differences	-	-	589	589
At 30 September 2021	194	-	24,160	24,354

	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
	RM'000	impaired	impaired	Total ECL
At 31 December 2020		RM'000	RM'000	RM'000
At 1 January 2020	119	-	37,251	37,370
Allowance made	20	-	-	20
Amount written back in respect of recoveries	(58)	-	-	(58)
Amount written off	-	-	1,250	1,250
Exchange differences	-	-	(260)	(260)
At 31 December 2020	81	-	38,241	38,322

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8. Financial investments (cont'd.)

Group and Bank
30 September 2021 31 December 2020
RM'000 RM'000

(iii) Financial investments at amortised cost

At amortised cost

Unquoted Islamic corporate sukuk in Malaysia	147,041	145,515
Accumulated impairment losses	(39,599)	(39,971)
Total financial investments at amortised cost	107,442	105,544

- (a) Movements in the allowances for impairment losses on financial investments at amortised cost are as follows for the Group and the Bank:

	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime	
	ECL	not credit	ECL credit	
	RM'000	impaired	impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 30 September 2021				
At 1 January 2021	-	39,971	-	39,971
Amount written back in respect of recoveries	-	(372)	-	(372)
At 30 September 2021	-	39,599	-	39,599
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime ECL	Lifetime	
	ECL	not credit	ECL credit	
	RM'000	impaired	impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
At 31 December 2020				
At 1 January 2020	-	41,147	-	41,147
Amount written back in respect of recoveries	-	(1,176)	-	(1,176)
At 31 December 2020	-	39,971	-	39,971

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9. Islamic derivative financial instruments

The Table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded at gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are indicative of neither the market risk nor the credit risk.

	Group and Bank					
	30 September 2021			31 December 2020		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives:						
Foreign exchange contracts						
- Currency forwards						
Less than one year	876,024	6,185	(1,561)	1,509,931	4,084	(43,920)
- Currency swaps						
Less than one year	1,037,978	2,954	(5,286)	1,679,710	40,343	(15,826)
- Currency spot						
Less than one year	63,956	32	(6)	136,881	3,393	(73)
	1,977,958	9,171	(6,853)	3,326,522	47,820	(59,819)
Islamic profit rate swap ("IPRS")						
Hedged IPRS	1,200,000	-	(70,714)	1,200,000	-	(107,515)
Total	3,177,958	9,171	(77,567)	4,526,522	47,820	(167,334)

Included within hedging derivatives is a derivative where the Group and the Bank apply hedge accounting. The principal amount and fair value of derivative where hedge accounting is applied by the Group and Bank are as follows:

	30 September 2021			31 December 2020		
	Contract/ notional amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Islamic profit rate swap (IPRS)	1,200,000	-	(70,714)	1,200,000	-	(107,515)

Fair Value hedges

Fair value hedges are used by the Group and the Bank to protect against changes in the fair value of financial assets due to movements in profit rates. The financial instruments hedged for profit rate risk include the Group's and the Bank's financing of customers.

For the period ended 30 September 2021, the Group and the Bank:-

- (i) recognised a net gain of RM36,802,088 (31 December 2020: net loss of RM53,422,000) on the hedging instrument. The total net loss on the hedged items attributable to the hedged risk amounted to RM42,636,070 (31 December 2020: net gain of RM59,901,000).

10. Financing of Customers

(i) By type and Shariah concepts

Group	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Shirkah Mutanaqisah RM'000	Rahnu RM'000	Total financing RM'000
30 September 2021												
Cash line	-	-	1,572	533,813	-	-	-	-	-	-	-	535,385
Term financing:												
Home financing	1,383,466	-	-	4,106,981	-	-	10,406	-	-	-	-	5,500,853
Syndicated financing	-	-	-	567,488	-	-	-	-	-	-	-	567,488
Hire purchase receivables	69,177	243,111	-	-	-	-	-	-	301,968	-	-	614,256
Personal financing	37,115	-	20	5,314,163	-	-	-	-	-	-	-	5,351,298
Other term financing	151,925	-	-	3,736,731	-	-	29,768	139	-	78,134	-	3,996,697
Trust receipts	-	-	-	-	37,279	67,636	-	-	-	-	-	104,915
Claims on customers under acceptance credits	-	-	-	-	133,786	893,288	-	-	-	-	-	1,027,074
Staff financing	24,515	-	-	69,402	-	-	-	274	-	-	-	94,191
Revolving credit	-	-	-	1,682,599	-	-	-	-	-	-	-	1,682,599
Credit card	-	-	-	17	-	-	-	-	-	-	-	17
Ar-Rahnu	-	-	-	256,372	-	-	-	-	-	-	11	256,383
Gross financing	1,666,198	243,111	1,592	16,267,566	171,065	960,924	40,174	413	301,968	78,134	11	19,731,156
Fair value changes arising from fair value hedge	-	-	-	58,404	-	-	-	-	-	-	-	58,404
	1,666,198	243,111	1,592	16,325,970	171,065	960,924	40,174	413	301,968	78,134	11	19,789,560
Less : Allowance for impaired financing												
-Stage 1 - 12 Months ECL	(5,686)	(594)	(30)	(103,115)	(242)	(762)	(267)	(1)	(830)	-	-	(111,527)
-Stage 2 - Lifetime ECL not credit impaired	(1,728)	(54)	(77)	(18,620)	(159)	(303)	(8)	-	(5)	-	-	(20,954)
-Stage 3 - Lifetime ECL credit impaired	(12,596)	(1,520)	(176)	(68,162)	-	-	(18)	-	(83)	-	(2)	(82,557)
Total net financing	1,646,188	240,943	1,309	16,136,073	170,664	959,859	39,881	412	301,050	78,134	9	19,574,522

* Included in financing of customers are financing at fair value through profit or loss amounting to RM836,678,425 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

^ During the year, a total of RM9,509,54 modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Group	Bai'	Ijarah			Bai'				Murabahah to			Total
31 December 2020	Bithaman Ajil	Thumma	Inah	Tawarruq	Al-Dayn	Murabahah	Istisna'	Qard	the Purchase	Shirkah	Rahnu	financing
	RM'000	Al-Bai	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Orderer	Mutanaqisah	RM'000	RM'000
		RM'000							RM'000	RM'000		RM'000
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	-	570,093
Term financing:												
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	-	4,866,083
Syndicated financing	-	-	-	550,719	-	-	-	-	-	-	-	550,719
Hire purchase receivables	79,331	317,223	-	-	-	-	-	-	240,256	-	-	636,810
Personal financing	58,309	-	27	4,334,639	-	-	-	-	-	-	-	4,392,975
Other term financing*	166,385	-	1	3,583,927	-	-	39,048	237	-	76,757	-	3,866,355
Trust receipts	-	-	-	-	22,581	70,397	-	-	-	-	-	92,978
Claims on customers under acceptance credits	-	-	-	-	162,297	882,001	-	-	-	-	-	1,044,298
Staff financing	34,558	-	-	62,620	-	-	-	105	-	-	-	97,283
Revolving credit	-	-	-	1,794,063	-	-	-	-	-	-	-	1,794,063
Ar-Rahnu	-	-	-	287,032	-	-	-	-	-	-	17,504	304,536
Total gross financing ^	1,918,941	317,223	3,563	14,455,683	184,878	952,398	48,648	342	240,256	76,757	17,504	18,216,193
Fair value changes arising from fair value hedge	-	-	-	91,113	-	-	-	-	-	-	-	91,113
	1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	342	240,256	76,757	17,504	18,307,306
Less : Allowance for impaired financing												
At amortised cost												
-Stage 1 - 12 Months ECL	(2,110)	(740)	(36)	(90,064)	(212)	(705)	(342)	(4)	(616)	-	(155)	(94,984)
-Stage 2 - Lifetime ECL not credit impaired	(2,669)	(42)	(400)	(4,850)	(177)	(411)	(8)	-	(4)	-	-	(8,561)
-Stage 3 - Lifetime ECL credit impaired	(16,858)	(1,582)	(45)	(67,349)	-	(1,812)	(43)	-	-	-	(255)	(87,944)
Total net financing	1,897,304	314,859	3,082	14,384,533	184,489	949,470	48,255	338	239,636	76,757	17,094	18,115,817

