



AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.

(Incorporated in Malaysia)

Company No. 200501036909 (719057-X)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED
30 JUNE 2020**

Registered Office

Ground Floor, East Block
Wisma Golden Eagle Realty
142-B Jalan Ampang
50450 Kuala Lumpur

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and short-term funds		95,261	237,229	95,261	237,229
Deposits and placements with banks and other financial institutions	9	403,690	389,862	403,690	389,862
Derivatives assets		-	34	-	34
Financial investment at amortised cost	10	739,333	744,126	739,333	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	11	500,499	313,663	500,499	313,663
Financing and advances	12	4,836,441	5,266,868	4,836,441	5,266,868
Other assets		25,044	15,988	25,010	15,984
Statutory deposit with Bank Negara Malaysia		10,271	135,900	10,271	135,900
Deferred tax assets		49,496	49,496	49,497	49,497
Investment in a subsidiary		-*	-*	-*	-*
Investment properties		105,000	105,000	105,000	105,000
Property and equipment		17,930	18,778	17,930	18,778
Intangible assets		34,294	37,016	34,294	37,016
Right-of-use assets		11,510	15,303	11,510	15,303
Total Assets		6,828,769	7,329,263	6,828,736	7,329,260
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Deposits from customers	13	5,039,678	5,745,493	5,039,678	5,745,493
Deposits and placements of banks and other financial institutions	14	564,979	365,757	564,979	365,757
Bills and acceptances payable		1,201	4,873	1,201	4,875
Other liabilities		54,879	60,682	55,100	60,890
Lease liabilities		13,540	17,212	13,540	17,212
Subordinated Sukuk		399,594	381,881	399,594	381,881
Total Liabilities		6,073,871	6,575,898	6,074,092	6,576,108
Shareholder's equity					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		(245,102)	(246,635)	(245,356)	(246,848)
Total Shareholder's Equity		754,898	753,365	754,644	753,152
Total Liabilities and Shareholder's Equity		6,828,769	7,329,263	6,828,736	7,329,260
COMMITMENTS AND CONTINGENCIES	21	1,799,027	1,389,591	1,799,027	1,389,591
CAPITAL ADEQUACY					
CET 1 / Core capital ratio	24	13.254%	12.342%	13.249%	12.339%
Risk-weighted capital ratio		21.829%	20.002%	21.824%	19.998%

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

* The amount is significantly below the rounding threshold.

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020**

Group	Note	Quarter Ended		Period Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		RM'000	RM'000	RM'000	RM'000
Revenue		86,410	96,747	179,961	195,357
Income derived from investment of depositors' funds and others	15	77,174	90,216	161,222	184,160
Income derived from investment of shareholder's funds	16	9,236	6,531	18,739	11,197
Writeback for credit losses on financial assets	17	3,057	2,463	4,553	2,007
Total distributable income		89,467	99,210	184,514	197,364
Income attributable to depositors	18	(39,662)	(50,659)	(85,199)	(103,674)
Total Net Income		49,805	48,551	99,315	93,690
Personnel expenses		(29,078)	(27,215)	(59,177)	(56,931)
Other overheads and expenditures		(18,806)	(16,442)	(37,056)	(29,608)
Profit before zakat and taxation		1,921	4,894	3,082	7,151
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period, representing total comprehensive income for the financial period		1,921	4,894	3,082	7,151

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

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020**

	Note	Quarter Ended		Period Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
Bank		RM'000	RM'000	RM'000	RM'000
Revenue		86,308	96,685	179,774	195,188
Income derived from investment of depositors' funds and others	15	77,174	90,216	161,222	184,160
Income derived from investment of shareholder's funds	16	9,134	6,469	18,552	11,028
Writeback for credit losses on financial assets	17	3,057	2,463	4,553	2,007
Total distributable income		89,365	99,148	184,327	197,195
Income attributable to depositors	18	(39,662)	(50,659)	(85,199)	(103,674)
Total Net Income		49,703	48,489	99,128	93,521
Personnel expenses		(29,049)	(27,191)	(59,127)	(56,889)
Other overheads and expenditures		(18,770)	(16,400)	(36,960)	(29,532)
Profit before zakat and taxation		1,884	4,898	3,041	7,100
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period, representing total comprehensive income for the financial period		1,884	4,898	3,041	7,100

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

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2020

	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Fair value reserve of financial investments at FVOCI RM'000	Accumulated losses RM'000	Total RM'000
Group						
At 1 January 2019	1,000,000	13,206	-	-	(287,712)	725,494
Effect of adopting MFRS 16	-	-	-	-	(1,438)	(1,438)
Total comprehensive income for the financial year	-	-	-	(542)	29,851	29,309
Transfer to statutory reserve	-	-	4,500	-	(4,500)	-
At 31 December 2019	1,000,000	13,206	4,500	(542)	(263,799)	753,365
Group						
At 1 January 2020	1,000,000	13,206	4,500	(542)	(263,799)	753,365
Total comprehensive income for the financial period	-	-	-	(1,549)	3,082	1,533
At 30 June 2020	1,000,000	13,206	4,500	(2,091)	(260,717)	754,898
Bank						
At 1 January 2019	1,000,000	13,206	-	-	(287,874)	725,332
Effect of adopting MFRS 16	-	-	-	-	(1,438)	(1,438)
Total comprehensive income for the financial year	-	-	-	(542)	29,800	29,258
Transfer to statutory reserve	-	-	4,500	-	(4,500)	-
At 31 December 2019	1,000,000	13,206	4,500	(542)	(264,012)	753,152
Bank						
At 1 January 2020	1,000,000	13,206	4,500	(542)	(264,012)	753,152
Total comprehensive income for the financial period	-	-	-	(1,549)	3,041	1,492
At 30 June 2020	1,000,000	13,206	4,500	(2,091)	(260,971)	754,644

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

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020**

	Group		Bank	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	3,082	7,151	3,041	7,100
Adjustments for:				
Depreciation of property and equipment	2,971	3,240	2,971	3,240
Amortisation of intangible assets	6,317	6,107	6,317	6,107
Depreciation of Right-of-use of assets	3,953	4,095	3,953	4,095
Finance charges on lease liabilities	340	-	340	-
Property and equipment written off	17	-	17	-
Allowance for impairment on financing	(2,620)	1,999	(2,620)	1,999
Bad debts on financing - Written off	428	369	428	369
Bad debts on financing - Recovered	(2,361)	(4,374)	(2,361)	(4,374)
Allowance for credit losses	392	-	393	-
Gain on disposal of financial investment at FVOCI	(9,244)	-	(9,244)	-
Unrealised gain from foreign exchange translations	599	1,169	599	1,169
Operating cashflow before workings capital changes	<u>3,874</u>	<u>19,756</u>	<u>3,834</u>	<u>19,705</u>
(Decrease)/increase in operating activities				
Deposits and placements with banks and other financial institutions	(14,427)	536	(14,427)	536
Derivative assets	34	(248)	34	(248)
Financing and advances	434,587	269,501	434,587	269,501
Other assets	(10,603)	(19,131)	(10,353)	(19,133)
Statutory deposit with Bank Negara Malaysia	125,629	(12,300)	125,629	(12,300)
(Increase)/decrease in operating liabilities				
Deposits from customers	(705,815)	(376,893)	(705,815)	(376,893)
Deposits and placements of banks and other financial institutions	199,222	(8,211)	199,222	(8,211)
Bills and acceptances payable	(3,672)	60	(3,674)	60
Other liabilities	(5,964)	(20,465)	(6,172)	(20,412)
Net cash generated from/(used in) operating activities	<u>22,865</u>	<u>(147,395)</u>	<u>22,865</u>	<u>(147,395)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(2,140)	(9,014)	(2,140)	(9,014)
Purchase of intangible asset	(3,594)	(12,101)	(3,594)	(12,101)
Repayment of Financial investment at amortised cost	22,505	108,356	22,505	108,356
Purchase of Financial investment at FVOCI	(177,592)	-	(177,592)	-
Net cash (used in)/generated from investing activities	<u>(160,821)</u>	<u>87,241</u>	<u>(160,821)</u>	<u>87,241</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Lease payments, representing				
Net cash used in financing activities	<u>(4,012)</u>	<u>-</u>	<u>(4,012)</u>	<u>-</u>
NET DECREASE IN CASH AND SHORT-TERM FUNDS				
	(141,968)	(60,154)	(141,968)	(60,154)
Cash and short-term funds as at 1 January	237,229	247,267	237,229	247,267
CASH AND SHORT-TERM FUNDS	<u>95,261</u>	<u>187,113</u>	<u>95,261</u>	<u>187,113</u>

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

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**EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134")
AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS
ISSUED BY BANK NEGARA MALAYSIA**

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with the applicable requirements of MFRS 134: Interim Financial Reporting in Malaysia issued by Malaysian Accounting Standards Board (MASB), Financial Reporting for Islamic Banking Institution policy issued by Bank Negara Malaysia (BNM) and Shariah requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. The explanatory notes attached to the consolidated condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2019.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statement are consistent with those adopted in the preparation of the Group's audited financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

New standards, interpretations and amendments issued has been applied consistently in the preparation of these interim financial statements effective 1 January 2020.

MFRSs, Amendments to MFRSs and Interpretations

<i>Amendments to MFRS 3: Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101: Presentation of Financial Statements</i>	1 January 2020
<i>Amendments to MFRS 2: Share-Based Payment</i>	1 January 2020
<i>Amendments to MFRS 3: Business Combinations</i>	1 January 2020
<i>Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
<i>Amendments to MFRS 14: Regulatory Deferral Accounts</i>	1 January 2020
<i>Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
<i>Amendments to MFRS 101 & MFRS 108: Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 134: Interim Financial Reporting</i>	1 January 2020
<i>Amendment to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
<i>Amendment to MFRS 138: Intangible Assets</i>	1 January 2020
<i>Amendments to IC Interpretation 12: Service Concession Arrangements</i>	1 January 2020
<i>Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
<i>Amendment to IC Interpretation 20: Stripping Costs in the Production Phase of Surface Mine</i>	1 January 2020
<i>Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
<i>Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs</i>	1 January 2020

The adoption of the new standards, interpretations and amendments do not have any impact on the financial results of the Group and the Bank.

