



**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**

(Incorporated in Malaysia)

Company No. 200501036909 (719057-X)

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

	Note	Group		Bank	
		Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
<b>ASSETS</b>					
Cash and short-term funds		97,967	237,229	97,967	237,229
Deposits and placements with banks and other financial institutions	9	390,427	389,862	390,427	389,862
Derivatives assets		-	34	-	34
Financial investment at amortised cost	10	731,883	744,126	731,883	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	11	496,009	313,663	496,009	313,663
Financing and advances	12	4,838,837	5,266,868	4,838,837	5,266,868
Other assets		21,822	15,988	21,801	15,984
Statutory deposit with Bank Negara Malaysia		7,573	135,900	7,573	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		16,553	18,778	16,553	18,778
Intangible assets		32,585	37,016	32,585	37,016
Right-of-use assets		9,468	15,303	9,468	15,303
<b>Total Assets</b>		<b>6,797,620</b>	<b>7,329,263</b>	<b>6,797,600</b>	<b>7,329,260</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>Liabilities</b>					
Deposits from customers	13	4,960,317	5,745,493	4,960,317	5,745,493
Deposits and placements of banks and other financial institutions	14	630,735	365,757	630,735	365,757
Bills and acceptances payable		1,176	4,873	1,176	4,875
Other liabilities		52,773	60,682	52,982	60,890
Lease liabilities		11,384	17,212	11,384	17,212
Subordinated Sukuk		387,753	381,881	387,753	381,881
<b>Total Liabilities</b>		<b>6,044,138</b>	<b>6,575,898</b>	<b>6,044,347</b>	<b>6,576,108</b>
<b>Shareholder's equity</b>					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		(246,518)	(246,635)	(246,747)	(246,848)
<b>Total Shareholder's Equity</b>		<b>753,482</b>	<b>753,365</b>	<b>753,253</b>	<b>753,152</b>
<b>Total Liabilities and Shareholder's Equity</b>		<b>6,797,620</b>	<b>7,329,263</b>	<b>6,797,600</b>	<b>7,329,260</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<b>1,912,199</b>	<b>1,389,591</b>	<b>1,912,199</b>	<b>1,389,591</b>
<b>CAPITAL ADEQUACY</b>					
CET 1 / Core capital ratio	23	12.970%	12.343%	12.965%	12.339%
Risk-weighted capital ratio		21.256%	20.002%	21.251%	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.

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

Group	Note	Quarter Ended		Period Ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>80,261</b>	<b>114,884</b>	<b>260,222</b>	<b>310,242</b>
Income derived from investment of depositors' funds and others	15	72,550	87,292	233,772	269,422
Income derived from investment of shareholder's funds	16	7,711	27,592	26,450	40,820
Modification loss	5	(22,686)	-	(22,686)	-
Writeback for credit losses on financial assets	17	11,140	6,651	15,693	8,658
<b>Total distributable income</b>		<b>68,715</b>	<b>121,535</b>	<b>253,229</b>	<b>318,900</b>
Income attributable to depositors	18	(32,377)	(47,013)	(117,576)	(150,688)
<b>Total Net Income</b>		<b>36,338</b>	<b>74,522</b>	<b>135,653</b>	<b>168,212</b>
Personnel expenses		(29,437)	(29,447)	(88,613)	(86,378)
Other overheads and expenditures		(17,530)	(15,249)	(54,587)	(44,857)
<b>(Loss)/ Profit before zakat and taxation</b>		<b>(10,629)</b>	<b>29,826</b>	<b>(7,547)</b>	<b>36,977</b>
Zakat		-	-	-	-
Taxation		-	-	-	-
<b>Net (loss)/ profit for the financial period,</b>		<b>(10,629)</b>	<b>29,826</b>	<b>(7,547)</b>	<b>36,977</b>
Other comprehensive income/(loss) Items that may be reclassified subsequently to profit or loss					
Financial investment held at fair value through other comprehensive income:					
- Net unrealised gain on financial investment at fair value through other comprehensive income		9,213	-	7,664	-
Other comprehensive income for the financial period net of tax		9,213	-	7,664	-
Total comprehensive (loss)/ income for the financial period		<b>(1,416)</b>	<b>29,826</b>	<b>117</b>	<b>36,977</b>
Total comprehensive (loss)/ income for the financial period attributable to equity holder of the Bank		<b>(1,416)</b>	<b>29,826</b>	<b>117</b>	<b>36,977</b>

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.