* Included in other term financing are financing at fair value through profit or loss amounting RM868,107,003 which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

^ During the year, a total of RM46,212,464 modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Rahnu RM'000	Total financing RM'000
30 September 2021											
Cash line	-	-	1,572	533,813	-	-	-	-	-	-	535,385
Term financing:											
Home financing	1,383,466	-	-	4,106,981	-	-	10,406	-	-	-	5,500,853
Syndicated financing	-	-	-	567,488	-	-	-	-	-	-	567,488
Hire purchase receivables	69,177	243,111	-	-	-	-	-	-	301,968	-	614,256
Personal financing	37,115	-	20	5,314,163	-	-	-	-	-	-	5,351,298
Other term financing	151,925	-	-	3,736,731	-	-	29,768	70,976	-	-	3,989,400
Trust receipts	-	-	-	-	37,279	67,636	-	-	-	-	104,915
Claims on customers under acceptance credits	-	-	-	-	133,786	893,288	-	-	-	-	1,027,074
Staff financing	24,515	-	-	69,402	-	-	-	274	-	-	94,191
Revolving credit	-	-	-	1,682,599	-	-	-	-	-	-	1,682,599
Credit card	-	-	-	17	-	-	-	-	-	-	17
Ar-Rahnu	-	-	-	256,372	-	-	-	-	-	11	256,383
Gross financing	1,666,198	243,111	1,592	16,267,566	171,065	960,924	40,174	71,250	301,968	11	19,723,859
Fair value changes arising from fair value hedge	-	-	-	58,404	-	-	-	-	-	-	58,404
	1,666,198	243,111	1,592	16,325,970	171,065	960,924	40,174	71,250	301,968	11	19,782,263
Less : Allowance for impaired financing											
-Stage 1 - 12 Months ECL	(5,686)	(594)	(30)	(103,115)	(242)	(762)	(267)	(1)	(830)	-	(111,527)
-Stage 2 - Lifetime ECL not credit impaired	(1,728)	(54)	(77)	(18,620)	(159)	(303)	(8)	-	(5)	-	(20,954)
-Stage 3 - Lifetime ECL credit impaired	(12,596)	(1,520)	(176)	(68,162)	-	-	(18)	-	(83)	(2)	(82,557)
Total net financing	1,646,188	240,943	1,309	16,136,073	170,664	959,859	39,881	71,249	301,050	9	19,567,225

* Included in financing of customers are financing at fair value through profit or loss amounting to RM829,379,123 which mainly consists of hedged asset that are hedged against Islamic profit rate swap.

^ During the year, a total of RM9,509,546 modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

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10. Financing of Customers (cont'd.)

(i) By type and Shariah concepts

Bank 31 December 2020	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai RM'000	Inah RM'000	Tawarruq RM'000	Bai' Al-Dayn RM'000	Murabahah RM'000	Istisna' RM'000	Qard RM'000	Murabahah to the Purchase Orderer RM'000	Rahnu RM'000	Total financing RM'000
Cash line	-	-	3,535	566,558	-	-	-	-	-	-	570,093
Term financing:											
Home financing	1,580,358	-	-	3,276,125	-	-	9,600	-	-	-	4,866,083
Syndicated financing	-	-	-	550,719	-	-	-	-	-	-	550,719
Hire purchase receivables	79,331	317,223	-	-	-	-	-	-	240,256	-	636,810
Personal financing	58,309	-	27	4,334,639	-	-	-	-	-	-	4,392,975
Other term financing*	166,385	-	1	3,583,927	-	-	39,048	71,379	-	-	3,860,740
Trust receipts	-	-	-	-	22,581	70,397	-	-	-	-	92,978
Claims on customers under acceptance credits	-	-	-	-	162,297	882,001	-	-	-	-	1,044,298
Staff financing	34,558	-	-	62,620	-	-	-	105	-	-	97,283
Revolving credit	-	-	-	1,794,063	-	-	-	-	-	-	1,794,063
Ar-Rahnu	-	-	-	287,032	-	-	-	-	-	17,504	304,536
Total gross financing ^	1,918,941	317,223	3,563	14,455,683	184,878	952,398	48,648	71,484	240,256	17,504	18,210,578
Fair value changes arising from fair value hedge	-	-	-	91,113	-	-	-	-	-	-	91,113
	1,918,941	317,223	3,563	14,546,796	184,878	952,398	48,648	71,484	240,256	17,504	18,301,691
Less : Allowance for impaired financing											
At amortised cost											
-Stage 1 - 12 Months ECL	(2,110)	(740)	(36)	(90,064)	(212)	(705)	(342)	(4)	(616)	(155)	(94,984)
-Stage 2 - Lifetime ECL not credit impaired	(2,669)	(42)	(400)	(4,850)	(177)	(411)	(8)	-	(4)	-	(8,561)
-Stage 3 - Lifetime ECL credit impaired	(16,858)	(1,582)	(45)	(67,349)	-	(1,812)	(43)	-	-	(255)	(87,944)
Total net financing	1,897,304	314,859	3,082	14,384,533	184,489	949,470	48,255	71,480	239,636	17,094	18,110,202

* Included in other term financing are financing at fair value through profit or loss amounting RM862,491,530 which mainly consists of hedged assets that are hedged against Islamic profit rate swap.

^ During the year, a total of RM46,212,464 modification loss arising from payment moratorium is included and reduced from gross balances within the respective financing products.

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10. Financing of customers (cont'd.)

(i) By type and Shariah concepts (cont'd.)

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Uses of Qard fund:				
Staff financing	274	105	274	105
Other term financing	139	237	70,976	71,379
	413	342	71,250	71,484

(ii) By type of customer

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Domestic non-banking institutions	431,306	411,333	431,306	411,333
Domestic business enterprises:				
-Small business enterprises	609,873	511,263	609,873	511,263
-Others	4,397,504	4,533,485	4,390,207	4,527,870
Government and statutory bodies	955,111	952,354	955,111	952,354
Individuals	13,322,012	11,797,470	13,322,012	11,797,470
Other domestic entities	8,869	3,666	8,869	3,666
Foreign entities	6,481	6,622	6,481	6,622
Gross Financing	19,731,156	18,216,193	19,723,859	18,210,578

(iii) By profit rate sensitivity

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Fixed rate:				
Home financing	220,296	240,827	220,296	240,827
Hire purchase receivables	614,255	636,810	614,255	636,810
Others	3,221,093	3,422,300	3,213,796	3,416,685
Variable rate:				
Home financing	5,358,556	4,678,117	5,358,556	4,678,117
Others	10,316,956	9,238,139	10,316,956	9,238,139
Gross Financing	19,731,156	18,216,193	19,723,859	18,210,578