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AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS
ISSUED BY BANK NEGARA MALAYSIA (CONTINUED)**

2. ACCOUNTING POLICIES (Continued)

New and amendment to MFRSs issued but not effective

The standards and interpretations that are issued and which are applicable to the Group and the Bank, but not yet effective up to the date of issuance of the Group's and the Bank's financial statements are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective, except for MFRS 17 as it is not applicable to the Group and the Bank.

MFRSs, Amendments to MFRSs and Interpretations

MFRS 17: Insurance Contracts

*Amendments to MFRS 10 and MFRS 128: Sale or Contribution of
Assets between an Investor and its Associate or Joint Venture*

**Effective for
financial period
beginning on or
after
1 January 2021**

To be announced

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd Quarter ended 30 June 2020.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 2nd Quarter ended 30 June 2020.

6. CHANGES IN ESTIMATE

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the Quarter ended 30 June 2020.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities in the 2nd Quarter ended 30 June 2020.

8. DIVIDENDS PAID

There were no dividends paid during the 2nd Quarter ended 30 June 2020.

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA**9. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Foreign financial institutions	403,690	389,862

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
At amortised cost		
Unquoted :		
Islamic government securities in Malaysia	725,293	725,856
Islamic private debt securities in Malaysia	14,268	18,321
	<u>739,561</u>	<u>744,177</u>
Expected credit loss ("ECL")	(228)	(51)
	<u>739,333</u>	<u>744,126</u>

Movements in allowances for impairment which reflect the expected credit loss ("ECL") model on impairment are as follows :

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	ECL	ECL	ECL	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	51	-	-	51
Changes due to				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Allowance charged, net	177	-	-	177
Closing balance	<u>228</u>	<u>-</u>	<u>-</u>	<u>228</u>

11. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Bank	
	2020	2019
	RM'000	RM'000
At fair value		
Quoted :		
Government securities and treasury bills:		
Islamic government securities in Malaysia	500,499	313,663
Total Financial Investments at FVOCI	<u>500,499</u>	<u>313,663</u>

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12. FINANCING AND ADVANCES

(a) Financing and advances analysed by types and Shariah contracts are as follows:

Group and Bank	Unaudited		
	30 June 2020		
	Murabahah	Qard	Total net financing and advances
	RM'000	RM'000	RM'000
At amortised cost			
Term Financing:			
Corporate financing	3,403,070	-	3,403,070
Home financing	886,452	-	886,452
Personal financing	531,975	-	531,975
SME financing	23,430	-	23,430
Vehicle financing	42,232	-	42,232
Shop-house financing	27,100	-	27,100
Charge cards	-	200	200
Gross financing and advances	<u>4,914,259</u>	<u>200</u>	<u>4,914,459</u>
Less: Impairment allowance			
- Stage 1			(25,222)
- Stage 2			(23,405)
- Stage 3			(29,391)
Total net financing and advances			<u>4,836,441</u>

Financing and advances analysed by types and Shariah contracts are as follows:

Movement in gross financing and advances

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount at 1 January 2020	4,992,876	300,100	62,574	5,355,550
Transfer to stage 1	31,154	(29,810)	(1,344)	-
Transfer to stage 2	(42,907)	44,767	(1,860)	-
Transfer to stage 3	(1,675)	(6,330)	8,005	-
Financing derecognised during the period (other than write-off)	(2,440,449)	(115,316)	(657)	(2,556,422)
Write off	-	-	(10,828)	(10,828)
New financing originated	2,059,205	143,921	-	2,203,127
Changes to contractual cash flow (excluding derecognition)	(61,847)	(14,207)	(913)	(76,968)
Gross carrying amount as at 30 June 2020	<u>4,536,358</u>	<u>323,124</u>	<u>54,977</u>	<u>4,914,459</u>

Group and Bank	Audited		
	31 December 2019		
	Murabahah	Qard	Total net financing and advances
	RM'000	RM'000	RM'000
At amortised cost			
Term Financing:			
Corporate financing	3,816,008	-	3,816,008
Home financing	910,687	-	910,687
Personal financing	530,055	-	530,055
Vehicle financing	46,314	-	46,314
SME financing	24,921	-	24,921
Shop-house financing	27,224	-	27,224
Charge cards	-	341	341
Gross financing and advances	<u>5,355,209</u>	<u>341</u>	<u>5,355,550</u>
Less: Impairment allowance			
- Stage 1			(29,854)
- Stage 2			(25,045)
- Stage 3			(33,783)
Total net financing and advances			<u>5,266,868</u>

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA**12. FINANCING AND ADVANCES (Continued)**

Movement in gross financing and advances

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount at 1 January 2019	4,765,747	268,156	66,846	5,100,749
Transfer to stage 1	58,538	(56,243)	(2,295)	-
Transfer to stage 2	(73,519)	74,761	(1,242)	-
Transfer to stage 3	(17,739)	(6,577)	24,316	-
Financing derecognised during the period (other than write-off)	(2,222,725)	(94,106)	(2,339)	(2,319,170)
Write off	-	-	(19,899)	(19,899)
New financing originated	2,765,845	123,703	615	2,890,163
Changes to contractual cash flow (excluding derecognition)	(283,271)	(9,594)	(3,428)	(296,293)
Gross carrying amount as at 31 December 2019	<u>4,992,876</u>	<u>300,100</u>	<u>62,574</u>	<u>5,355,550</u>

(b) The gross financing and advances analysed by type of customers are as follows:

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
Domestic non-bank financial institutions	20,519	26,198
Domestic business enterprise	3,382,832	3,814,731
Individuals	1,499,292	1,500,354
Foreign entities	11,816	14,267
	<u>4,914,459</u>	<u>5,355,550</u>

(c) The gross financing and advances analysed by profit rate sensitivity are as follows:

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
Fixed rate:		
Corporate financing	118,718	145,459
Personal financing	531,968	530,055
SME financing	17,544	24,920
Home financing	4,966	5,422
Vehicle financing	42,233	46,313
Charge card	207	341
Shop-house financing	438	509
Variable rate:		
Home financing	881,486	905,265
Shop-house financing	26,661	26,716
Corporate financing	3,290,237	3,670,550
	<u>4,914,459</u>	<u>5,355,550</u>

(d) The gross financing and advances analysed by maturity structure are as follows:

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
Due within three months	1,087,803	1,736,949
More than three months to one year	1,150,029	805,363
More than one year to five years	576,595	582,944
More than five years	2,100,032	2,230,294
	<u>4,914,459</u>	<u>5,355,550</u>

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(e) The gross financing and advances analysed by geographical distribution are as follows :

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Malaysia	4,914,459	5,355,550

(f) The gross financing and advances analysed by economic purpose are as follows:

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Working capital	2,606,717	3,020,442
Purchase of property - residential property	890,767	914,028
Personal use	532,140	530,257
Purchase of land	184,755	180,140
Construction	82,308	87,043
Purchase of industrial buildings and factories	139,060	157,400
Others	140,144	127,282
Purchase fixed assets (excluding land & building)	90,784	82,209
Purchase of commercial complex	82,798	84,942
Purchase of other non-residential property	81,488	83,694
Purchase of vehicles	41,924	45,991
Purchase of shop-houses	41,375	41,781
Charge card	200	341
	<u>4,914,459</u>	<u>5,355,550</u>

(g) The gross financing and advances analysed by sectors are as follows:

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Household	1,415,746	1,515,008
Wholesale & Retail trade	965,736	1,085,891
Real estate, renting and business activities	786,837	800,121
Manufacturing	765,828	939,397
Construction	532,750	640,086
Other business	99,767	69,447
Transportation	86,612	38,873
Agriculture, hunting and related service activities	77,995	80,069
Education, Health and Others	69,911	104,728
Hotel & restaurant	43,271	40,541
Finance intermediation	50,241	26,197
Mining and Quarrying	19,765	15,192
	<u>4,914,459</u>	<u>5,355,550</u>

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12. FINANCING AND ADVANCES (Continued)

(h) Movements in impaired financing and advances

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
At 1 January	62,574	66,846
Impaired during the financial period / year	18,172	46,910
Reclassified as non impaired	(8,361)	(6,797)
Recoveries	(6,580)	(24,486)
Write-off	(10,828)	(19,899)
At 31 December	<u>54,977</u>	<u>62,574</u>
Ratio of net impaired financing and advances to gross financing and advances less individual impairment allowances	0.52%	0.54%

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM2,705,000 (Dec 2019: RM2,383,000).

All impaired financing are within Malaysia.