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

Bank	Note	Quarter Ended		Period Ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>80,191</b>	<b>114,784</b>	<b>259,965</b>	<b>309,973</b>
Income derived from investment of depositors' funds and others	15	72,550	87,292	233,772	269,422
Income derived from investment of shareholder's funds	16	7,641	27,492	26,193	40,551
Modification loss	5	(22,686)	-	(22,686)	-
Writeback for credit losses on financial assets	17	11,140	6,651	15,693	8,658
<b>Total distributable income</b>		<b>68,645</b>	<b>121,435</b>	<b>252,972</b>	<b>318,631</b>
Income attributable to depositors	18	(32,377)	(47,013)	(117,576)	(150,688)
<b>Total Net Income</b>		<b>36,268</b>	<b>74,422</b>	<b>135,396</b>	<b>167,943</b>
Personnel expenses		(29,409)	(29,425)	(88,536)	(86,314)
Other overheads and expenditures		(17,462)	(15,199)	(54,423)	(44,732)
<b>(Loss)/ Profit before zakat and taxation</b>		<b>(10,603)</b>	<b>29,798</b>	<b>(7,563)</b>	<b>36,897</b>
Zakat		-	-	-	-
Taxation		-	-	-	-
<b>Net (loss)/ profit for the financial period,</b>		<b>(10,603)</b>	<b>29,798</b>	<b>(7,563)</b>	<b>36,897</b>
Other comprehensive income/(loss) Items that may be reclassified subsequently to profit or loss					
Financial investment held at fair value through other comprehensive income:					
- Net unrealised gain on financial investment at fair value through other comprehensive income		9,213	-	7,664	-
Other comprehensive income for the financial period net of tax		9,213	-	7,664	-
Total comprehensive (loss)/ income for the financial period		<b>(1,391)</b>	<b>29,798</b>	<b>101</b>	<b>36,897</b>
Total comprehensive (loss)/ income for the financial period attributable to equity holder of the Bank		<b>(1,391)</b>	<b>29,798</b>	<b>101</b>	<b>36,897</b>

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.

INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 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
<b>Group</b>						
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)	-
<b>At 31 December 2019</b>	<b>1,000,000</b>	<b>13,206</b>	<b>4,500</b>	<b>(542)</b>	<b>(263,799)</b>	<b>753,365</b>
<b>Group</b>						
At 1 January 2020	1,000,000	13,206	4,500	(542)	(263,799)	753,365
Total comprehensive income for the financial period	-	-	-	7,664	(7,547)	117
<b>At 30 September 2020</b>	<b>1,000,000</b>	<b>13,206</b>	<b>4,500</b>	<b>7,122</b>	<b>(271,346)</b>	<b>753,482</b>
<b>Bank</b>						
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)	-
<b>At 31 December 2019</b>	<b>1,000,000</b>	<b>13,206</b>	<b>4,500</b>	<b>(542)</b>	<b>(264,012)</b>	<b>753,152</b>
<b>Bank</b>						
At 1 January 2020	1,000,000	13,206	4,500	(542)	(264,012)	753,152
Total comprehensive income for the financial period	-	-	-	7,664	(7,563)	101
<b>At 30 September 2020</b>	<b>1,000,000</b>	<b>13,206</b>	<b>4,500</b>	<b>7,122</b>	<b>(271,575)</b>	<b>753,253</b>

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.

**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**

**(Incorporated in Malaysia)**

Company No.

200501036909 (719057-X)

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

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before zakat and taxation	(7,547)	36,977	(7,563)	36,897
Adjustments for:				-
Depreciation of property and equipment	4,474	4,696	4,474	4,696
Amortisation of intangible assets	9,453	6,148	9,453	6,148
Depreciation of Right-of-use of assets	5,783	9,612	5,783	9,612
Finance charges on lease liabilities	447	-	447	-
Write back of allowance for credit losses	(11,930)	(2,509)	(11,930)	(2,509)
Bad debts on financing - Written off	545	645	545	645
Bad debts on financing - Recovered	(4,309)	(6,794)	(4,309)	(6,794)
Allowance for credit losses	762	-	762	-
Gain on disposal of financial investment at FVOCI	(10,745)	-	(10,745)	-
Unrealised gain from foreign exchange translations	750	(973)	750	(973)
Operating cashflow before workings capital changes	<u>(12,317)</u>	<u>47,802</u>	<u>(12,333)</u>	<u>47,722</u>
<b>(Increase)/decrease in operating activities</b>				
Deposits and placements with banks and other financial institutions	(1,315)	(2,033)	(1,315)	(2,033)
Derivative assets	34	-	34	-
Financing and advances	442,962	99,310	442,962	99,310
Other assets	(5,817)	(17,919)	(5,801)	(17,925)
Statutory deposit with Bank Negara Malaysia	128,327	40,449	128,327	40,449
<b>(Increase)/decrease in operating liabilities</b>				
Deposits from customers	(785,176)	(859,526)	(785,176)	(859,526)
Deposits and placements of banks and other financial institutions	264,978	(227,040)	264,978	(227,040)
Bills and acceptances payable	(3,697)	(2,155)	(3,699)	(2,155)
Other liabilities	(7,857)	(19,217)	(7,855)	(19,131)
Net cash generated from/(used in) operating activities	<u>20,123</u>	<u>(940,328)</u>	<u>20,123</u>	<u>(940,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(2,264)	(9,194)	(2,264)	(9,194)
Purchase of intangible asset	(5,022)	(16,690)	(5,022)	(16,690)
Proceeds from disposal of financial investments at FVOCI	420,345	-	420,345	-
Repayment of Financial investment at amortised cost	18,114	798,790	18,114	798,790
Purchase of Financial investment at FVOCI	(584,282)	-	(584,282)	-
Net cash used in investing activities	<u>(153,110)</u>	<u>772,906</u>	<u>(153,110)</u>	<u>772,906</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Lease payments, representing	(6,275)	-	(6,275)	-
Net cash used in financing activities	<u>(6,275)</u>	<u>-</u>	<u>(6,275)</u>	<u>-</u>
<b>NET DECREASE IN CASH AND SHORT-TERM FUNDS</b>				
	<b>(139,262)</b>	<b>(167,422)</b>	<b>(139,262)</b>	<b>(167,422)</b>
Cash and short-term funds as at 1 January	237,229	247,267	237,229	247,267
<b>CASH AND SHORT-TERM FUNDS</b>	<b><u>97,967</u></b>	<b><u>79,845</u></b>	<b><u>97,967</u></b>	<b><u>79,845</u></b>