(iv) By residual contractual maturity

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Maturity				
- within one year	5,159,847	5,767,870	5,159,847	5,767,870
- more than one to five years	6,678,580	6,158,310	6,678,580	6,158,310
- more than five years	7,892,729	6,290,013	7,885,432	6,284,398
Gross Financing	19,731,156	18,216,193	19,723,859	18,210,578

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10. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Agriculture	63,349	108,267	63,349	108,267
Mining and quarrying	964	398	964	398
Manufacturing	912,912	978,385	912,912	978,385
Electricity, gas and water	127,869	99,194	127,869	99,194
Construction	541,169	531,420	541,169	531,420
Household	13,328,492	11,804,092	13,328,492	11,804,092
Real estate	1,188,194	1,229,136	1,188,194	1,229,136
Wholesale, retail and restaurant	920,199	1,086,063	920,199	1,086,063
Transport, storage and communication	63,540	60,234	63,540	60,234
Finance, takaful and business services	1,114,239	1,060,837	1,114,240	1,060,838
Community, social and personal services	515,119	305,813	507,821	300,197
Government and statutory bodies	955,110	952,354	955,110	952,354
Gross Financing	19,731,156	18,216,193	19,723,859	18,210,578

(vi) By geographical area

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic	19,731,156	18,216,193	19,723,859	18,210,578
Gross Financing	19,731,156	18,216,193	19,723,859	18,210,578

Included in the financing of customers is financing given to one corporate customer and a number of identified structured personal financing customers which are hedged by profit rate derivatives. The hedging has achieved the criteria for hedge accounting whilst the financing are carried at fair value.

The maximum credit exposure of the financing of customers amounts to RM700 million (31 December 2020: RM700 million). The cumulative change in fair value of the financing attributable to changes in profit rate risk amounts to a gain of RM58,403,979 (31 December 2020: a gain of RM91,112,801) and the change in fair value for the current year is a loss of RM32,708,822 (31 December 2020: a gain of RM43,423,333). The changes in fair value of the designated financing attributable to changes in profit risk have been calculated by determining the changes in profit spread implicit in the fair value of securities issued by entities with similar credit characteristics.

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10. Financing of customers (cont'd.)

Impaired financing

(i) Movements in the impaired financing

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021/ At 1 January 2020	194,711	209,166	194,711	209,166
Classified as impaired during the period	155,026	152,808	155,026	152,808
Reclassified as performing during the period	(79,444)	(62,358)	(79,444)	(62,358)
Recovered during the period	(47,834)	(40,362)	(47,834)	(40,362)
Written off during the period	(39,920)	(64,543)	(39,920)	(64,543)
Gross impaired financing	182,539	194,711	182,539	194,711
Less: Stage 3 - Lifetime ECL credit impaired	(82,557)	(87,944)	(82,557)	(87,944)
Net impaired financing	99,982	106,767	99,982	106,767

Calculation ratio of impaired financing:

Gross financing of customers	19,731,156	18,216,193	19,723,859	18,210,578
Less: Stage 3 - Lifetime ECL credit impaired	(82,557)	(87,944)	(82,557)	(87,944)
Net financing of customers	19,648,599	18,128,249	19,641,302	18,122,634
Ratio of gross impaired financing to total financing	0.93%	1.07%	0.93%	1.07%
Net impaired financing ratio	0.51%	0.59%	0.51%	0.59%

(ii) Impaired financing by sector

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Manufacturing	33,086	33,187	33,086	33,187
Construction	746	830	746	830
Household	124,153	134,833	124,153	134,833
Real estate	17,963	19,016	17,963	19,016
Wholesale, retail and restaurant	4,161	5,675	4,161	5,675
Mining and quarrying	40	-	40	-
Transport, storage and communication	720	583	720	583
Finance, takaful and business services	833	415	833	415
Community, social and personal service	837	172	837	172
	182,539	194,711	182,539	194,711

(iii) Impaired financing by geographical area

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic	182,539	194,711	182,539	194,711

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10. Financing of customers (cont'd.)

Impaired financing (cont'd.)

(iv) Movements in the loss allowance for financing of customers

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12 Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
At 30 September 2021				
At 1 January 2021	94,984	8,561	87,944	191,489
Transfer to Stage 1	25,531	(14,568)	(10,963)	-
Transfer to Stage 2	(14,964)	40,190	(25,226)	-
Transfer to Stage 3	(1,620)	(3,674)	5,294	-
Allowance (write back)/made	(17,071)	(9,775)	70,532	43,686
New financial assets originated	75,366	-	-	75,366
Financial assets derecognised	(50,700)	220	(5,481)	(55,961)
Amount written off/realised	-	-	(39,543)	(39,543)
Other movements	1	-	-	1
At 30 September 2021	111,527	20,954	82,557	215,038
At 31 December 2020				
At 1 January 2020	51,342	13,766	86,734	151,842
Transfer to Stage 1	15,374	(8,473)	(6,901)	-
Transfer to Stage 2	(1,572)	25,182	(23,610)	-
Transfer to Stage 3	(346)	(10,232)	10,578	-
Allowance (write back)/made	(2,719)	(11,017)	91,759	78,023
New financial assets originated	79,619	638	-	80,257
Financial assets derecognised	(46,713)	(1,303)	(12,546)	(60,562)
Amount written off/realised	-	-	(58,070)	(58,070)
Other movements	(1)	-	-	(1)
At 31 December 2020	94,984	8,561	87,944	191,489

11. Other assets

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Deposits	6,743	6,001	6,644	5,901
Prepayments	9,875	7,746	9,788	7,696
Tax prepayment	567	63,243	-	63,243
Foreclosed properties	9,665	9,665	9,665	9,665
Golf club membership	500	500	500	500
Other receivables	21,940	22,095	21,940	22,095
Other debtors	3,175	5,488	2,736	4,812
	52,465	114,738	51,273	113,912
Less: Accumulated impairment losses	(1,625)	(1,567)	(1,625)	(1,567)
	50,840	113,171	49,648	112,345

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12. Deferred tax assets & liabilities

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021/ At 1 January 2020	(11,474)	13,534	(11,826)	13,250
Recognised in the profit or loss (Note 31)	41,306	(24,922)	41,277	(24,990)
Recognised in other comprehensive income	11,085	(86)	11,085	(86)
At 30 September 2021/ At 31 December 2020	40,917	(11,474)	40,536	(11,826)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position as follows:

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets, net	40,917	352	40,536	-
Deferred tax liabilities, net	-	(11,826)	-	(11,826)
	40,917	(11,474)	40,536	(11,826)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	50,285	39,423	49,904	39,071
Deferred tax liabilities	(9,368)	(50,897)	(9,368)	(50,897)
	40,917	(11,474)	40,536	(11,826)

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12. Deferred tax asset & liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group :

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	985	6,096	9,084	348	39,423
Recognised in profit or loss	-	5,731	5	36	(257)	(4)	5,511
Recognised in other comprehensive income	5,351	-	-	-	-	-	5,351
At 30 September 2021	5,351	28,641	990	6,132	8,827	344	50,285

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	-	12,092	900	6,211	6,265	359	25,827
Recognised in profit or loss	-	10,818	85	(115)	2,819	(11)	13,596
At 31 December 2020	-	22,910	985	6,096	9,084	348	39,423

Deferred tax liabilities of the Group :

	Profit on financing moratorium accounts RM'000	Financial assets at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit and loss	39,786	-	(3,991)	35,795
Recognised in other comprehensive income	-	5,734	-	5,734
At 30 September 2021	-	-	(9,368)	(9,368)