(i) Movements in ECL/impairment allowances for financing and advances:

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
ECL/ Collective assessment allowance		
At 1 January		
Stage 1 ECL	29,855	33,982
Stage 2 ECL	25,043	32,150
Net stage 1 ECL written back during the financial period	(4,430)	(4,128)
Net stage 2 ECL written back during the financial period	(1,839)	(7,105)
Closing Balance	<u>48,629</u>	<u>54,899</u>
As % of total gross financing and advances less individual impairment allowances	0.99%	1.03%

ECL/ Individual assessment allowance

At 1 January	33,783	33,018
Net stage 3 ECL provided during financial period	3,495	14,456
Amount written off	(7,889)	(13,691)
Closing Balance	<u>29,389</u>	<u>33,783</u>

Group and Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January	29,854	25,045	33,783	88,682
Changes due to financial assets recognised in the opening balance :				
Transferred to 12-mth ECL	7,136	(6,161)	(975)	-
Transferred to Lifetime ECL not credit impaired	(134)	1,537	(1,404)	-
Transferred to Lifetime ECL credit impaired	(14)	(1,118)	1,132	-
Financing derecognised during the period (other than write-offs)	(4,864)	(464)	(163)	(5,491)
Write-offs	-	-	(7,889)	(7,889)
New financing originated	3,788	707	-	4,495
Changes due to change in credit risk	(6,995)	3,666	6,069	2,740
Allowance (written back)/ made, net	(3,550)	193	(1,162)	(4,519)
Closing balance	<u>25,221</u>	<u>23,405</u>	<u>29,391</u>	<u>78,018</u>

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(j) Impaired financing analysed by geographical distribution are as follows:

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Malaysia	54,977	62,574

(k) Impaired financing analysed by economic purpose are as follows:

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Working capital	40,682	42,496
Purchase of properties - residential	9,468	12,059
Personal use	4,604	7,192
Purchase of vehicles	46	513
Charge card	177	314
	54,977	62,574

(l) Impaired financing analysed by sector are as follows:

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Construction	31,603	32,303
Household	17,279	20,078
Other business	5,702	9,296
Manufacturing	393	897
	54,977	62,574

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(a) By type of deposit

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Savings deposits		
Qard	123,759	122,606
Commodity Murabahah	45,550	19,072
Demand deposits		
Qard	281,204	400,456
Mudarabah	258	254
Commodity Murabahah	485,487	414,959
Term deposit		
Commodity Murabahah	4,100,988	4,785,139
General investment account		
Mudarabah	492	486
Wakalah	1,570	2,141
Other deposits	370	380
	<u>5,039,678</u>	<u>5,745,493</u>

In line with the Bank's IFSA Transition Plan as communicated to BNM, the Bank will continue to include the balances relating to its general investment account and demand deposits based on mudharabah principles, as part of deposits from customers. This is because these products were approved prior to the IFSA and the investment account guideline and are being solely used as securities against financing facility provided to the customers. The balances will continue to reduce until full settlement of the related financing.

(b) By type of customer

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Business enterprises	1,769,818	1,892,511
Government and statutory bodies	1,872,823	2,104,264
Non-bank financial institutions	853,271	1,201,737
Other entities	132,975	158,813
Individuals	340,624	302,784
Non resident	70,167	85,384
	<u>5,039,678</u>	<u>5,745,493</u>

(c) By maturity structure

	Group and Bank	
	Unaudited	Audited
	30 June	31 December
	2020	2019
	RM'000	RM'000
Due within three months	3,032,757	4,256,304
More than three months to one year	2,002,370	1,364,417
More than one year to five years	4,551	124,772
	<u>5,039,678</u>	<u>5,745,493</u>

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14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited	Audited
	30 June 2020	31 December 2019
	RM'000	RM'000
Non-Mudharabah Funds		
Licensed Islamic banks	321,427	167,871
Licensed financial institutions	243,552	197,886
	<u>564,979</u>	<u>365,757</u>

15. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	7	149	18	289
(ii) Other deposits	77,167	90,067	161,204	183,871
	<u>77,174</u>	<u>90,216</u>	<u>161,222</u>	<u>184,160</u>

(i) Income derived from investment of general investment deposits

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	6	142	17	277
Money at call and deposit with financial institutions	1	7	1	12
Total finance income and hibah	<u>7</u>	<u>149</u>	<u>18</u>	<u>289</u>

(ii) Income derived from investment of other deposits

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	64,164	73,528	135,633	149,104
Financial investment at amortised cost	7,404	13,680	14,859	29,269
Financial investments at fair value through other comprehensive income (FVOCI)	3,608	-	6,404	-
Money at call and deposit with financial institutions	1,991	2,859	4,308	5,497
Accretion of discount	-	-	-	1
	<u>77,167</u>	<u>90,067</u>	<u>161,204</u>	<u>183,871</u>

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16. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group Quarter Ended		Group Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	601	536	1,565	1,030
Total finance income and hibah	601	536	1,565	1,030
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	(104)	107	(104)	260
- Unrealised	360	819	703	1,286
- Rental income	299	458	760	907
- Realised gain on gold	354	166	568	373
- Gain on disposal of financial investment at FVOCI	4,268	-	9,244	-
- Others	73	711	136	1,169
Other income				
- Agency fees	103	62	188	168
- Service charges	282	725	862	1,564
- Commission received	3,000	2,947	4,817	4,440
	9,236	6,531	18,739	11,197

	Bank Quarter Ended		Bank Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	601	536	1,565	1,030
Total finance income and hibah	601	536	1,565	1,030
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	(104)	107	(104)	260
- Unrealised	360	819	703	1,286
- Rental income	299	458	760	906
- Realised gain on gold	355	166	569	373
- Gain on disposal of financial investment at FVOCI	4,268	-	9,244	-
- Others	73	711	136	1,170
Other income				
- Agency fees	-	-	-	-
- Service charges	282	725	862	1,564
- Commission received	3,000	2,947	4,817	4,439
	9,134	6,469	18,552	11,028

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	Group and Bank			
	Quarter Ended		Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	(222)	-	(993)	(4,071)
- written back during the financial period	-	222	5,422	5,372
Stage 2				
- provided during the financial period	-	(728)	(693)	(5,533)
- written back during the financial period	3,482	2,628	2,532	6,627
Stage 3				
- provided during the financial period	(855)	(2,245)	(4,850)	(5,636)
- written back during the financial period	108	495	1,355	773
	<u>2,513</u>	<u>372</u>	<u>2,773</u>	<u>(2,468)</u>
(b) Bad debts on financing:				
- recovered during the financial period	798	2,170	2,361	4,374
- written off during the financial period	(272)	(83)	(427)	(369)
Total	<u>526</u>	<u>2,087</u>	<u>1,934</u>	<u>4,005</u>
(c) Financial investment at amortised cost				
- provided in the financial period	-	-	(176)	-
- written back	29	1	-	337
Total	<u>29</u>	<u>1</u>	<u>-176</u>	<u>337</u>
(d) Impairment allowance for off balance sheet				
- provided in the financial period	(11)	-	-	(11)
- written back	-	3	22	144
Total	<u>(11)</u>	<u>3</u>	<u>22</u>	<u>133</u>
Grand total	<u>3,057</u>	<u>2,463</u>	<u>4,553</u>	<u>2,007</u>

18. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group and Bank		Group and Bank	
	Quarter Ended		Period Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	37,450	47,812	81,138	95,897
- Mudharabah	4	316	7	674
- Wakalah	12	25	27	84
	<u>37,466</u>	<u>48,153</u>	<u>81,172</u>	<u>96,655</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	2,196	2,506	4,027	7,019
	<u>39,662</u>	<u>50,659</u>	<u>85,199</u>	<u>103,674</u>

19. SUBSEQUENT EVENTS

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

20. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group since the last audited financial statements as at 31 December 2019.

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21. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Bank as are as follows:

	Unaudited 30 June 2020			Audited 31 December 2019		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Group and Bank						
Transaction-related contingent items	90,014	45,007	45,007	86,397	43,198	43,198
Trade-related contingencies	2,339	468	468	691	138	138
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	119,545	59,763	59,860	1,190,241	238,029	230,534
- Maturity exceeding one year	1,587,129	317,409	314,460	103,824	51,909	52,006
Unutilised credit card lines	-	-	-	8,438	1,688	1,266
	<u>1,799,027</u>	<u>422,647</u>	<u>419,795</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

22. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group and Bank	
	Unaudited 30 June 2020	Audited 31 Dec 2019
Outstanding credit exposures with connected parties (RM'000)	7,976	11,295
Percentage of outstanding credit exposures to connected parties as proportion of capital base	0.7%	1.0%
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.1%	0.2%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0%	0.0%

The disclosure on Credit Transactions and Exposures with Connected Parties above is presented in accordance with paragraph 9.1 of Bank Negara Malaysia's revised policy document on Credit Transactions and Exposures with Connected Parties for Islamic Banks.

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23. FINANCIAL RISK MANAGEMENT

(a) Overview

The Group's risk management practice seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its key areas of credit, market, liquidity and operational risks.

(b) Financial instrument by category

The table below provide an analysis of financial instruments categorised as follows:

- i. Financing and receivables ("FR");
- ii. Financing investments at amortised cost;
- iii. Financial assets at fair value through other comprehensive income ("FVOCI"); and
- iv. Other financial liabilities ("Other FL")

	Carrying amount RM'000	FR RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Group Unaudited 30 June 2020					
Financial Assets					
Cash and short term funds	95,261	95,261	-	-	-
Deposits and placements with banks and other financial institutions	403,690	403,690	-	-	-
Financing and advances	4,836,441	4,836,441	-	-	-
Financial investment at amortised cost	739,333	-	-	739,333	-
Financial assets at fair value through profit or loss other comprehensive income (FVOCI)	500,499	-	500,499	-	-
Statutory deposits with BNM	10,271	10,271	-	-	-
Other assets	22,672	22,672	-	-	-
	6,608,167	5,368,335	500,499	739,333	-
Financial Liabilities					
Deposits from customers	5,039,678	-	-	-	5,039,678
Deposits and placements of banks and other financial institutions	564,979	-	-	-	564,979
Bills and acceptances payable	1,201	-	-	-	1,201
Other liabilities	46,902	-	-	-	46,902
Lease Liabilities	13,540	-	-	-	13,540
Subordinated Sukuk	399,594	-	-	-	399,594
	6,065,894	-	-	-	6,065,894
Group Audited 31 December 2019					
Financial Assets					
Cash and short term funds	237,229	237,229	-	-	-
Deposits and placements with banks and other financial institutions	389,862	389,862	-	-	-
Derivative assets	34	-	-	34	-
Financing and advances	5,266,868	5,266,868	-	-	-
Financial investments at amortised cost	744,126	-	-	744,126	-
Financial investments at fair value through other comprehensive income (FVOCI)	313,663	-	313,663	-	-
Statutory deposits with BNM	135,900	135,900	-	-	-
Other assets	19,031	19,031	-	-	-
	7,106,713	6,048,890	313,663	744,160	-
Financial Liabilities					
Deposits from customers	5,745,493	-	-	-	5,745,493
Deposits and placements of banks and other financial institutions	365,757	-	-	-	365,757
Bills and acceptances payable	4,875	-	-	-	4,875
Other liabilities	62,848	-	-	-	62,848
Subordinated Sukuk	381,881	-	-	-	381,881
	6,560,854	-	-	-	6,560,854