*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.*

**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 &amp; 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.

**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 (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 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 3rd Quarter ended 30 September 2020.

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

During the financial period, Al Rajhi Bank (M) Berhad have granted an automatic moratorium on certain financing repayments, by individual and small and medium enterprises ("SMEs") for a period of six month from 1 April 2020 as per the announcement made by BNM to assist individual and SMEs experiencing temporary financial constraints due to COVID-19 pandemic. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days as at 1 April 2020 and denominated in Malaysia Ringgit.

As a result of the moratorium, ARBM has recognised a modification loss of RM22.7 million due to cash flow modification on the financing under moratorium arrangement.

In relation to the forward-looking adjustment for the ECL assessment, ABRM has taken specific action based on latest available forecast data as at the reporting date to reflect the economic condition expected during the COVID-19 pandemic.

**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 September 2020.

**7. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale or repayments of debt and equity securities in the 3rd Quarter ended 30 September 2020.

**8. DIVIDENDS PAID**

There were no dividends paid during the 3rd Quarter ended 30 September 2020.



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 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Foreign financial institutions	390,427	389,862

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
<b>At amortised cost</b>		
Unquoted :		
Islamic government securities in Malaysia	718,241	725,856
Islamic private debt securities in Malaysia	14,050	18,321
	<u>732,291</u>	<u>744,177</u>
Expected credit loss ("ECL")	(408)	(51)
	<u>731,883</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 RM'000	ECL RM'000	ECL 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	357	-	-	357
Closing balance	<u>408</u>	-	-	<u>408</u>

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

	Group and Bank	
	2020 RM'000	2019 RM'000
<b>At fair value</b>		
Quoted :		
<b>Government securities and treasury bills:</b>		
Islamic government securities in Malaysia	496,009	313,663
Total Financial Investments at FVOCI	<u>496,009</u>	<u>313,663</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

12. FINANCING AND ADVANCES

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

Group and Bank			Unaudited 30 September 2020
	Murabahah RM'000	Qard RM'000	Total net financing and advances RM'000
<b>At amortised cost</b>			
Term Financing:			
Corporate financing	3,419,236	-	3,419,236
Home financing	884,305	-	884,305
Personal financing	531,561	-	531,561
Vehicle financing	40,915	-	40,915
SME financing	22,963	-	22,963
Shop-house financing	27,365	-	27,365
Charge cards	-	177	177
Gross financing and advances	4,926,345	177	4,926,522
Less: Modification loss			(22,686)
			4,903,836
Less: Impairment allowance			
- Stage 1			(20,129)
- Stage 2			(22,101)
- Stage 3			(22,769)
Total net financing and advances			4,838,837

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

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 2020	4,992,876	300,100	62,574	5,355,550
Transfer to stage 1	50,788	(48,130)	(2,658)	-
Transfer to stage 2	(54,330)	54,911	(581)	-
Transfer to stage 3	(327)	(2,630)	2,957	-
Financing derecognised during the period (other than write-off)	(2,490,535)	(116,502)	(780)	(2,607,818)
Write off	-	-	(15,205)	(15,205)
New financing originated	2,041,870	253,998	79	2,295,947
Modification loss	-	-	-	(22,686)
Changes to contractual cash flow (excluding derecognition)	(72,701)	(31,260)	2,009	(101,953)
Gross carrying amount as at 30 September 2020	4,467,640	410,487	48,395	4,903,836

Group and Bank			Audited 31 December 2019
	Murabahah RM'000	Qard RM'000	Total net financing and advances RM'000
<b>At amortised cost</b>			
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	5,355,209	341	5,355,550
Less: Impairment allowance			
- Stage 1			(29,854)
- Stage 2			(25,045)
- Stage 3			(33,783)
Total net financing and advances			5,266,868