	Profit on financing moratorium accounts RM'000	Financial assets at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
As at 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)

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12. Deferred tax asset & liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Bank:

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2021	-	22,910	633	6,096	9,084	348	39,071
Recognised in profit or loss	-	5,731	(24)	36	(257)	(4)	5,482
Recognised in other comprehensive income	5,351	-	-	-	-	-	5,351
At 30 September 2021	5,351	28,641	609	6,132	8,827	344	49,904

	Financial Investments at FVOCI RM'000	ECL RM'000	Leases RM'000	Property, plant and equipment & intangible asset RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2020	-	12,092	616	6,211	6,265	359	25,543
Recognised in profit or loss	-	10,818	17	(115)	2,819	(11)	13,528
As at 31 December 2020	-	22,910	633	6,096	9,084	348	39,071

Deferred tax liabilities of the Bank:

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2021	(39,786)	(5,734)	(5,377)	(50,897)
Recognised in profit and loss	39,786	-	(3,991)	35,795
Recognised in other comprehensive income	-	5,734	-	5,734
At 30 September 2021	-	-	(9,368)	(9,368)

	Profit on financing moratorium accounts RM'000	Financial investments at FVOCI RM'000	Property, plant and equipment and intangible asset RM'000	Total RM'000
At 1 January 2020	-	(5,648)	(6,645)	(12,293)
Recognised in profit or loss	(39,786)	-	1,268	(38,518)
Recognised in other comprehensive income	-	(86)	-	(86)
As at 31 December 2020	(39,786)	(5,734)	(5,377)	(50,897)

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13. Deposits from customers

(a) By type of deposits

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Savings Deposit				
Qard	1,169,686	1,065,227	1,169,686	1,065,227
Tawarruq	958,866	797,164	958,866	797,164
Demand Deposit				
Qard	3,501,784	3,969,068	3,504,716	3,970,060
Tawarruq	2,216,509	1,924,741	2,216,509	1,924,741
Term Deposit				
Negotiable Islamic debt certificate	-	249,855	-	249,855
General investment deposits	55,296	58,574	55,296	58,574
Short term accounts	8,298,322	9,942,206	8,298,322	9,942,206
Fixed term accounts tawarruq	5,224,179	3,442,335	5,235,479	3,454,135
Other deposits	76,792	52,196	76,791	52,196
	21,501,434	21,501,366	21,515,665	21,514,158

(b) By type of customer

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	10,075,133	7,138,959	10,075,133	7,138,959
Business enterprises	5,255,247	4,932,352	5,269,478	4,945,144
Individuals	2,695,256	2,423,830	2,695,256	2,423,830
Domestic non-bank financial institutions	2,270,084	6,014,431	2,270,084	6,014,431
Domestic banking financial institutions	88,906	39,206	88,906	39,206
Others	1,116,808	952,588	1,116,808	952,588
	21,501,434	21,501,366	21,515,665	21,514,158

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13. Deposits from customers (cont'd.)

(b) By type of customer (cont'd.)

The maturity structure of term deposits are as follows :

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	10,962,547	12,549,377	10,973,847	12,561,177
More than six months to one year	1,436,966	722,698	1,436,966	722,698
More than one year to three years	810,961	393,507	810,961	393,507
More than three years to five years	367,323	27,388	367,323	27,388
	13,577,797	13,692,970	13,589,097	13,704,770

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Non-Mudharabah		
Bank Negara Malaysia	286,315	98,346
Other financial institutions	158,382	-
	444,697	98,346

These balances include amount of RM248,530,000 (31 December 2020: RM99,780,000) received under Government financing schemes for the purpose of SME lending at a below market and concession rate with 5.5 years to 8.5 years of maturity to be repaid in 2026 and 2029. The fair value gain arising from the placement of funds with the Group and the Bank is applied to address the financial and accounting impact incurred from financing at concession rates to SMEs and for COVID-19 related relief measures.

15. Investment accounts of customers

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Unrestricted investment account		
without maturity		
Mudharabah	51,500	-

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16. Other liabilities

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Sundry creditors	1,049	270	1,049	270
Allowances for impairment losses on financing commitments and financial guarantee contracts (Note 16(a))	6,795	5,659	6,795	5,659
Provision for bonus	14,498	15,215	14,496	15,048
Accrued expenses	22,146	20,453	22,144	21,234
Accrual for directors' fees	267	4	267	4
Accrual for audit fees	628	897	600	876
Other liabilities	44,414	46,043	44,332	45,982
	89,797	88,541	89,683	89,073

- (a) Movements in the allowances for impairment losses on loan commitments and financial guarantee contracts are as follows:

Group and Bank	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 30 September 2021				
At 1 January 2021	5,130	168	361	5,659
Transfer to Stage 1	131	(129)	(2)	-
Transfer to Stage 2	(95)	98	(3)	-
Transfer to Stage 3	-	(20)	20	-
Allowance made/(write back)	244	169	1,201	1,614
New financing originated or purchased	2,722	-	-	2,722
Financing derecognised	(2,008)	(202)	(990)	(3,200)
Amount written-off/realised	-	-	-	-
At 30 September 2021	6,124	84	587	6,795
At 31 December 2020				
At 1 January 2020	3,064	93	2,931	6,088
Transfer to Stage 1	156	(112)	(44)	-
Transfer to Stage 2	(44)	162	(118)	-
Transfer to Stage 3	(29)	(17)	46	-
Allowance (write back)/made	1,015	56	248	1,319
New financing originated or purchased	2,875	2	-	2,877
Financing derecognised	(1,907)	(16)	(349)	(2,272)
Amount written-off/realised	-	-	(2,353)	(2,353)
At 31 December 2020	5,130	168	361	5,659

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17. Provision for zakat and taxation

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Zakat	4,907	4,349	4,745	4,280
Taxation	7,378	29	7,378	-
	12,285	4,378	12,123	4,280

18. Recourse obligation on financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to the Bank. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

19. Sukuk

(a) Subordinated sukuk

On 15 June 2021, the Bank has fully redeemed the initial RM250 million Subordinated Sukuk Murabahah via call option and subsequently issued Subordinated Sukuk Programme of up to RM500 million (Series 2), which qualifies as Tier 2 capital under the BNM Policy Document on Capital Adequacy Framework for Islamic Banks (Capital Components). The Subordinated Sukuk Murabahah Series 2 under the Subordinated Sukuk Programme was issued on 15 June 2021. Table below depicts a summary of the current Subordinated Sukuk Murabahah.

Issue date	Call Date	Maturity Date	Profit Rate (% p.a)	Nominal Value
15 June 2021	15 June 2026	15 June 2031	4.50%, payable semi-annually	RM500.0 million

The Bank may redeem (in whole or in part) the initial Subordinated Sukuk Murabahah prior to maturity on the Call Date, subject to the redemption conditions under the principal terms and conditions of the Subordinated Sukuk Programme being satisfied.

(b) Senior sukuk

On 7 June 2016, the Bank set up a 15-year Senior Sukuk Programme of up to RM2.0 billion ("Senior Sukuk Programme"). Table below shows the details of the current outstanding Senior Sukuk under the Senior Sukuk Programme.