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23. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instrument by category (continued)

	Carrying amount RM'000	FR RM'000	FVOCI RM'000	Amortised Cost RM'000	Other FL RM'000
Bank					
Unaudited					
30 June 2020					
Financial Assets					
Cash and short term funds	95,261	95,261	-	-	-
Deposits and placements with banks and other financial institutions	403,690	403,690	-	-	-
Derivative assets	-	-	-	-	-
Financing and advances	4,836,441	4,836,441	-	-	-
Financial investment at amortised cost	739,333	-	-	739,333	-
Financial investments at fair value through other comprehensive income (FVOCI)	500,499	-	500,499	-	-
Statutory deposits with BNM	10,271	10,271	-	-	-
Other assets	22,672	22,672	-	-	-
	<u>6,608,167</u>	<u>5,368,335</u>	<u>500,499</u>	<u>739,333</u>	<u>-</u>
Financial Liabilities					
Deposits from customers	5,039,678	-	-	-	-
Deposits and placements of banks and other financial institutions	564,979	-	-	-	-
Bills and acceptances payable	1,201	-	-	-	-
Other liabilities	47,154	-	-	-	-
Lease Liabilities	13,540	-	-	-	-
Subordinated Sukuk	399,594	-	-	-	-
	<u>6,066,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bank					
Audited					
31 December 2019					
Financial Assets					
Cash and short term funds	237,229	237,229	-	-	-
Deposits and placements with banks and other financial institutions	389,862	389,862	-	-	-
Derivative assets	34	-	-	34	-
Financing and advances	5,266,868	5,266,868	-	-	-
Financial investments at amortised cost	744,126	-	-	744,126	-
Financial investments at fair value through other comprehensive income (FVOCI)	313,663	-	313,663	-	-
Statutory deposits with BNM	135,900	135,900	-	-	-
Other assets	19,031	19,031	-	-	-
	<u>7,106,713</u>	<u>6,048,890</u>	<u>313,663</u>	<u>744,160</u>	<u>-</u>
Financial Liabilities					
Deposits from customers	5,745,493	-	-	-	5,745,493
Deposits and placements of banks and other financial institutions	365,757	-	-	-	365,757
Bills and acceptances payable	4,875	-	-	-	4,875
Other liabilities	63,085	-	-	-	63,085
Subordinated Sukuk	381,881	-	-	-	381,881
	<u>6,561,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,561,091</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management

(i) Credit Risk management overview

Credit risk is the potential loss of revenue as a result of defaults by borrowers or counterparties through the Group's and the Bank's lending, hedging, trading and investing activities. The primary exposure to credit risk arises through its financing and advances as well as financial transactions with counterparties including interbank money market activities and debt securities. The amount of credit exposure is represented by the carrying amounts of the assets in the statement of financial position.

The management of credit risk is governed by credit policies and guidelines documenting the lending standards, discretionary power for financing approval, credit risk rating, collateral and valuation, review, and restructuring of problematic and delinquent financing. The management of counterparties are guided by counterparty limit, counterparty ratings, tenure and types of permissible transactions and these are subject to regular review.

(ii) Maximum exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date is the amount on the statement of financial position as well as off balance sheet financial instruments, without taking into account of any collateral held or credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	30 June 2020	31 Dec 2019
	RM'000	RM'000
Credit risk exposure relating to on-balance sheet assets:		
Cash and short term funds	95,261	237,229
Deposits and placements with banks and other financial institutions	403,690	389,862
Derivatives assets	-	34
Financial investments at amortised cost	739,333	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	500,499	313,663
Net financing and advances	4,836,441	5,266,868
Statutory deposit with BNM	10,271	135,900
Other assets	22,672	19,031
	<u>6,608,167</u>	<u>7,106,713</u>
Credit risk exposure of off-balance sheet items:		
Commitment and contingencies	1,799,027	1,389,591
Total maximum credit risk exposure	<u>8,407,194</u>	<u>8,496,304</u>

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for financing and advances as at 30 June 2020 for the Bank is 56.1% (31 Dec 2019: 60.4%). The financial effect of collateral held for the other financial assets is

(iii) Credit Risk Concentration

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The Group analysed the credit risk concentration by industry and geographic segments in which the customer is engaged.

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis

Group	Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
Unaudited									
30 June 2020									
Household	-	-	-	-	-	1,390,442	-	-	1,390,442
Wholesale & Retail trade	-	-	-	-	14,267	961,323	-	-	975,590
Real estate, renting and business activities	-	-	-	-	-	786,837	-	-	786,837
Manufacturing	-	-	-	-	-	758,931	-	-	758,931
Construction	-	-	-	-	-	508,488	-	-	508,488
Finance intermediation	95,261	403,690	-	500,499	725,066	34,499	10,271	-	1,769,286
Education, Health and Others	-	-	-	-	-	69,259	-	-	69,259
Agriculture, hunting and related service activities	-	-	-	-	-	77,856	-	-	77,856
Hotel & restaurant	-	-	-	-	-	43,271	-	-	43,271
Transportation	-	-	-	-	-	36,391	-	-	36,391
Mining and Quarrying	-	-	-	-	-	19,308	-	-	19,308
Other business	-	-	-	-	-	99,767	-	22,672	122,439
Telecommunication	-	-	-	-	-	50,069	-	-	50,069
Total	95,261	403,690	-	500,499	739,333	4,836,441	10,271	22,672	6,608,167

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis

Bank	Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
Unaudited									
30 June 2020									
Household	-	-	-	-	-	1,390,442	-	-	1,390,442
Wholesale & Retail trade	-	-	-	-	14,267	961,323	-	-	975,590
Real estate, renting and business activities	-	-	-	-	-	786,837	-	-	786,837
Manufacturing	-	-	-	-	-	758,931	-	-	758,931
Construction	-	-	-	-	-	508,488	-	-	508,488
Finance intermediation	95,261	403,690	-	500,499	725,066	34,499	10,271	-	1,769,286
Education, Health and Others	-	-	-	-	-	69,259	-	-	69,259
Agriculture, hunting and related service activities	-	-	-	-	-	77,856	-	-	77,856
Hotel & restaurant	-	-	-	-	-	43,271	-	-	43,271
Transportation	-	-	-	-	-	36,391	-	-	36,391
Mining and Quarrying	-	-	-	-	-	19,308	-	-	19,308
Other business	-	-	-	-	-	99,767	-	22,637	122,404
Telecommunication	-	-	-	-	-	50,069	-	-	50,069
Total	95,261	403,690	-	500,499	739,333	4,836,441	10,271	22,637	6,608,132

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis

Group	Cash and Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
Audited									
31 December 2019									
Household	-	-	-	-	-	1,485,265	-	-	1,485,265
Wholesale & Retail trade	-	-	34	18,270	-	1,080,172	-	-	1,098,476
Real estate, renting and business activities	-	-	-	-	-	780,908	-	-	780,908
Manufacturing	-	-	-	-	-	931,737	-	-	931,737
Construction	-	-	-	-	-	615,200	-	-	615,200
Finance intermediation	237,229	389,862	-	725,856	313,663	26,197	135,900	-	1,828,707
Education, Health and Others	-	-	-	-	-	104,102	-	-	104,102
Agriculture, hunting and related service activities	-	-	-	-	-	-	-	-	-
Hotel & restaurant	-	-	-	-	-	79,886	-	-	79,886
Transportation	-	-	-	-	-	40,541	-	-	40,541
Mining and Quarrying	-	-	-	-	-	38,692	-	-	38,692
Other business	-	-	-	-	-	14,721	-	-	14,721
Other business	-	-	-	-	-	69,447	-	19,031	88,478
Total	237,229	389,862	34	744,126	313,663	5,266,868	135,900	19,031	7,106,713

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

(c) Credit Risk Management (continued)

(iii) Credit Risk Concentration (Continued)

(a) Credit Risk - Credit Risk Concentration - By Industry Analysis

Bank	Short term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Derivatives assets RM'000	Financial investment at amortised cost RM'000	Financial investments at FVOCI RM'000	Net financing and advances RM'000	Statutory deposits with BNM RM'000	Other assets RM'000	Total RM'000
<u>Audited</u>									
<u>31 December 2019</u>									
Household	-	-	-	-	-	1,485,265	-	-	1,485,265
Wholesale & Retail trade	-	-	34	18,270	-	1,080,172	-	-	1,098,476
Real estate, renting and business activities	-	-	-	-	-	780,908	-	-	780,908
Manufacturing	-	-	-	-	-	931,737	-	-	931,737
Construction	-	-	-	-	-	615,200	-	-	615,200
Finance intermediation	237,229	389,862	-	725,856	313,663	26,197	135,900	-	1,828,707
Education, Health and Others	-	-	-	-	-	104,102	-	-	104,102
Agriculture, hunting and related service activities	-	-	-	-	-	79,886	-	-	79,886
Hotel & restaurant	-	-	-	-	-	40,541	-	-	40,541
Transportation	-	-	-	-	-	38,692	-	-	38,692
Mining and Quarrying	-	-	-	-	-	14,721	-	-	14,721
Other business	-	-	-	-	-	69,447	-	19,031	88,478
Total	237,229	389,862	34	744,126	313,663	5,266,868	135,900	19,031	7,106,713

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iii) Credit Risk Concentration (Continued)