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	4,914,459	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>4,976,418</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Domestic non-bank financial institutions	29,786	26,198
Domestic business enterprise	3,410,813	3,814,731
Individuals	1,451,784	1,500,354
Foreign entities	11,453	14,267
	<u>4,903,836</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Fixed rate:		
Personal financing	518,117	530,055
Corporate financing	113,074	145,459
Vehicle financing	39,854	46,313
SME financing	17,182	24,920
Home financing	4,699	5,422
Charge card	177	341
Shop-house financing	431	509
Variable rate:		
Home financing	873,243	905,266
Shop-house financing	26,758	26,716
Corporate financing	3,310,301	3,670,549
	<u>4,903,836</u>	<u>5,355,550</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

12 FINANCING AND ADVANCES (Continued)

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Due within three months	518,618	1,736,949
More than three months to one year	954,423	805,363
More than one year to five years	752,925	582,944
More than five years	2,677,870	2,230,294
	<u>4,903,836</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Malaysia	4,903,836	5,355,550

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Working capital	2,621,505	3,020,442
Purchase of property - residential property	882,447	914,028
Personal use	517,920	530,257
Purchase of land	175,331	180,140
Others	147,020	127,282
Purchase of industrial buildings and factories	137,113	157,400
Purchase fixed assets (excluding land & building)	93,658	82,209
Purchase of commercial complex	83,704	84,942
Construction	82,591	87,043
Purchase of other non-residential property	81,595	83,694
Purchase of shophouses	41,257	41,781
Purchase of vehicles	39,518	45,991
Charge card	177	341
	<u>4,903,836</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Household	1,463,575	1,515,008
Wholesale & Retail trade	996,740	1,085,891
Manufacturing	805,576	939,397
Real estate, renting and business activities	774,659	800,121
Construction	509,125	640,086
Agriculture, hunting and related service activities	72,420	80,069
Education, Health and Others	69,905	104,728
Other business	62,145	69,447
Transportation	46,601	38,873
Hotel & restaurant	43,770	40,541
Finance intermediation	29,786	26,197
Mining and Quarrying	29,534	15,192
	<u>4,903,836</u>	<u>5,355,550</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

12. FINANCING AND ADVANCES (Continued)

(i) Movements in impaired financing and advances

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
At 1 January	62,574	66,846
Impaired during the financial period / year	25,641	46,910
Reclassified as non impaired	(14,199)	(6,797)
Recoveries	(10,416)	(24,486)
Write-off	(15,205)	(19,899)
At 31 December	<u>48,395</u>	<u>62,574</u>
Ratio of net impaired financing and advances to gross financing and advances less individual impairment	0.52%	0.54%

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM2,681,000 (Dec 2019: RM2,383,000).

All impaired financing are within Malaysia.

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
<b>ECL/ Collective assessment allowance</b>		
At 1 January		
Stage 1 ECL	29,855	33,982
Stage 2 ECL	25,044	32,150
Net stage 1 ECL written back during the financial period	(9,725)	(4,128)
Net stage 2 ECL provided / (written back) during the financial period	(2,943)	(7,105)
Closing Balance	<u>42,231</u>	<u>54,899</u>
As % of total gross financing and advances less individual impairment allowances	0.85%	1.03%
<b>ECL/ Individual assessment allowance</b>		
At 1 January	33,783	33,018
Net stage 3 ECL provided during financial period	194	14,456
Amount written off	(11,208)	(13,691)
Closing Balance	<u>22,768</u>	<u>33,783</u>

**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**

(Incorporated in Malaysia)

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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**

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

<b>Group and Bank</b>	<b>Stage 1</b> RM'000	<b>Stage 2</b> RM'000	<b>Stage 3</b> RM'000	<b>Total</b> RM'000
At 1 January	29,854	25,045	33,783	88,682
Restated for adoption of new accounting standards				
Changes due to financial assets recognised in the opening balance :				
Transferred to 12-mth ECL	10,482	(8,596)	(1,886)	-
Transferred to Lifetime ECL not credit impaired	(341)	868	(527)	-
Transferred to Lifetime ECL credit impaired	(3)	(341)	344	-
Financing derecognised during the period (other than write-offs)	(5,015)	(486)	(250)	(5,751)
Write-offs	-	-	(11,209)	(11,209)
New financing originated	3,315	827	98	4,240
Changes due to change in credit risk	(10,207)	3,314	5,186	(1,707)
Allowance (written back)/ made, net	(7,955)	1,471	(2,772)	(9,256)
Closing balance	<u>20,130</u>	<u>22,102</u>	<u>22,767</u>	<u>64,999</u>

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

	<b>Group and Bank</b>	
	<b>Unaudited</b> <b>30 September</b> <b>2020</b> RM'000	<b>Audited</b> <b>31 December</b> <b>2019</b> RM'000
Malaysia	<u>48,395</u>	<u>62,574</u>

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

	<b>Group and Bank</b>	
	<b>Unaudited</b> <b>30 September</b> <b>2020</b> RM'000	<b>Audited</b> <b>31 December</b> <b>2019</b> RM'000
Working capital	40,642	42,496
Purchase of properties - residential	6,281	12,059
Personal use	1,310	7,192
Purchase of transport vehicles	6	513
Charge card	156	314
	<u>48,395</u>	<u>62,574</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