Issue date	Maturity Date	Profit Rate (% p.a)	Nominal Value
25 November 2016	25 November 2021	5.50%, payable semi-annually	RM500.0 million

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20. Income derived from investment of depositors' funds and others

Group and Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) Fixed term deposits	84,342	42,434	200,126	173,601
(b) Other deposits	193,024	243,379	626,653	671,462
	277,366	285,813	826,779	845,063

(a) Income derived from investment of fixed term deposits

	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	68,859	32,019	164,274	126,002
Financial investments designated at FVTPL	549	279	1,299	1,117
Financial assets at fair value through other comprehensive income	12,562	6,446	27,967	27,574
Financial assets at amortised cost	184	89	434	370
Money at call and deposit with financial institutions	1,384	1,192	3,504	5,230
	83,538	40,025	197,478	160,293
Amortisation of premium less accretion of discounts	(3,479)	(1,431)	(7,468)	(3,628)
Total finance income and hibah	80,059	38,594	190,010	156,665
Other operating income				
Net gain/(loss) from sale of:				
- financial investments designated at FVTPL	28	38	49	90
- financial investments at fair value through other comprehensive income	448	1,198	448	9,794
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(120)	(71)	(338)	455
	356	1,165	159	10,339
Fees and commission				
Guarantee fees	137	58	320	236
Processing fees	74	260	260	426
Service charges and fees	859	408	1,881	1,704
Commission	2,857	1,949	7,496	4,231
	3,927	2,675	9,957	6,597
Total	84,342	42,434	200,126	173,601

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20. Income derived from investment of depositors' funds and others (cont'd.)

(b) Income derived from investment of other deposits

	3 months ended		9 months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	157,042	180,623	514,392	487,354
Financial investments designated at FVTPL	1,259	1,586	4,067	4,320
Financial assets at fair value through other comprehensive income	29,877	37,697	87,572	106,653
Financial assets at amortised cost	421	515	1,359	1,430
Money at call and deposit with financial institutions	3,035	7,050	10,974	20,228
	<u>191,634</u>	<u>227,471</u>	<u>618,364</u>	<u>619,985</u>
Amortisation of premium less accretion of discounts	(8,444)	(6,861)	(23,386)	(14,033)
Total finance income and hibah	<u>183,190</u>	<u>220,610</u>	<u>594,978</u>	<u>605,952</u>
Other operating income				
Net gain from sale of:				
- financial investments designated at FVTPL	76	180	152	349
- financial investments at fair value through other comprehensive income	1,404	9,826	1,404	37,883
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	(244)	42	(1,059)	1,758
	<u>1,236</u>	<u>10,048</u>	<u>497</u>	<u>39,990</u>
Fees and commission				
Guarantee fees	315	333	1,001	914
Processing fees	119	1,107	813	1,648
Service charges and fees	2,066	2,364	5,893	6,592
Commission	6,098	8,917	23,471	16,366
	<u>8,598</u>	<u>12,721</u>	<u>31,178</u>	<u>25,520</u>
Total	<u>193,024</u>	<u>243,379</u>	<u>626,653</u>	<u>671,462</u>

The Group and the Bank recognised a modification loss on financing moratorium of RM9.5 million against the revenue during the nine (9) month financial period, as a result of the financing payment assistance program extended to individuals customers, microenterprises and affected SMEs starting 7 July 2021.

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21. Income/(Loss) derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,347	1,999	7,451	7,437
Financial assets at amortised cost				
Money at call and deposit with financial institutions	247	276	714	983
	<u>2,594</u>	<u>2,275</u>	<u>8,165</u>	<u>8,420</u>
Amortisation of premium less				
Accretion of discounts	(255)	(324)	(809)	(969)
Total finance income and hibah	<u>2,339</u>	<u>1,951</u>	<u>7,356</u>	<u>7,451</u>
Other operating income				
Net (loss)/gain from foreign exchange transaction	1,637	11,995	(9,768)	7,124
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(928)	(9,071)	14,315	(3,082)
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	2,605	(1,829)	(1,294)	(38,244)
Net gain from sale of financial investments at fair value through other comprehensive income	-	440	7	1,219
Fair value gain of financial liabilities designated at FVTPL	6,176	4,564	19,678	9,051
Gross dividend income from investment:				
-shares in Malaysia	10	9	29	33
Net dividend paid for Islamic profit rate swap	(6,478)	(5,931)	(19,220)	(12,683)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	9,004	(5,169)	36,802	(57,991)
Unrealised (loss)/gain on revaluation from hedged items	(10,452)	5,549	(42,636)	64,740
	<u>1,574</u>	<u>557</u>	<u>(2,087)</u>	<u>(29,833)</u>
Fees and commission				
Corporate advisory fees	600	225	2,107	631
Service charges and fees	1,871	3,370	5,792	6,623
Commission	1,081	1,062	3,472	2,178
	<u>3,552</u>	<u>4,657</u>	<u>11,371</u>	<u>9,432</u>
Other income				
Rental income	392	419	1,338	893
Loss on sale of fixed assets	-	-	-	(21)
Profit on termination ROU assets	-	-	26	-
	<u>392</u>	<u>419</u>	<u>1,364</u>	<u>872</u>
Total	<u>7,857</u>	<u>7,584</u>	<u>18,004</u>	<u>(12,078)</u>

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21. Income/(Loss) derived from investment of shareholders' funds (cont'd.)

Bank	3 months ended		9 months ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Finance income and hibah				
Financial assets at fair value through other comprehensive income	2,347	1,999	7,451	7,437
Financial assets at amortised cost				
Money at call and deposit with financial institutions	247	276	714	983
	<u>2,594</u>	<u>2,275</u>	<u>8,165</u>	<u>8,420</u>
Amortisation of premium less Accretion of discounts	(255)	(324)	(809)	(969)
Total finance income and hibah	<u>2,339</u>	<u>1,951</u>	<u>7,356</u>	<u>7,451</u>
Other operating income				
Net (loss)/gain from foreign exchange transaction	1,637	11,995	(9,768)	7,124
Unrealised gain/(loss) on revaluation from foreign exchange derivatives	(928)	(9,071)	14,315	(3,082)
Unrealised (loss)/gain on revaluation from financial investments designated at FVTPL	2,605	(1,829)	(1,294)	(38,244)
Net gain from sale of financial investments at fair value through other comprehensive income	-	440	7	1,219
Fair value gain of financial liabilities designated at FVTPL	6,176	4,564	19,678	9,051
Gross dividend income from investment: -subsidiary	-	-	2,000	1,500
Net dividend paid for Islamic profit rate swap	(6,478)	(5,931)	(19,220)	(12,683)
Unrealised gain/(loss) on revaluation of Islamic profit rate swap	9,004	(5,169)	36,802	(57,991)
Unrealised (loss)/gain on revaluation from hedged items	(10,452)	5,549	(42,636)	64,740
	<u>1,564</u>	<u>548</u>	<u>(116)</u>	<u>(28,366)</u>
Fees and commission				
Corporate advisory fees	238	260	1,050	593
Service charges and fees	12	34	54	98
Commission	1,081	1,062	3,472	2,178
	<u>1,331</u>	<u>1,356</u>	<u>4,576</u>	<u>2,869</u>
Other income				
Rental income	365	432	1,298	919
Loss on sale of fixed assets	-	-	-	(21)
Profit on termination ROU	-	-	26	-
	<u>365</u>	<u>432</u>	<u>1,324</u>	<u>898</u>
Total	<u>5,599</u>	<u>4,287</u>	<u>13,140</u>	<u>(17,148)</u>

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22. Income derived from investment of investment account funds

Group and Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fees and commission				
Service charges and fees	-	100	-	256
Total	-	100	-	256