(b) Credit Risk - Credit Risk Concentration - By Geographical Analysis

	Malaysia	Saudi	Other	Total
	RM'000	Arabia	countries	RM'000
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited</u>				
<u>30 June 2020</u>				
<u>Group and Bank</u>				
Cash and short term funds	41,098	19,305	34,858	95,261
Deposits and placements with banks and other financial institutions	-	-	403,690	403,690
Financial investment at amortised cost	739,333	-	-	739,333
Financial assets at fair value through profit or loss comprehensive income (FVOCI)	500,499	-	-	500,499
Net financing and advances	4,836,441	-	-	4,836,441
Statutory deposits with BNM	10,271	-	-	10,271
Other assets	22,672	-	-	22,672
Total	6,150,314	19,305	438,548	6,608,167
	Malaysia	Saudi	Other	Total
	RM'000	Arabia	countries	RM'000
	RM'000	RM'000	RM'000	RM'000
<u>Audited</u>				
<u>31 December 2019</u>				
<u>Group and Bank</u>				
Cash and short term funds	205,921	7,675	23,633	237,229
Deposits and placements with banks and other financial institutions	-	-	389,862	389,862
Derivatives assets	34	-	-	34
Financial investments at amortised cost	744,126	-	-	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	313,663	-	-	313,663
Net financing and advances	5,266,868	-	-	5,266,868
Statutory deposits with BNM	135,900	-	-	135,900
Other assets	19,031	-	-	19,031
Total	6,685,543	7,675	413,495	7,106,713

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(iv) Collateral

The main types of collateral obtained by the Group and the Bank to mitigate credit risk are as follows:

- | | | |
|-------------------------------------|---|---|
| • for personal housing financing | : | mortgages over residential properties |
| • for commercial property financing | : | charges over the properties being financed |
| • for vehicle financing | : | charges over the vehicles financed |
| • for other financing | : | charges over business assets such as premises, inventories, trade receivables or deposits |

(v) Credit quality of financial assets

For the purposes of disclosure relating to MFRS 7, all financial assets are categorised into the following:

- neither past due nor impaired
- past due but not impaired
- impaired

The Bank assesses credit quality of financing and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgment.

<u>Internal ratings</u>	<u>Description</u>
- Investment grade	Strong(est) credit quality which associated with general standards of investment grade as per defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch, and Japan Credit Rating Agency (JCR).
- Non-Investment grade	Weaker credit quality which associated with general standards of non-investment grade as per defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch, and Japan Credit Rating Agency (JCR).

The credit quality of financial assets other than financing and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3
- Non rated

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (continued)

(vi) Credit quality of financial assets - net financing and advances

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 Dec 2019 RM'000
Neither past due nor impaired	4,699,819	5,133,884
Past due but not impaired	159,663	159,092
Impaired	54,977	62,574
Gross financing and advances	4,914,459	5,355,550
Less:		
Expected credit loss / Collective impairment allowance	(48,629)	(54,899)
Individual impairment allowance	(29,389)	(33,783)
Net financing and advances	4,836,441	5,266,868

The ageing of financing and advances as at the end of the financial period / year are as follows:

	Group and Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 Dec 2019 RM'000
Current	4,699,819	5,133,884
Past due 1-30 days	115,592	110,911
Past due 31-90 days	44,071	48,181
Past due more than 90 days	54,977	62,574
	4,914,459	5,355,550
Collective impairment	(48,629)	(54,899)
Individual impairments	(29,389)	(33,783)
Net financing and advances	4,836,441	5,266,868

(viii) Credit quality of impaired financial assets

(a) Impaired financial assets analysed by geographic purpose are as follows:

	Financing & advances RM'000	Financial assets/ investments portfolios RM'000	Total RM'000
Unaudited			
30 June 2020			
Malaysia	54,977	-	54,977
	54,977	-	54,977
Audited			
31 December 2019			
Malaysia	62,574	-	62,574
	62,574	-	62,574

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(viii) Credit quality of impaired financial assets (continued)

(b) Impaired financial assets analysed by industry sector are as follows:

	Financing & advances RM'000	Financial assets/ investments portfolios RM'000	Total RM'000
<u>Unaudited</u>			
<u>30 June 2020</u>			
Household	17,279	-	17,279
Manufacturing	393	-	393
Construction	31,603	-	31,603
Other business	5,702	-	5,702
	<u>54,977</u>	<u>-</u>	<u>54,977</u>
<u>Audited</u>			
<u>31 December 2019</u>			
Household	20,078	-	20,078
Construction	32,303	-	32,303
Manufacturing	897	-	897
Other business	9,296	-	9,296
	<u>62,574</u>	<u>-</u>	<u>62,574</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit Risk Management (Continued)

(vii) Credit quality of financial assets - securities portfolio and other financial assets

	Short term funds RM'000	Deposits and placement of banks and other financial institutions RM'000	Hedging financial instruments RM'000	Financial assets/ investments portfolios RM'000	Statutory deposit with BNM RM'000	Other assets RM'000
Unaudited						
30 June 2020						
Neither past due nor impaired	95,261	403,690	-	1,239,833	10,271	22,672
	<u>95,261</u>	<u>403,690</u>	<u>-</u>	<u>1,239,833</u>	<u>10,271</u>	<u>22,672</u>
Audited						
31 December 2019						
Neither past due nor impaired	237,230	389,862	34	1,057,789	135,900	19,031
	<u>237,230</u>	<u>389,862</u>	<u>34</u>	<u>1,057,789</u>	<u>135,900</u>	<u>19,031</u>

(a) Analysed by rating agency designation are as follows:

	Short term funds RM'000	Deposits and placement of banks and other financial institutions RM'000	Hedging financial instruments RM'000	Financial assets/ investments portfolios RM'000	Statutory deposit with BNM RM'000	Other assets RM'000
Unaudited						
30 June 2020						
AAA to A-	42,446	-	-	-	-	-
BBB+ to B-	20,929	-	-	-	-	-
Unrated	31,886	403,690	-	1,239,833	10,271	22,672
	<u>95,261</u>	<u>403,690</u>	<u>-</u>	<u>1,239,833</u>	<u>10,271</u>	<u>22,672</u>
Audited						
31 December 2019						
AAA to A-	186,588	-	-	-	-	-
BBB+ to B-	25,227	-	-	-	-	-
Unrated	25,415	389,862	34	1,057,789	135,900	19,031
	<u>237,230</u>	<u>389,862</u>	<u>34</u>	<u>1,057,789</u>	<u>135,900</u>	<u>19,031</u>

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND POLICY DOCUMENT ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management

(i) Profit rate sensitivity analysis

Group and Bank	Unaudited 30 June 2020		Audited 31 December 2019	
	Impact on profit after		Impact on profit after	
	tax RM'000	equity RM'000	tax RM'000	equity RM'000
+ 100 basis points	3,735	(42,014)	3,068	(41,214)
- 100 basis points	(3,735)	42,014	(3,068)	41,214

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

	Unaudited 30 June 2020			Audited 31 Dec 2019		
	Currency exposures RM'000	Impact on profit		Currency exposures RM'000	Impact on profit	
		+5%	-5%		+5%	-5%
Group and Bank						
EUR	323	16	(16)	88	4	(4)
AUD	86	4	(4)	99	5	(5)
HKD	1,367	68	(68)	247	12	(12)
SAR	(1,770)	(89)	89	152	8	(8)
USD	1,187	59	(59)	715	36	(36)
Others	848	42	(42)	859	43	(43)
	<u>2,039</u>	<u>102</u>	<u>(102)</u>	<u>2,160</u>	<u>108</u>	<u>(108)</u>

AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.

(Incorporated in Malaysia)

Company No.

200501036909 (719057-X)

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT

(d) Market Risk Management (Continued)

(iii) Profit Rate Risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on its financial position. The rate of return risk is the potential impact of market factors affecting rates on returns in comparison with the expected rates of return for investment account holders. Yield/profit rate is monitored and managed by the ALCO to protect the income of its operations. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates as follows:

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Unaudited 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	8,565	-	-	-	-	86,696	-	95,261	1.75
Deposit and placement with other FI / Institutions	114,170	-	285,424	-	-	4,096	-	403,690	2.10
Financial investment at amortised cost	-	3,000	-	651,000	69,773	15,560	-	739,333	4.03
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	20,000	60,000	-	420,499	-	500,499	3.14
Financing and advances									
- Performing ⁽¹⁾	400,712	639,818	1,137,756	559,399	2,049,855	9,561	-	4,797,101	4.80
- Non performing	-	-	-	-	-	39,340	-	39,340	
Other assets ⁽²⁾	-	-	-	-	-	242,035	-	242,035	
Right-of-use assets	-	-	-	-	-	11,510	-	11,510	
Total assets	523,447	642,818	1,443,180	1,270,399	2,119,628	829,297	-	6,828,769	

Note:

⁽¹⁾ This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

EXPLANATORY NOTES PERSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”) AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

23. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk Management (Continued)

Group (Continued)	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years	Non-profit sensitive	Trading book	Total	Average effective profit rate
Unaudited (Continued) 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Liabilities									
Deposits from customers	903,320	1,167,329	2,000,839	4,551	-	963,637	-	5,039,677	2.98
Deposits and placements of banks and other financial institutions	401,141	25,000	136,500	-	-	2,338	-	564,979	2.29
Bills and acceptance payable	-	-	-	-	-	1,201	-	1,201	
Other liabilities	-	-	-	-	-	54,880	-	54,880	
Lease Liabilities	-	-	-	-	-	13,540	-	13,540	
Subordinated Sukuk	114,170	-	285,424	-	-	-	-	399,594	
Total liabilities	1,418,631	1,192,329	2,422,763	4,551	-	1,035,597	-	6,073,871	
Shareholders' fund	-	-	-	-	-	754,898	-	754,898	
Total liabilities and shareholders' fund	1,418,631	1,192,329	2,422,763	4,551	-	1,790,495	-	6,828,769	
On-balance sheet profit sensitivity gap	(895,184)	(549,511)	(979,583)	1,265,848	2,119,628	(961,196)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,799,027	-		
Total profit sensitivity gap	(895,184)	(549,511)	(979,583)	1,265,848	2,119,628	837,831	-		

AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.

(Incorporated in Malaysia)

Company No.