12. FINANCING AND ADVANCES (Continued)

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

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Construction	31,604	32,303
Household	10,737	20,078
Other business	5,660	9,296
Manufacturing	394	897
	<u>48,395</u>	<u>62,574</u>

13. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
<b>Savings deposits</b>		
Qard	120,199	122,606
Commodity Murabahah	56,392	19,072
<b>Demand deposits</b>		
Qard	261,850	400,456
Mudarabah	258	254
Commodity Murabahah	683,365	414,959
<b>Term deposit</b>		
Commodity Murabahah	3,835,818	4,785,139
<b>General investment account</b>		
Mudarabah	495	486
Wakalah	1,583	2,141
<b>Other deposits</b>	357	380
	<u>4,960,317</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 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Business enterprises	1,647,768	1,892,511
Government and statutory bodies	1,802,203	2,104,264
Non-bank financial institutions	840,694	1,201,737
Other entities	228,820	158,813
Individuals	357,825	302,784
Non resident	83,007	85,384
	<u>4,960,317</u>	<u>5,745,493</u>

(c) By maturity structure

	Group and Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Due within three months	2,965,057	4,256,304
More than three months to one year	1,977,598	1,364,417
More than one year to five years	17,662	124,772
	<u>4,960,317</u>	<u>5,745,493</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

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank Unaudited 30 September 2020 RM'000	Group and Bank Audited 31 December 2019 RM'000
<b>Non-Mudharabah Funds</b>		
Licensed Islamic banks	297,387	167,871
Licensed financial institutions	333,348	197,886
	<u>630,735</u>	<u>365,757</u>

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

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of:				
(i) General investment deposits	9	29	27	125
(ii) Other deposits	72,541	87,263	233,745	269,297
	<u>72,550</u>	<u>87,292</u>	<u>233,772</u>	<u>269,422</u>

(i) Income derived from investment of general investment deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Finance income and hibah</b>				
Financing and advances	8	28	26	121
Money at call and deposit with financial institutions	1	1	1	4
Total finance income and hibah	<u>9</u>	<u>29</u>	<u>27</u>	<u>125</u>

(ii) Income derived from investment of other deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Finance income and hibah</b>				
Financing and advances	60,276	73,591	195,909	222,882
Financial investment at amortised cost	7,483	10,691	22,342	39,961
Financial investments at fair value through other comprehensive income (FVOCI)	3,498	-	9,902	-
Money at call and deposit with financial institutions	1,284	2,981	5,592	6,455
Accretion of discount	-	-	-	(1)
	<u>72,541</u>	<u>87,263</u>	<u>233,745</u>	<u>269,297</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

16. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group Quarter Ended		Group Period Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Money at call and deposit with financial institutions	520	578	2,085	3,638
Total finance income and hibah	520	578	2,085	3,638
<b>Other operating income</b>				
- Net (loss) / gain from foreign exchange translations				
- Realised	(38)	(52)	(142)	209
- Unrealised	189	1,005	892	2,291
- Rental income	433	457	1,193	1,364
- Realised gain on gold	635	206	1,203	579
- Gain on disposal of financial investment at amortised cost	-	21,494	-	21,494
- Gain on disposal of financial investment at FVOCI	1,501	-	10,745	-
- Others	77	56	213	1,225
<b>Other income</b>				
- Agency fees	70	100	258	268
- Service charges	358	912	1,220	2,476
- Commission received	3,966	2,836	8,783	7,276
	<u>7,711</u>	<u>27,592</u>	<u>26,450</u>	<u>40,820</u>

	Bank Quarter Ended		Bank Period Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Money at call and deposit with financial institutions	520	578	2,085	3,638
Total finance income and hibah	520	578	2,085	3,638
<b>Other operating income</b>				
- Net (loss) / gain from foreign exchange translations				
- Realised	(38)	(52)	(142)	209
- Unrealised	189	1,005	892	2,291
- Rental income	433	458	1,193	1,364
- Realised gain on gold	635	206	1,203	579
- Gain on disposal of financial investment at amortised cost	-	21,494	-	21,494
- Gain on disposal of financial investment at FVOCI	1,501	-	10,745	-
- Others	77	55	214	1,225
<b>Other income</b>				
- Agency fees	-	-	-	-
- Service charges	358	912	1,220	2,476
- Commission received	3,966	2,836	8,783	7,275
	<u>7,641</u>	<u>27,492</u>	<u>26,193</u>	<u>40,551</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**