23. Allowance for impairment on financing

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	750	3,083	4,423	20,556
- individual allowance written back	(512)	(1,287)	(2,833)	(1,937)
- collective allowance made	60,910	33,757	194,018	117,606
- collective allowance written back	(50,353)	(24,167)	(130,921)	(81,789)
Impaired financing written off	6	48	74	2,525
Impaired financing recovered	(6,036)	(6,489)	(16,340)	(17,054)
	4,765	4,945	48,421	39,907

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) impairment on financing of customer:				
- individual allowance made	750	3,083	4,423	20,556
- individual allowance written back	(512)	(1,287)	(2,833)	(1,937)
- collective allowance made	60,910	33,757	194,018	117,606
- collective allowance written back	(50,353)	(24,167)	(130,921)	(81,789)
Impaired financing written off	6	48	74	2,525
Impaired financing recovered	(6,036)	(6,489)	(16,340)	(17,054)
	4,765	4,945	48,421	39,907

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24. Writeback of impairment losses on financial investments, net

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	99	(3)	113	(43)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	41	(62)	(373)	(850)
	<u>140</u>	<u>(65)</u>	<u>(260)</u>	<u>(893)</u>

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Impairment losses/(write back) on corporate bonds included under Fair value through other comprehensive income ("FVOCI")	99	(3)	113	(43)
Impairment write back on corporate bonds included under Amortised Cost ("AC")	41	(62)	(373)	(850)
	<u>140</u>	<u>(65)</u>	<u>(260)</u>	<u>(893)</u>

25. (Writeback of)/Allowance for impairment losses on other financial assets, net

Group and Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and short term funds				
- ECL, net	(24)	47	(52)	(372)
Other assets				
- ECL, net	58	39	58	189
	<u>34</u>	<u>86</u>	<u>6</u>	<u>(183)</u>

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26. Income attributable to depositors

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	209	227	635	682
Non-Mudharabah funds	86,203	96,783	246,431	338,870
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	76	332	204	1,444
	86,488	97,342	247,270	340,996

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
Mudharabah funds	209	227	635	682
Non-Mudharabah funds	86,256	96,822	246,580	339,057
Deposits and placements of banks and other financial institutions:				
Non-Mudharabah funds	76	332	204	1,444
	86,541	97,381	247,419	341,183

27. Personnel expenses

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Salary and wages	43,217	39,751	127,829	117,252
Contribution to defined contribution plan	7,765	6,922	23,536	20,464
Social security contributions	460	447	1,368	1,289
Allowances and bonuses	4,301	922	12,771	4,622
Others	4,222	4,937	14,546	15,191
	59,965	52,979	180,050	158,818

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27. Personnel expenses (cont'd)

	3 months ended		9 months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Bank	RM'000	RM'000	RM'000	RM'000
Salary and wages	42,747	39,214	126,435	115,565
Contribution to defined contribution plan	7,686	6,857	23,301	20,203
Social security contributions	460	433	1,368	1,275
Allowances and bonuses	4,276	893	12,705	4,553
Others	4,213	4,918	14,505	15,150
	59,382	52,315	178,314	156,746

28. Other overheads and expenditures

	3 months ended		9 months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Group	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	793	932	4,027	4,419
Others	35	92	347	796
Establishment				
Rental	36	119	102	256
Depreciation of property, plant and equipment	3,099	2,818	9,009	8,544
Depreciation of right-of-use assets	2,386	3,072	8,396	9,104
Amortisation of intangible assets	5,081	8,292	15,551	25,044
Information technology expenses	13,028	11,212	36,053	36,548
Repair and maintenance	1,301	1,505	4,270	2,945
Hire of equipment	1,278	1,604	3,350	3,431
Takaful	844	2,048	1,904	5,898
Utilities expenses	1,062	1,187	3,234	3,458
Security expenses	1,698	1,873	4,426	6,042
Others	1,192	1,148	3,374	3,552
General expenses				
Auditors' fees	175	124	445	331
Professional fees	1,796	797	4,113	2,531
Legal expenses	64	(411)	321	255
Telephone	347	362	972	1,497
Stationery and printing	331	485	1,095	1,159
Postage and courier	179	357	1,048	1,333
Travelling	23	142	135	494
Directors remuneration and Shariah Committee allowance	572	940	1,802	3,227
Others	3,690	3,598	10,555	9,744
	39,010	42,296	114,529	130,608

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28. Other overheads and expenditures (cont'd)

	3 months ended		9 months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Bank	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	793	932	4,027	4,419
Others	35	92	346	794
Establishment				
Rental	36	119	102	256
Depreciation of property, plant and equipment	3,097	2,817	9,002	8,539
Depreciation of right-of-use assets	2,261	2,948	8,023	8,749
Amortisation of intangible assets	5,081	8,292	15,551	25,043
Information technology expenses	12,991	11,176	35,933	36,438
Repair and maintenance	1,215	1,410	4,002	2,660
Hire of equipment	1,224	1,536	3,193	3,233
Takaful	844	2,048	1,904	5,898
Utilities expenses	1,056	1,181	3,216	3,440
Security expenses	1,698	1,873	4,426	6,042
Others	1,192	1,148	3,374	3,552
General expenses				
Auditors' fees	175	124	445	331
Professional fees	1,693	755	4,210	2,264
Legal expenses	64	(411)	321	255
Telephone	347	362	972	1,497
Stationery and printing	329	483	1,089	1,150
Postage and courier	179	357	1,048	1,333
Travelling	23	142	135	493
Directors remuneration and Shariah Committee allowance	556	924	1,763	3,191
Others	4,213	4,875	12,139	12,065
	39,102	43,183	115,221	131,642

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29. Finance cost

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	5,656	3,645	13,212	10,891
Dividend paid- senior sukuk	6,875	6,951	20,579	20,580
Financing sold to Cagamas	5,048	5,235	15,238	15,788
Finance cost of lease liabilities	507	611	1,609	1,925
	18,086	16,442	50,638	49,184

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Dividend paid- subordinated sukuk	5,656	3,645	13,212	10,891
Dividend paid- senior sukuk	6,875	6,951	20,579	20,580
Financing sold to Cagamas	5,048	5,235	15,238	15,788
Finance cost of lease liabilities	406	506	1,301	1,604
	17,985	16,337	50,330	48,863

30. Zakat

Group	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,843	1,846	4,752	2,608
Under/(over) provision in prior year	-	-	18	(8)
	1,843	1,846	4,770	2,600

Bank	3 months ended		9 months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for zakat for the year	1,772	1,773	4,592	2,477
	1,772	1,773	4,592	2,477

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31. Taxation

Group	3 months ended		9 months ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Current income tax	(8,887)	1,154	48,006	1,376
Under provision in prior year	38,029	17	37,578	407
	<u>29,142</u>	<u>1,171</u>	<u>85,584</u>	<u>1,783</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	26,388	18,688	(1,702)	37,002
Over provision in prior year	(39,604)	-	(39,604)	-
	<u>(13,216)</u>	<u>18,688</u>	<u>(41,306)</u>	<u>37,002</u>
	<u>15,926</u>	<u>19,859</u>	<u>44,278</u>	<u>38,785</u>
Bank	3 months ended		9 months ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Current income tax	(8,844)	-	46,835	-
Under provision in prior year	38,033	-	38,033	-
	<u>29,189</u>	<u>-</u>	<u>84,868</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	26,417	18,757	(1,675)	37,053
Over provision in prior year	(39,602)	-	(39,602)	-
	<u>(13,185)</u>	<u>18,757</u>	<u>(41,277)</u>	<u>37,053</u>
	<u>16,004</u>	<u>18,757</u>	<u>43,591</u>	<u>37,053</u>

Income tax expense is recognised in each interim period based on the best estimate of the annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was higher than the statutory tax rate principally due to certain expenses incurred during the year are not deductible for tax purposes.