200501036909 (719057-X)

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate %
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Unaudited 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	8,565	-	-	-	-	86,696	-	95,261	1.75
Deposit and placement with other FI / Institutions	114,170	-	285,424	-	-	4,097	-	403,690	2.10
Financial investment at amortised cost	-	3,000	227	651,000	69,773	15,333	-	739,332	4.03
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	20,000	60,000	-	420,499	-	500,499	3.14
Financing and advances									
- Performing ⁽¹⁾	400,712	639,818	1,137,756	559,399	2,049,855	9,561	-	4,797,100	4.80
- Non performing	-	-	-	-	-	39,340	-	39,340	
Other assets ⁽²⁾	-	-	-	-	-	242,003	-	242,003	
Right-of-use assets	-	-	-	-	-	11,510	-	11,510	
Total assets	523,446	642,818	1,443,407	1,270,399	2,119,628	829,038	-	6,828,735	

Note:

(1) This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.

(2) Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank (Continued)	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years	Non-profit sensitive	Trading book	Total	Average effective profit rate
Unaudited (Continued) 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Liabilities									
Deposits from customers	903,320	1,167,329	2,000,839	4,551	-	963,638	-	5,039,678	2.98
Deposits and placements of banks and other financial institutions	401,141	25,000	136,500	-	-	2,338	-	564,979	2.29
Bills and acceptance payable	-	-	-	-	-	1,201	-	1,201	
Other liabilities	-	-	-	-	-	55,100	-	55,100	
Lease Liabilities	-	-	-	-	-	13,540	-	13,540	
Subordinated Sukuk	114,170	-	285,424	-	-	-	-	399,594	
Total liabilities	1,418,631	1,192,329	2,422,763	4,551	-	1,035,818	-	6,074,092	
Shareholders' fund	-	-	-	-	-	754,644	-	754,644	
Total liabilities and shareholders' fund	1,418,631	1,192,329	2,422,763	4,551	-	1,790,462	-	6,828,736	
On-balance sheet profit sensitivity gap	(895,184)	(549,511)	(979,583)	1,265,848	2,119,628	(961,196)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,799,027	-		
Total profit sensitivity gap	(895,184)	(549,511)	(979,583)	1,265,848	2,119,628	837,831	-		

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Group	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate %
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Audited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31 December 2019 (Continued)									
Assets									
Cash and short term funds	179,093	-	-	-	-	58,136	-	237,229	2.15
Derivatives assets	-	-	-	-	-	34	-	34	
Deposit and placement with other FI / Institutions	-	54,554	327,326	-	-	7,982	-	389,862	3.10
Financial investments at amortised cost	-	-	17,949	640,000	70,000	16,177	-	744,126	4.14
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	295,000	18,663	-	313,663	
Financing and advances									
- Performing ⁽¹⁾	593,886	1,112,799	801,802	571,086	2,182,248	(34,735)	-	5,227,086	4.50
- Non performing	-	-	-	-	-	39,782	-	39,782	
Other assets ⁽²⁾	-	-	-	-	-	362,178	-	362,178	
Right-of-use assets	-	-	-	-	-	15,303	-	15,303	
Total assets	772,979	1,167,353	1,147,077	1,211,086	2,547,248	483,520	-	7,329,263	

Note:

⁽¹⁾ This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Group (Continued)	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years	Non-profit sensitive	Trading book	Total	Average effective profit rate %
Audited (Continued) 31 December 2019 (Continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities									
Deposits from customers	1,170,274	2,088,703	1,360,531	123,557	-	1,002,428	-	5,745,493	3.49
Deposits and placements of banks and other financial institutions	205,023	115,918	42,500	-	-	2,316	-	365,757	3.09
Bills and acceptance payable	-	-	-	-	-	4,873	-	4,873	
Other liabilities	-	-	-	-	-	60,682	-	60,682	
Lease liabilities	-	-	-	-	-	17,212	-	17,212	
Subordinated Sukuk	-	54,554	327,327	-	-	-	-	381,881	
Total liabilities	1,375,297	2,259,175	1,730,358	123,557	-	1,087,511	-	6,575,898	
Shareholders' fund	-	-	-	-	-	753,365	-	753,365	
Total liabilities and shareholders' fund	1,375,297	2,259,175	1,730,358	123,557	-	1,840,876	-	7,329,263	
On-balance sheet profit sensitivity gap	(602,318)	(1,091,822)	(583,281)	1,087,529	2,547,248	(1,357,356)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,389,591	-		
Total profit sensitivity gap	(602,318)	(1,091,822)	(583,281)	1,087,529	2,547,248	32,235	-		

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank	Non-trading book					Non-profit sensitive	Trading book	Total	Average effective profit rate %
	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years				
Audited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
31 December 2019 (Continued)									
Assets									
Cash and short term funds	179,093	-	-	-	-	58,136	-	237,229	2.15
Derivative assets	-	-	-	-	-	34	-	34	
Deposit and placement with other FI / Institutions	-	54,554	327,326	-	-	7,982	-	389,862	3.10
Financial investments at amortised cost	-	-	17,948	640,000	70,000	16,178	-	744,126	4.14
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	295,000	18,663	-	313,663	
Financing and advances									
- Performing ⁽¹⁾	593,885	1,112,799	801,802	571,086	2,182,249	(34,735)	-	5,227,086	4.50
- Non performing	-	-	-	-	-	39,782	-	39,782	
Other assets ⁽²⁾	-	-	-	-	-	362,175	-	362,175	
Right-of-use assets	-	-	-	-	-	15,303	-	15,303	
Total assets	772,978	1,167,353	1,147,076	1,211,086	2,547,249	483,518	-	7,329,260	

⁽¹⁾ This is arrived at after deducting the stage 1 and stage 2 ECL from the outstanding gross performing financing.

⁽²⁾ Other assets include property and equipment, intangible assets, deferred tax assets, investment properties and statutory deposits with Bank Negara Malaysia.

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23. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank (Continued)	Up to 1 month	> 1 -3 months	> 3 - 12 months	1 - 5 years	> 5 years	Non-profit sensitive	Trading book	Total	Average effective profit rate %
Audited (Continued) 31 December 2019 (Continued)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities									
Deposits from customers	1,170,274	2,088,703	1,360,531	123,557	-	1,002,428	-	5,745,493	3.49
Deposits and placements of banks and other financial institutions	205,023	115,918	42,500	-	-	2,316	-	365,757	3.09
Bills and acceptance payable	-	-	-	-	-	4,875	-	4,875	
Other liabilities	-	-	-	-	-	60,890	-	60,890	
Lease liabilities	-	-	-	-	-	17,212	-	17,212	
Subordinated Sukuk	-	54,555	327,326	-	-	-	-	381,881	
Total liabilities	1,375,297	2,259,176	1,730,357	123,557	-	1,087,721	-	6,576,108	
Shareholders' fund	-	-	-	-	-	753,152	-	753,152	
Total liabilities and shareholders' fund	1,375,297	2,259,176	1,730,357	123,557	-	1,840,873	-	7,329,260	
On-balance sheet profit sensitivity gap	(602,319)	(1,091,823)	(583,281)	1,087,529	2,547,249	(1,357,355)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,389,591	-		
Total profit sensitivity gap	(602,319)	(1,091,823)	(583,281)	1,087,529	2,547,249	32,236	-		

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23. FINANCIAL RISK MANAGEMENT (Continued)

(e) Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business units' adherence to established risk policies, procedures and limits by independent control and support units, and oversight provided by the management and the Board.

The operational risk management processes encompass appropriate documentation of processes and procedures within the framework of system of internal controls, regular disaster recovery and business continuity planning and simulations, self-compliance audit and internal audit.

(f) Liquidity Risk

Liquidity risk relates to the ability of the Group and of the Bank to maintain sufficient liquid assets to meet financial commitments and obligations when they fall due at a reasonable cost. The Assets and Liabilities Management Committee is the primary party responsible for liquidity management based on guidelines approved by the Risk Management Committee. The management of the liquidity risk is aligned to the New Liquidity Framework issued by BNM supplemented by liquidity risk management control and limits and a liquidity stress testing program. Liquidity limits are set for cash flow mismatches. In addition, liquidity trigger limits and concentration ratios are in place to serve as liquidity early warning indicators.

The table below analyses assets and liabilities based on the remaining behavioural maturity on the requirement of BNM guidelines:

Group Unaudited 30 June 2020	Up to 7 days	> 7 days - 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 year	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Cash and short term funds	95,261	-	-	-	-	-	95,261
Deposits and placements of banks and other financial institutions	-	117,055	-	-	286,635	-	403,690
Financial investment at amortised cost	-	-	-	-	3,000	736,333	739,333
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	20,000	480,499	500,499
Financing and advances	80,403	370,482	626,205	1,981,597	37,589	1,740,165	4,836,441
Statutory deposits with BNM	10,271	-	-	-	-	-	10,271
Other assets	21,123	-	1,013	5	176	220,957	243,274
Total assets	207,058	487,537	627,218	1,981,602	347,400	3,177,954	6,828,769
Liabilities							
Deposits from customers	1,229,596	635,651	1,167,514	878,305	1,124,270	4,342	5,039,678
Deposits and placements of banks and other financial institutions	351,643	50,186	25,011	62,158	75,162	819	564,979
Bills and acceptance payable	1,201	-	-	-	-	-	1,201
Other liabilities	54,270	-	-	-	609	-	54,879
Lease liabilities	-	-	-	-	-	13,540	13,540
Subordinated Sukuk	-	-	-	-	-	399,594	399,594
Total liabilities	1,636,710	685,837	1,192,525	940,463	1,200,041	418,295	6,073,871
Shareholders' fund	-	-	-	-	-	754,898	754,898
Total liabilities and shareholders' fund	1,636,710	685,837	1,192,525	940,463	1,200,041	1,173,193	6,828,769
Net maturity mismatch	(1,429,652)	(198,300)	(565,307)	1,041,139	(852,641)	2,004,761	

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23. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk (Continued)