**17. WRITEBACK FOR CREDIT LOSSES ON FINANCIAL ASSETS**

	Group and Bank			
	Quarter Ended		Period Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	(454)	(2,442)	(1,446)	(3,972)
- written back during the financial period	5,749	-	11,171	2,832
Stage 2				
- provided during the financial period	(2,175)	-	(2,868)	(3,622)
- written back during the financial period	3,279	8,406	5,811	13,121
Stage 3				
- provided during the financial period	1,300	(2,468)	(3,550)	(8,103)
- written back during the financial period	2,001	(2,397)	3,357	(1,624)
	<u>9,700</u>	<u>1,099</u>	<u>12,474</u>	<u>(1,368)</u>
(b) Bad debts on financing:				
- recovered during the financial period	1,948	2,419	4,309	6,794
- written off during the financial period	(118)	(276)	(545)	(645)
Total	<u>1,830</u>	<u>2,143</u>	<u>3,764</u>	<u>6,149</u>
(c) Financial investment at amortised cost				
- Provided in the financial period	(181)	-	(357)	-
- Written back	-	3,430	-	3,766
Total	<u>(181)</u>	<u>3,430</u>	<u>(357)</u>	<u>3,766</u>
(d) Impairment allowance for off balance sheet				
- Provided in the financial period	(147)	9	(108)	(3)
- Written back	(63)	(30)	(80)	114
Total	<u>(210)</u>	<u>(21)</u>	<u>(188)</u>	<u>111</u>
Grand total	<u>11,140</u>	<u>6,651</u>	<u>15,693</u>	<u>8,658</u>

**18. INCOME ATTRIBUTABLE TO DEPOSITORS**

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	31,373	44,998	112,511	140,895
- Mudharabah	3	170	10	845
- Wakalah	13	23	40	107
	<u>31,389</u>	<u>45,191</u>	<u>112,561</u>	<u>141,847</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	988	1,822	5,015	8,841
	<u>32,377</u>	<u>47,013</u>	<u>117,576</u>	<u>150,688</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.

**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**  
**(Incorporated in Malaysia)**  
 Company No.  
 200501036909 (719057-X)

**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**

**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 September 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
<b>Group and Bank</b>						
Transaction-related contingent items	110,745	55,372	55,372	86,397	43,198	43,198
Trade-related contingencies	5,822	1,164	1,164	691	138	138
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	1,660,927	332,139	320,549	1,190,241	238,029	230,534
- Maturity exceeding one year	134,705	67,336	67,433	103,824	51,909	52,006
Unutilised credit card lines	-	-	-	8,438	1,688	1,266
	<u>1,912,199</u>	<u>456,011</u>	<u>444,518</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**

(Incorporated in Malaysia)

Company No.

200501036909 (719057-X)

**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**

**22. FINANCIAL RISK MANAGEMENT**

**Market Risk - 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				
<b>Unaudited 30 September 2020</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>									
Cash and short term funds	8,312	-	-	-	-	89,655	-	97,967	1.68
Deposit and placement with other FI / Institutions	110,787	-	276,967	-	-	2,673	-	390,427	1.57
Financial investment at amortised cost	-	3,000.00	-	651,000	69,592	8,291	-	731,883	4.04
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	20,000.00	60,000	-	416,009	-	496,009	2.91
Financing and advances									
- Performing <sup>(1)</sup>	494,181	939,737	758,048	584,287	2,015,781	43,885	-	4,835,919	5.32
- Non performing	-	-	-	-	-	25,604	-	25,604	
- Mod loss	-	-	-	-	-	(22,686)	-	(22,686)	
Other assets <sup>(2)</sup>	-	-	-	-	-	242,497	-	242,497	
<b>Total assets</b>	<b>613,280</b>	<b>942,737</b>	<b>1,055,015</b>	<b>1,295,287</b>	<b>2,085,373</b>	<b>805,928</b>	<b>-</b>	<b>6,797,620</b>	

**Note:**

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

<sup>(2)</sup> 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

22. 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
Unaudited (Continued) 30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Liabilities</b>									
Deposits from customers	634,399	1,183,042	1,973,090	17,663	-	1,152,123	-	4,960,317	2.76
Deposits and placements of banks and other financial institutions	466,622	87,000	74,500	-	-	2,613	-	630,735	1.96
Bills and acceptance payable	-	-	-	-	-	1,176	-	1,176	
Other liabilities	-	-	-	-	-	52,773	-	52,773	
Lease Liabilities	-	-	-	-	-	11,384	-	11,384	
Subordinated Sukuk	110,787	-	276,966	-	-	-	-	387,753	
<b>Total liabilities</b>	<b>1,211,808</b>	<b>1,270,042</b>	<b>2,324,556</b>	<b>17,663</b>	<b>-</b>	<b>1,220,069</b>	<b>-</b>	<b>6,044,138</b>	
Shareholders' fund	-	-	-	-	-	753,482	-	753,482	
<b>Total liabilities and shareholders' fund</b>	<b>1,211,808</b>	<b>1,270,042</b>	<b>2,324,556</b>	<b>17,663</b>	<b>-</b>	<b>1,973,551</b>	<b>-</b>	<b>6,797,620</b>	
On-balance sheet profit sensitivity gap	(804,809)	(1,113,815)	(650,172)	1,109,255	2,543,717	(1,084,177)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,807,407	-		
<b>Total profit sensitivity gap</b>	<b>(804,809)</b>	<b>(1,113,815)</b>	<b>(650,172)</b>	<b>1,109,255</b>	<b>2,543,717</b>	<b>723,230</b>	<b>-</b>		

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

22. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk - Profit Rate Risk (continued)