Domestic current income tax is calculated at the statutory tax rate of 24% (31 December 2020: 24%) of the estimated assessable profit for the period.

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32. Credit exposures arising from credit transactions with connected parties

	Group	
	30 September 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,556,269</u>	<u>1,706,038</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.6%</u>	<u>6.3%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>
	Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties (RM'000)	<u>1,627,105</u>	<u>1,777,182</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.9%</u>	<u>6.6%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which were issued on 16 July 2014.

Credit transactions and exposures to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and financing commitments. It also includes holdings of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties mentioned above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

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33. Commitments and contingencies

- (i) In the normal course of business, the Group and the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group and the Bank are as follows:

	Group and Bank					
	30 September 2021			31 December 2020		
The commitments and contingencies constitute the following:	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
Contingent liabilities						
Direct credit substitutes	298,613	298,613	277,182	298,114	298,114	277,009
Trade-related contingencies	45,925	9,185	988	29,755	5,951	208
Transaction-related contingencies	454,417	227,208	216,644	403,511	201,755	187,023
Commitments						
Credit extension commitment:						
- Maturity within one (1) year	981,038	196,208	194,989	722,818	144,564	137,659
- Maturity exceeding one (1) year	679,600	339,800	271,230	929,662	464,831	427,279
Other miscellaneous commitments & contingencies	25,504	15	11	7,102	-	-
Islamic derivative financial instruments						
Foreign exchange related contracts	1,977,958	31,165	19,820	3,326,522	89,181	40,093
Profit rate related contracts	1,200,000	52,000	10,400	1,200,000	59,000	11,800
	5,663,055	1,154,194	991,264	6,917,484	1,263,396	1,081,071

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34. Capital adequacy

(a) Capital Adequacy Framework

- (i) Bank Negara Malaysia ("BNM") had issued on 9 December 2020 the Capital Adequacy Framework for Islamic Banks (Capital Components) on the computation of capital and capital adequacy ratios for Islamic banks. All financial institutions shall hold and maintain at all times, the following minimum capital adequacy ratios:

Common Equity Tier 1 (CET1) Ratio	Tier 1 Capital Ratio	Total Capital Ratio
4.50%	6.00%	8.00%

*In addition, BNM had introduced Capital Conservation Buffer of 2.5% of total risk weighted assets ("RWA") as well as Countercyclical Capital Buffer ranging between 0% - 2.5% of total RWA.

- (ii) Total RWA is calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by BNM on 3 May 2019 for islamic banks.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital is not subjected to any further capital charges in the computation of RWA.

(b) Compliance and Application of Capital Adequacy Ratios

The capital adequacy ratio of the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Bank (Risk Weighted Assets). The total risk weighted assets are computed based on the following approaches:

- (i) Credit risk under Internal Ratings-Based Approach;
- (ii) Market risk under Standardised Approach; and
- (iii) Operational risk under Basic Indicator Approach.

The minimum regulatory capital adequacy requirements for CET1, Tier 1, and Total Capital are 4.5%, 6.0% and 8.0% of total RWA.

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34. Capital adequacy (cont'd.)

(c) The capital adequacy ratio of the Group/Bank is as follows:

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Computation of Total Risk Weighted Assets ("RWA")				
Total credit RWA	16,666,784	15,081,238	16,646,321	15,063,327
Less: Credit risk absorbed by PSIA	29,077	-	29,077	-
Total market RWA	18,148	22,546	18,148	22,546
Total operational RWA	1,279,384	1,259,314	1,321,769	1,250,046
Total RWA	17,935,239	16,363,098	17,957,161	16,335,919
Computation of Capital Ratio				
<u>Tier-I capital</u>				
Share capital	1,195,000	1,195,000	1,195,000	1,195,000
Retained profits	1,392,969	1,392,969	1,384,857	1,384,856
<u>Other Reserves</u>				
Regulatory reserve	35,207	45,411	35,207	45,411
FVOCI reserve	(16,752)	18,240	(16,752)	18,240
Foreign exchange translation reserve	860	(968)	860	(968)
<u>Regulatory Adjustment</u>				
Deferred tax assets	(50,284)	(39,422)	(49,903)	(39,070)
Investment property gain	(7,496)	(7,496)	(7,496)	(7,496)
Regulatory reserve	(35,207)	(45,411)	(35,207)	(45,411)
FVOCI reserve	-	(10,032)	-	(10,032)
Investment in subsidiaries	-	-	(13,159)	(13,159)
Intangible asset	-	-	-	-
(net of deferred tax liabilities)	(59,643)	(14,293)	(59,350)	(14,080)
Total Common Equity Tier-I Capital	2,454,654	2,533,998	2,434,057	2,513,291
Total Tier-I Capital	2,454,654	2,533,998	2,434,057	2,513,291
<u>Tier-II capital</u>				
Subordinated sukuk	500,000	250,000	500,000	250,000
Loss provision and regulatory reserve*	169,394	150,659	169,394	150,659
Add: Investment property gain	3,373	3,373	3,373	3,373
Total Tier-II Capital	672,767	404,032	672,767	404,032
Total Capital Base	3,127,421	2,938,030	3,106,824	2,917,323
Ratio (%)				
CET 1 Capital	13.686%	15.486%	13.555%	15.385%
Tier 1 Capital	13.686%	15.486%	13.555%	15.385%
Total Capital	17.437%	17.955%	17.301%	17.858%

* Tier 2 Capital comprise collective allowance on non-impaired financing customers and regulatory reserve.

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34. Capital adequacy (cont'd.)

The current year's core capital ratios and risk-weighted capital ratios were computed using reported amounts which form part of the current year financial statements that have been prepared in accordance with MFRS.

(b) Credit risk disclosure by risk weights of the Group are as follows:

	Group			
	30 September 2021 RM'000		31 December 2020 RM'000	
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	5,685,918	-	6,524,558	-
20%	2,423,783	484,757	1,910,642	382,128
35%	2,587,086	905,480	3,732,543	1,306,390
50%	1,176,357	588,179	1,310,235	655,118
75%	3,640,461	2,730,346	2,941,178	2,205,884
100%	11,827,801	11,827,801	10,511,929	10,511,929
150%	86,815	130,223	13,193	19,789
Risk weighted assets for credit risk	27,428,221	16,666,786	26,944,278	15,081,238
Less: Credit risk absorbed by PSIA		29,077		-
Risk weighted assets for market risk		18,148		22,546
Risk weighted assets for operational risk		1,279,382		1,259,314
Total risk weighted assets		<u>17,935,239</u>		<u>16,363,098</u>

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34. Capital adequacy (cont'd.)