Group (continued) Audited 31 December 2019 (Continued)	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	233,134	4,095	-	-	-	-	237,229
Deposits and placements of banks and other financial	-	-	56,282	223,203	110,377	-	389,862
Derivative assets	-	-	34	-	-	-	34
Financial investments at amortised cost	-	-	18,000	-	-	726,126	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	313,663	313,663
Financing and advances	133,175	461,335	1,119,648	767,031	22,250	2,763,429	5,266,868
Statutory deposits with BNM	135,900	-	-	-	-	-	135,900
Other assets	11,984	-	121	5	1,225	228,246	241,581
Total assets	514,193	465,430	1,194,085	990,239	133,852	4,031,464	7,329,263
Liabilities							
Deposits from customers	1,081,943	1,185,669	1,988,691	1,011,615	250,877	226,698	5,745,493
Deposits and placements of banks and other financial institutions	30,020	130,444	115,199	42,550	-	47,544	365,757
Bills and acceptance payable	4,875	-	-	-	-	-	4,875
Other liabilities	41,363	-	15,943	-	3,374	-	60,680
Lease liabilities	-	-	-	-	-	17,212	17,212
Subordinated Sukuk	-	-	-	-	-	381,881	381,881
Total liabilities	1,158,201	1,316,113	2,119,833	1,054,165	254,251	673,335	6,575,898
Shareholders' fund	-	-	-	-	-	753,365	753,365
Total liabilities and shareholders' fund	1,158,201	1,316,113	2,119,833	1,054,165	254,251	1,426,700	7,329,263
Net maturity mismatch	(644,008)	(850,683)	(925,748)	(63,926)	(120,399)	2,604,764	
Bank							
Unaudited 30 June 2020	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	95,261	-	-	-	-	-	95,261
Hedging financial instruments	-	-	-	-	-	-	-
Deposits and placements of banks and other financial	-	117,055	-	-	286,635	-	403,690
Financial investment at amortised cost	-	-	-	-	3,000	736,333	739,333
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	20,000	480,499	500,499
Financing and advances	80,403	370,482	626,205	1,981,597	37,589	1,740,165	4,836,441
Statutory deposits with BNM	10,271	-	-	-	-	-	10,271
Other assets	20,639	0	1,013	5	593	220,991	243,241
Total assets	206,574	487,537	627,218	1,981,602	347,817	3,177,988	6,828,736
Liabilities							
Deposits from customers	1,229,596	635,651	1,167,514	878,305	1,124,270	4,342	5,039,678
Deposits and placements of banks and other financial institutions	351,643	50,186	25,011	62,158	75,162	819	564,979
Bills and acceptance payable	1,201	-	-	-	-	-	1,201
Other liabilities	54,511	-	-	-	589	-	55,100
Lease liabilities	-	-	-	-	-	13,540	13,540
Subordinated Sukuk	-	-	-	-	-	399,594	399,594
Total liabilities	1,636,951	685,837	1,192,525	940,463	1,200,021	418,295	6,074,092
Shareholders' fund	-	-	-	-	-	754,644	754,644
Total liabilities and shareholders' fund	1,636,951	685,837	1,192,525	940,463	1,200,021	1,172,939	6,828,736
Net maturity mismatch	(1,430,377)	(198,300)	(565,307)	1,041,139	(852,204)	2,005,049	

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23. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk (Continued)

Bank (continued) Audited 31 December 2019 (Continued)	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Assets							
Cash and short term funds	233,134	4,095	-	-	-	-	237,229
Deposits and placements of banks and other financial	-	-	56,282	223,203	110,377	-	389,862
Derivative assets	-	-	34	-	-	-	34
Financial investments at amortised cost	-	-	18,000	-	-	726,126	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	313,663	313,663
Financing and advances	133,175	461,335	1,119,648	767,031	22,250	2,763,429	5,266,868
Statutory deposits with BNM	135,900	-	-	-	-	-	135,900
Other assets	11,966	-	121	5	1,221	228,265	241,578
Total assets	514,175	465,430	1,194,085	990,239	133,848	4,031,483	7,329,260
Liabilities							
Deposits from customers	1,081,943	1,185,669	1,988,691	1,011,615	250,877	226,698	5,745,493
Deposits and placements of banks and other financial institutions	30,020	130,444	115,199	42,550	-	47,544	365,757
Bills and acceptance payable	4,875	-	-	-	-	-	4,875
Other liabilities	41,571	-	15,943	-	3,376	-	60,890
Lease liabilities	-	-	-	-	-	17,212	17,212
Subordinated sukuk	-	-	-	-	-	381,881	381,881
Total liabilities	1,158,409	1,316,113	2,119,833	1,054,165	254,253	673,335	6,576,108
Shareholders' fund	-	-	-	-	-	753,152	753,152
Total liabilities and shareholders' fund	1,158,409	1,316,113	2,119,833	1,054,165	254,253	1,426,487	7,329,260
Net maturity mismatch	(644,234)	(850,683)	(925,748)	(63,926)	(120,405)	2,604,996	

(g) Capital Management Policy

Capital risk is defined as the risk that the Group has insufficient capital to provide a sufficient resource to absorb predetermined levels of losses or that the capital structure is inefficient.

Capital risk appetite is set by the Board and reported through various metrics that enable the Group to manage capital constraints and shareholder expectations. The Assets and Liabilities Management Committee regularly revise performance against risk appetite.

A capital exposure arises where the Group has insufficient regulatory capital resources to support its strategic objectives and plans, and to meet external shareholder requirements and expectations. The Group's capital management policy is focused on optimising value for shareholders.

Capital Management and Basel II

The infrastructure implementation that has been completed has already yielded significant benefits to the Group and puts the businesses on an advanced footing to:

- Enhance our economic capital management;
- Refine risk based pricing methods for the products and services; and
- Improve asset quality across the businesses of the Group.

The Group continues to develop sustainable capabilities for continuous improvements in the use and adoption of the advanced approaches of the Basel II capital accord. The Bank had obtained BNM's approval to apply the Standardised Approach for Credit Risk.

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Company No.
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24. CAPITAL ADEQUACY

- a) The capital adequacy ratios of the Group and the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
CET 1/ Tier I capital				
Paid-up share capital	1,000,000	1,000,000	1,000,000	1,000,000
Accumulated losses	(245,102)	(246,635)	(245,356)	(246,848)
	754,898	753,365	754,644	753,152
Less: Deferred tax	(49,496)	(49,496)	(49,497)	(49,497)
Total Tier-I capital	705,402	703,869	705,147	703,655
Tier-II capital				
Collective impairment for impairment loss on non-impaired financing	56,772	54,899	56,772	54,899
Subordinated Sukuk	399,594	381,881	399,594	381,881
Total Tier-II capital	456,366	436,780	456,366	436,780
Capital base	1,161,768	1,140,649	1,161,513	1,140,435
CET 1 / Core capital ratio	13.254%	12.343%	13.249%	12.339%
Risk-weighted capital ratio	21.829%	20.002%	21.824%	19.998%

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

	Group		Bank	
	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 30 June 2020 RM'000	Audited 31 December 2019 RM'000
Credit risk	4,779,379	5,161,016	4,779,379	5,161,016
Market risk	173,122	173,339	173,122	173,339
Operational risk	369,736	368,432	369,736	368,432
	5,322,237	5,702,786	5,322,237	5,702,786

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24. CAPITAL ADEQUACY (Continued)

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial period are as follows:

Exposure Class	Group and Bank 30 June 2020			
	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
<i>Sovereigns/Central</i>				
Banks	1,236,064	1,236,064	-	-
<i>Banks, Development</i>				
Financial Institutions ("DFIs") & MDBs	459,797	459,796	213,067	17,045
Corporate	3,666,626	3,516,903	3,436,349	274,908
Regulatory Retail	284,361	282,911	212,184	16,975
Residential Real Estate (RRE) Financing	873,410	873,410	385,759	30,861
Higher risk asset	498	498	747	60
Other assets	111,599	111,599	90,355	7,228
Defaulted Exposures	25,588	25,589	21,123	1,690
Total for On-Balance Sheet Exposures	6,657,943	6,506,770	4,359,584	348,767
<i>Off-Balance Sheet Exposures</i>				
<i>Off-balance sheet</i>				
<i>exposures other than</i>				
<i>OTC derivatives or</i>				
<i>credit derivatives</i>				
	422,647	422,647	419,795	33,584
Total for Off-Balance Sheet Exposures	422,647	422,647	419,795	33,584
Total On and Off-Balance Sheet Exposures	7,080,590	6,929,417	4,779,379	382,351
Large Exposures Risk Requirement	-	-	-	-
Market Risk	Long position	Short position		
Foreign Currency Risk	173,122	-	173,122	13,850
Operational Risk			369,736	29,579
Total RWA and Capital Requirements			5,322,237	425,780

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24. CAPITAL ADEQUACY (Continued)

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows: (continued)

Exposure Class	Gross exposures RM'000	Net exposures RM'000	Group and Bank 31 December 2019	
			Risk weighted assets RM'000	Capital requirements RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	1,183,402	1,183,402	-	-
Banks, Development Financial Institutions ("DFIs") & MDBs	600,924	600,924	237,143	18,971
Corporate	4,071,026	3,931,419	3,875,083	310,007
Regulatory Retail Residential Real Estate (RRE) Financing	290,612	289,611	217,209	17,377
Higher Risk Asset	894,211	894,211	393,502	31,480
Other assets	499	499	749	60
Defaulted Exposures	106,980	106,978	86,745	6,940
Total for On-Balance Sheet Exposures	28,790	28,774	23,443	1,875
<i>Off-Balance Sheet Exposures</i>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	334,962	334,962	327,142	26,171
Total for Off-Balance Sheet Exposures	334,962	334,962	327,142	26,171
Total On and Off-Balance Sheet Exposures	7,511,406	7,370,780	5,161,016	412,881
Large Exposures Risk Requirement	-	-	-	-
Market Risk	Long position	Short position		
Foreign Currency Risk	173,339	-	173,339	13,867
	-	-	-	-
Operational Risk	-	-	368,432	29,475
Total RWA and Capital Requirements			5,702,786	456,223

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134") AND GUIDELINES ON FINANCIAL REPORTING FOR LICENSED ISLAMIC BANKING INSTITUTIONS ISSUED BY BANK NEGARA MALAYSIA