Bank	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000	Average effective profit rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 5 years RM'000	> 5 years RM'000				
<b>Unaudited 30 September 2020</b>									
<b>Assets</b>									
Cash and short term funds	8,312	-	-	-	-	89,655	-	97,967	1.68
Deposit and placement with other FI / Institutions	110,787	-	276,967	-	-	2,673	-	390,427	1.57
Financial investment at amortised cost	-	3,000	-	651,001	69,592	8,290	-	731,883	4.04
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	20,000	60,000	-	416,009	-	496,009	2.91
Financing and advances									
- Performing <sup>(1)</sup>	494,181	939,737	758,048	584,287	2,015,781	43,885	-	4,835,919	5.32
- Non performing	-	-	-	-	-	25,604	-	25,604	
Other assets <sup>(2)</sup>	-	-	-	-	-	(22,686)	-	(22,686)	
<b>Total assets</b>	<b>613,280</b>	<b>942,737</b>	<b>1,055,015</b>	<b>1,295,288</b>	<b>2,085,373</b>	<b>805,907</b>	<b>-</b>	<b>6,797,600</b>	

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

22. 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 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Liabilities</b>									
Deposits from customers	634,399	1,183,042	1,973,090	17,663	-	1,152,123	-	4,960,317	2.76
Deposits and placements of banks and other financial institutions	466,622	87,000	74,500	-	-	2,613	-	630,735	1.96
Bills and acceptance payable	-	-	-	-	-	1,176	-	1,176	
Other liabilities	-	-	-	-	-	52,982	-	52,982	
Lease Liabilities	-	-	-	-	-	11,384	-	11,384	
Subordinated Sukuk	110,787	-	276,966	-	-	-	-	387,753	
<b>Total liabilities</b>	<b>1,211,808</b>	<b>1,270,042</b>	<b>2,324,556</b>	<b>17,663</b>	<b>-</b>	<b>1,220,278</b>	<b>-</b>	<b>6,044,347</b>	
Shareholders' fund	-	-	-	-	-	753,253	-	753,253	
<b>Total liabilities and shareholders' fund</b>	<b>1,211,808</b>	<b>1,270,042</b>	<b>2,324,556</b>	<b>17,663</b>	<b>-</b>	<b>1,973,531</b>	<b>-</b>	<b>6,797,600</b>	
On-balance sheet profit sensitivity gap	(804,809)	(1,113,815)	(650,172)	1,109,255	2,543,717	(1,084,177)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,807,407	-		
<b>Total profit sensitivity gap</b>	<b>(804,809)</b>	<b>(1,113,815)</b>	<b>(650,172)</b>	<b>1,109,255</b>	<b>2,543,717</b>	<b>723,230</b>	<b>-</b>		

**AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.**

**(Incorporated in Malaysia)**

Company No.

200501036909 (719057-X)

**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**

**22. 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 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
Cash and short term funds	179,093	-	-	-	-	58,136	-	237,229	2.15
Hedging financial instruments	-	-	-	-	-	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 <sup>(1)</sup>	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 <sup>(2)</sup>	-	-	-	-	-	362,178	-	362,178	
Right-of-use assets	-	-	-	-	-	15,303	-	15,303	
<b>Total assets</b>	<b>772,979</b>	<b>1,167,353</b>	<b>1,147,077</b>	<b>1,211,086</b>	<b>2,547,248</b>	<b>483,520</b>	<b>-</b>	<b>7,329,263</b>	

**Note:**

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

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



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

22. 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	%
<b>Liabilities</b>									
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	
<b>Total liabilities</b>	<b>1,375,297</b>	<b>2,259,175</b>	<b>1,730,358</b>	<b>123,557</b>	<b>-</b>	<b>1,087,511</b>	<b>-</b>	<b>6,575,898</b>	
Shareholders' fund	-	-	-	-	-	753,365	-	753,365	
<b>Total liabilities and shareholders' fund</b>	<b>1,375,297</b>	<b>2,259,175</b>	<b>1,730,358</b>	<b>123,557</b>	<b>-</b>	<b>1,840,876</b>	<b>-</b>	<b>7,329,263</b>	
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	-		
<b>Total profit sensitivity gap</b>	<b>(602,318)</b>	<b>(1,091,822)</b>	<b>(583,281)</b>	<b>1,087,529</b>	<b>2,547,248</b>	<b>32,235</b>	<b>-</b>		

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

22. 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 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
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 <sup>(1)</sup>	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 <sup>(2)</sup>	-	-	-	-	-	362,175	-	362,175	
Right-of-use assets	-	-	-	-	-	15,303	-	15,303	
<b>Total assets</b>	<b>772,978</b>	<b>1,167,353</b>	<b>1,147,076</b>	<b>1,211,086</b>	<b>2,547,249</b>	<b>483,518</b>	<b>-</b>	<b>7,329,260</b>	