(b) Credit risk disclosure by risk weights of the Bank are as follows:

	Bank			
	30 September 2021 RM'000		31 December 2020 RM'000	
	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000	Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
0%	5,685,918	-	6,524,558	-
20%	2,423,783	484,757	1,910,642	382,128
35%	2,587,086	905,480	3,732,543	1,306,390
50%	1,176,357	588,179	1,310,235	655,118
75%	3,640,461	2,730,346	2,941,178	2,205,884
100%	11,818,283	11,818,283	10,502,441	10,502,441
150%	79,519	119,278	7,578	11,366
Risk weighted assets for credit risk	27,411,407	16,646,321	26,929,175	15,063,327
Less: Credit risk absorbed by PSIA		29,077		
Risk weighted assets for market risk		18,148		22,546
Risk weighted assets for operational risk		1,321,769		1,250,046
Total risk weighted assets		<u>17,957,161</u>		<u>16,335,919</u>

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35. Fair values of financial instruments

(a) Financial instruments measured at fair value

Determination of fair value and the fair value hierarchy

MFRS 7 Financial Instruments: Disclosures require the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of financial instruments:

Level 1 - quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the instrument's valuation.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors. Changes in these assumptions could materially affect the fair values derived. The Bank generally uses widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

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35. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following Table shows the financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

Group	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2021				
Non-financial assets				
Investment properties	-	-	55,890	55,890
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,219	311,005	321,224
Financial investments fair value through other comprehensive income	102,035	4,492,295	4,631	4,598,961
Derivative financial assets	-	9,171	-	9,171
Total financial assets measured at fair value	102,035	4,511,685	315,636	4,929,356
Financial liabilities				
Derivative financial liabilities	-	77,567	-	77,567
Total financial liabilities measured at fair value	-	77,567	-	77,567

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35. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Group (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2020				
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments designated at fair value through profit or loss	-	10,492	302,845	313,337
Financial investments at FVOCI	104,410	3,689,924	4,631	3,798,965
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	104,410	3,748,236	307,476	4,160,122
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334

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35. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
30 September 2021				
Non-financial assets				
Investment properties	-	-	55,890	55,890
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,219	311,005	321,224
Financial investments fair value through other comprehensive income	99,540	4,492,295	4,631	4,596,466
Derivative financial assets	-	9,171	-	9,171
Total financial assets measured at fair value	99,540	4,511,685	315,636	4,926,861
Financial liabilities				
Derivative financial liabilities	-	77,567	-	77,567
Total financial liabilities measured at fair value	-	77,567	-	77,567

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35. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Bank (cont'd.)	Quoted Market Price Level 1 RM'000	Valuation technique using		Total RM'000
		Observable Inputs Level 2 RM'000	Unobservable Inputs Level 3 RM'000	
31 December 2020				
Non-financial assets				
Investment properties	-	-	55,889	55,889
Financial assets				
Financial investments designated at fair value through profit and loss	-	10,492	302,845	313,337
Financial investments at FVOCI	101,944	3,689,923	4,631	3,796,498
Derivative financial assets	-	47,820	-	47,820
Total financial assets measured at fair value	101,944	3,748,235	307,476	4,157,655
Financial liabilities				
Derivative financial liabilities	-	167,334	-	167,334
Total financial liabilities measured at fair value	-	167,334	-	167,334

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35. Fair values of financial instruments (cont'd.)

(a) Financial instruments measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

Reconciliation of financing assets at fair value measurements in Level 3 of the fair value hierarchy:

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	307,476	304,353	307,476	304,353
Loss recognised				
in profit or loss	1,242	9,007	1,242	9,007
Sales/ redeemed	-	(2,818)	-	(2,818)
Foreign exchange				
translation difference	6,918	(3,066)	6,918	(3,066)
At 30 September 2021	315,636	307,476	315,636	307,476

The reason for the transfer was due to impairment of the securities which resulted in the inability to obtain market prices for the securities as at reporting date.

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Total loss recognised in statements		
of profit or loss for financial instruments		
measured at fair value at the		
end of the financial period	1,242	9,007

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36. Segment information

(a) Business segments (cont'd.)

The Bank is organised into three (3) major business segments:

- (i) Business banking - this segment comprises the full range of products and services offered to business customers in the region, ranging from large corporates and the public sector and also commercial enterprises. The products and services offered include long-term financing such as project financing, short-term credit (e.g. Muamalat Cashline and trade financing), and fee-based services (e.g. cash management).
- (ii) Consumer banking - this segment comprises the full range of products and services offered to individual customers in Malaysia, including savings accounts, current accounts, fixed term accounts, remittance services, internet banking services, cash management services, consumer financing such as mortgage financing, personal financing, hire purchases financing, micro financing, wealth management and bancatakaful products.
- (iii) Treasury and investment banking - this segment comprises the full range of products and services relating to treasury activities and services, including foreign exchange, money market, derivatives and trading of capital market securities.

Investment banking focuses on business needs of mainly large corporate customers and financial institutions, which include corporate advisory services, bond issuances, Initial Public Offerings ("IPOs") and debt restructuring advisory services. It also explores investment opportunities via private equity investments for the Bank.

Other business segments include rental services, none of which is of sufficient size to be reported separately.

Group	Business banking	Consumer banking	Treasury and investment banking	Others	Total
30 September 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	222,573	520,670	125,338	(23,798)	844,783
Total income	135,927	297,740	30,163	133,680	597,510
(Allowance for)/writeback of impairment on financing	(6,221)	(42,200)	-	-	(48,421)
Writeback of impairment on investments	-	-	260	-	260
Allowance for impairment on other financial assets, net	-	-	52	(58)	(6)
Other expenses	-	-	-	(16,799)	(16,799)
Total net income	129,706	255,540	30,475	116,823	532,544
Total overhead expenses					(345,217)
Profit before zakat and taxation					187,327
Zakat					(4,770)
Taxation					(44,278)
Profit for the period					138,279

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group	Business	Consumer	Treasury and	Others	Total
30 September 2020	banking	banking	investment	banking	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	225,805	430,504	156,641	20,291	833,241
Total income	125,394	228,795	38,077	99,979	492,245
Writeback of impairment on financing	(7,139)	(32,768)	-	-	(39,907)
Writeback of impairment on investments	-	-	893	-	893
Allowance for impairment on other financial assets, net	-	-	(47)	230	183
Other expenses	-	-	-	(11,829)	(11,829)
Total net income	118,255	196,027	38,923	88,380	441,585
Total overhead expenses					(338,610)
Profit before zakat and taxation					102,975
Zakat					(2,600)
Taxation					(38,785)
Profit for the period					61,590

Bank	Business	Consumer	Treasury and	Others	Total
30 September 2021	banking	banking	investment	banking	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	222,573	520,670	120,473	(23,797)	839,919
Total Income	135,927	297,740	25,149	133,681	592,497
(Allowance for)/writeback of impairment on financing	(6,221)	(42,200)	-	-	(48,421)
Writeback of impairment on investments	-	-	260	-	260
Allowance for impairment on other financial assets, net	-	-	52	(58)	(6)
Other expenses	-	-	-	(16,799)	(16,799)
Total net income	129,706	255,540	25,461	116,824	527,531
Total overhead expenses					(343,865)
Profit before zakat and taxation					183,666
Zakat					(4,592)
Taxation					(43,591)
Profit for the period					135,483

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36. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank	Business	Consumer	Treasury and	Others	Total
30 September 2020	banking	banking	investment		
	RM'000	RM'000	banking	RM'000	RM'000
			RM'000		
Revenue	225,805	430,504	151,571	20,291	828,171
Total Income	125,394	228,795	32,820	99,979	486,988
Writeback of impairment on financing	(7,139)	(32,768)	-	-	(39,907)
Writeback of impairment on investments	-	-	893	-	893
Allowance for impairment on other financial assets, net	-	-	(47)	230	183
Other expenses	-	-	-	(11,829)	(11,829)
Total net income	118,255	196,027	33,666	88,380	436,328
Total overhead expenses					(337,251)
Profit before zakat and taxation					99,077
Zakat					(2,477)
Taxation					(37,053)
Profit for the period					59,547

37. Comparatives

Certain comparative figures have been reclassified to confirm to current year's presentation.