24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Group and Bank

Unaudited 30 June 2020	Exposures after netting and credit risk mitigation ("CRM")							Total exposure after netting and CRM RM'000	Total weighted assets RM'000
	Sovereigns/ Central Bank RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Real Estate RM'000	Higher Risk Assets RM'000	Other assets RM'000		
Performing Exposures									
0%	1,236,064	-	-	-	-	-	21,244	1,257,308	-
20%	-	59,058	100,692	-	-	-	-	159,750	31,950
35%	-	-	-	-	414,656	-	-	414,656	145,130
50%	-	403,690	-	-	432,445	-	-	836,135	418,068
75%	-	-	-	285,258	7,607	-	-	292,865	219,649
100%	-	-	3,833,365	-	18,702	-	90,355	3,942,422	3,942,422
150%	-	-	-	-	-	692	-	692	1,038
Total	1,236,064	462,748	3,934,057	285,258	873,410	692	111,599	6,903,828	4,758,256
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	12,438	96	4,415	-	-	16,949	8,475
100%	-	-	-	623	-	-	-	623	623
150%	-	-	8,017	-	-	-	-	8,017	12,026
Total	-	-	20,455	719	4,415	-	-	25,589	21,123
Total Performing and Defaulted	1,236,064	462,748	3,954,512	285,977	877,825	692	111,599	6,929,417	4,779,379

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24. CAPITAL ADEQUACY (Continued)

(c) The breakdown of credit risk disclosed by risk-weights (including deducted exposures) are as follows:

Group and Bank

Audited

31 December 2019

Exposures after netting and credit risk mitigation ("CRM")

Risk weights	Sovereigns/ Central Bank	Banks, DFIs & MDBs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Other assets	Total exposure after netting and CRM	Total risk weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Performing Exposures									
0%	1,183,402	-	-	-	-	-	20,233	1,203,635	-
20%	-	213,927	76,420	-	-	-	-	290,347	58,069
35%	-	-	-	-	429,129	-	-	429,129	150,195
50%	-	389,862	-	-	439,580	-	-	829,442	414,721
75%	-	-	-	292,908	7,942	-	-	300,850	225,638
100%	-	-	4,183,605	-	17,560	-	86,745	4,287,910	4,287,910
150%	-	-	-	-	-	693	-	693	1,040
Total	1,183,402	603,789	4,260,025	292,908	894,211	693	106,978	7,342,006	5,137,573
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	12,449	46	7,113	-	-	19,608	9,804
100%	-	-	-	220	-	-	-	220	220
150%	-	-	8,946	-	-	-	-	8,946	13,419
Total	-	-	21,395	266	7,113	-	-	28,774	23,443
Total Performing and Defaulted	1,183,402	603,789	4,281,420	293,174	901,324	693	106,978	7,370,780	5,161,016

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(d) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group and Bank Unaudited 30 June 2020	
	Principal RM'000	Risk-weighted RM'000
0%	1,257,308	-
20%	159,750	31,950
35%	414,656	145,130
50%	853,084	426,542
75%	292,865	219,649
100%	3,943,045	3,943,045
150%	8,709	13,064
Risk-weighted assets for credit risk	<u>6,929,417</u>	<u>4,779,379</u>
Large exposure risk-weighted assets for equity holdings		173,122
Risk-weighted assets for market risk		369,736
Risk-weighted assets for operational risk		<u>5,322,237</u>
Total risk-weighted assets		<u>5,322,237</u>

	Group and Bank Audited 31 December 2019	
	Principal RM'000	Risk-weighted RM'000
0%	1,203,635	-
20%	290,347	58,069
35%	429,129	150,195
50%	849,050	424,525
75%	300,850	225,638
100%	4,288,130	4,288,130
150%	9,639	14,459
Risk-weighted assets for credit risk	<u>7,370,780</u>	<u>5,161,016</u>
Large exposure risk-weighted assets for equity holdings		173,339
Risk-weighted assets for market risk		368,432
Risk-weighted assets for operational risk		<u>5,702,786</u>
Total risk-weighted assets		<u>5,702,786</u>

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24. CAPITAL ADEQUACY (Continued)

(e) Disclosure on off balance sheet and counterparty credit risk are as follows:

Group and Bank	Disclosure on Off Balance and Counterparty Credit Risk					
	Unaudited			Audited		
	30 June 2020			31 December 2019		
Principal amount	Credit equivalent amount	Risk weighted amount	Principal amount	Credit equivalent amount	Risk weighted amount	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Transaction-related contingent items	90,014	45,007	45,007	86,397	43,198	43,198
Trade-related contingencies	2,339	468	468	691	138	138
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	1,587,129	317,409	314,460	1,190,241	238,029	230,534
- Maturity exceeding one year	119,545	59,763	59,860	103,824	51,909	52,006
Unutilised charge card lines	-	-	-	8,438	1,688	1,266
	<u>1,799,027</u>	<u>422,647</u>	<u>419,795</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

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25 SEGMENTAL INFORMATION

Group	Unaudited 30 June 2020				
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	Total RM'000
Total revenue	64,553	61,757	53,476	176	179,961
Result					
Segment result	31,224	25,282	42,633	176	99,315
Unallocated corporate expenses	-	-	-	-	(96,233)
Profit before zakat and taxation					3,082
Zakat and taxation					-
Net profit for the financial period					3,082
Other comprehensive income					-
Total comprehensive income for the financial period					3,082
Other information					
Segment assets	1,495,153	487,978	3,362,532	-	5,345,663
Unallocated corporate assets	-	-	-	-	1,483,106
Total assets					6,828,769
Segment liabilities	1,785,160	430,856	3,388,640	-	5,604,657
Unallocated corporate liabilities	-	-	-	-	469,214
Total liabilities					6,073,871
Other segment items					
Capital expenditure	719	65	-	-	784
Unallocated capital expenditure	-	-	-	-	4,950
					5,734
Depreciation and amortisation	2,049	130	458	-	2,637
Unallocated depreciation and amortisation	-	-	-	-	6,651
					9,288
Other non-cash (income)/expenses	(1,079)	-	3,907	-	2,828

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25 SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 June 2020				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	64,541	61,757	53,477	-	179,774
Result					
Segment result	31,212	25,282	42,634	-	99,128
Unallocated corporate expenses					(96,087)
Profit before zakat and taxation					3,041
Zakat and taxation					-
Net profit for the financial period					3,041
Other comprehensive income					-
Total comprehensive income for the financial period					3,041
Other information					
Segment assets	1,495,153	487,978	3,362,533		5,345,664
Unallocated corporate assets					1,483,072
Total assets					6,828,736
Segment liabilities	1,785,160	430,856	3,388,640	-	5,604,657
Unallocated corporate liabilities	-	-	-	-	469,435
Total liabilities					6,074,092
Other segment items					
Capital expenditure	719	65	-	-	784
Unallocated capital expenditure	-	-	-	-	4,950
					5,734
Depreciation and amortisation	2,049	130	458	-	2,637
Unallocated depreciation and amortisation	-	-	-	-	6,651
					9,288
Other non-cash (income)/expenses	(1,079)	-	3,907	-	2,828

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25 SEGMENTAL INFORMATION (Continued)

Group	Unaudited 30 June 2019				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	79,880	49,436	65,872	169	195,357
Result					
Segment result	30,167	16,700	47,857	169	94,893
Unallocated corporate expenses	-	-	-	-	(87,742)
Profit before zakat and taxation					7,151
Zakat and taxation					-
Net profit for the financial year					7,151
Other comprehensive income					-
Total comprehensive income for the financial year					7,151
Other information					
Segment assets	1,552,194	366,164	3,595,665	-	5,514,023
Unallocated corporate assets	-	-	-	-	1,682,273
Total assets					7,196,296
Segment liabilities	3,749,681	2,248,893	-	-	5,998,574
Unallocated corporate liabilities	-	-	-	-	465,077
Total liabilities					6,463,651
Other segment items					
Capital expenditure	1,966	165	205	-	2,336
Unallocated capital expenditure	-	-	-	-	11,106
					13,442
Depreciation and amortisation	2,360	124	58	-	2,543
Unallocated depreciation and amortisation	-	-	-	-	-
					2,543
Other non-cash (income)/expenses	(5,927)	-	7,934	-	2,007

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25 SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 June 2019				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	79,880	49,436	65,872	-	195,188
Result					
Segment result	30,167	16,700	47,857	-	94,724
Unallocated corporate expenses	-	-	-	-	(44,307)
Profit before zakat and taxation					50,417
Zakat and taxation	-	-	-	-	-
Net profit for the financial year					50,417
Other comprehensive income					-
Total comprehensive income for the financial year					50,417
Other information					
Segment assets	1,552,194	366,164	3,595,665	-	5,514,023
Unallocated corporate assets	-	-	-	-	1,682,270
Total assets					7,196,292
Segment liabilities	3,749,681	2,248,893	-	-	5,998,574
Unallocated corporate liabilities	-	-	-	-	465,286
Total liabilities					6,463,860
Other segment items					
Capital expenditure	1,966	165	205	-	2,336
Unallocated capital expenditure	-	-	-	-	11,106
					13,442
Depreciation and amortisation	2,360	124	58	-	2,543
Unallocated depreciation and amortisation	-	-	-	-	-
					2,543
Other non-cash (income)/expenses	(5,927)	-	7,934	-	2,007

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26 REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2020 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 30th June 2020, the Group and Bank recorded a pre tax profit of RM3.1 million and RM3.0 million respectively as compared to a pre tax profit of RM7.2 million and RM7.1 million respectively in the preceding year's corresponding period.

27 PROSPECTS FOR 2020

Economics worldwide are faced with palpable challenges. As pandemic still races on, more nations are giving into lockdowns and restricted movements. The reality prompted Bank Negara Malaysia to reverse the nation's 2020 GDP-forecast to a possible 2% contraction.

Fortunately, the Bank came into 2020 in better shape with its asset-quality and capital-position remain well-preserved. As such, the Bank remains confident to withstand the economic challenges ahead.