(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

22. 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)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
31 December 2019 (Continued)									
<b>Liabilities</b>									
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	
<b>Total liabilities</b>	<b>1,375,297</b>	<b>2,259,176</b>	<b>1,730,357</b>	<b>123,557</b>	<b>-</b>	<b>1,087,721</b>	<b>-</b>	<b>6,576,108</b>	
Shareholders' fund	-	-	-	-	-	753,152	-	753,152	
<b>Total liabilities and shareholders' fund</b>	<b>1,375,297</b>	<b>2,259,176</b>	<b>1,730,357</b>	<b>123,557</b>	<b>-</b>	<b>1,840,873</b>	<b>-</b>	<b>7,329,260</b>	
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	-		
<b>Total profit sensitivity gap</b>	<b>(602,319)</b>	<b>(1,091,823)</b>	<b>(583,281)</b>	<b>1,087,529</b>	<b>2,547,249</b>	<b>32,236</b>	<b>-</b>		

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. 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 September 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
<b>CET 1/ Tier I capital</b>				
Paid-up share capital	1,000,000	1,000,000	1,000,000	1,000,000
Accumulated losses	(251,018)	(246,635)	(251,247)	(246,848)
	748,982	753,365	748,753	753,152
Less: Deferred tax	(49,496)	(49,496)	(49,497)	(49,497)
<b>Total Tier-I capital</b>	<b>699,486</b>	<b>703,869</b>	<b>699,256</b>	<b>703,655</b>
<b>Tier-II capital</b>				
Collective impairment for impairment loss on non-impaired financing	47,295	54,899	47,295	54,899
Subordinated Sukuk	399,594	381,881	399,594	381,881
<b>Total Tier-II capital</b>	<b>446,889</b>	<b>436,780</b>	<b>446,889</b>	<b>436,780</b>
<b>Capital base</b>	<b>1,146,375</b>	<b>1,140,649</b>	<b>1,146,145</b>	<b>1,140,435</b>
CET 1 / Core capital ratio	12.970%	12.343%	12.965%	12.339%
Risk-weighted capital ratio	21.256%	20.002%	21.251%	19.998%

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

	Group		Bank	
	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Credit risk	4,848,331	5,161,016	4,848,331	5,161,016
Market risk	175,210	173,339	175,210	173,339
Operational risk	369,736	368,432	369,736	368,432
	<b>5,393,277</b>	<b>5,702,787</b>	<b>5,393,277</b>	<b>5,702,787</b>

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. 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	Gross exposures RM'000	Net exposures RM'000	Group and Bank 30 September 2020	
			Risk weighted assets RM'000	Capital requirements RM'000
<b>Credit Risk</b>				
<i>On-Balance Sheet Exposures</i>				
<i>Sovereigns/Central</i>				
Banks	1,221,823	1,221,823	-	-
<i>Banks, Development</i>				
Financial Institutions ("DFIs") & MDBs	447,243	447,243	206,577	16,526
Corporate	3,691,777	3,552,057	3,507,449	280,596
Regulatory Retail	269,163	266,719	200,039	16,003
Residential Real Estate (RRE) Financing	866,216	866,216	386,747	30,940
Higher risk asset	498	498	746	60
Other assets	100,450	100,451	80,898	6,472
Defaulted Exposures	25,971	25,970	21,357	1,709
<b>Total for On-Balance Sheet Exposures</b>	<b>6,623,141</b>	<b>6,480,977</b>	<b>4,403,813</b>	<b>352,306</b>
<i>Off-Balance Sheet Exposures</i>				
<i>Off-balance sheet exposures other than OTC derivatives or credit derivatives</i>				
	456,011	456,011	444,518	35,561
<b>Total for Off-Balance Sheet Exposures</b>	<b>456,011</b>	<b>456,011</b>	<b>444,518</b>	<b>35,561</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,079,152</b>	<b>6,936,988</b>	<b>4,848,331</b>	<b>387,867</b>
<b>Large Exposures Risk Requirement</b>				
	-	-	-	-
<b>Market Risk</b>				
	Long position	Short position		
Foreign Currency Risk	175,210	-	175,210	14,017
<b>Operational Risk</b>				
			369,736	29,579
<b>Total RWA and Capital Requirements</b>			<b>5,393,277</b>	<b>431,463</b>

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. 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	Group and Bank 31 December 2019			
	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
<b>Credit Risk</b>				
<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	290,612	289,611	217,209	17,377
Residential Real Estate (RRE) Financing	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	7,176,444	7,035,818	4,833,874	386,710
<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
<b>Total On and Off-Balance Sheet Exposures</b>	<b>7,511,406</b>	<b>7,370,780</b>	<b>5,161,016</b>	<b>412,881</b>
<b>Large Exposures Risk Requirement</b>	-	-	-	-
<b>Market Risk</b>	Long position	Short position		
Foreign Currency Risk	173,339	-	173,339	13,867
	-	-	-	-
<b>Operational Risk</b>	-	-	368,432	29,475
<b>Total RWA and Capital Requirements</b>			<b>5,702,787</b>	<b>456,223</b>

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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**

**23. CAPITAL ADEQUACY (Continued)**

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

**Group and Bank**

**Unaudited  
30 September 2020**

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

<b>Risk weights</b>	<b>Sovereigns/ Central Bank RM'000</b>	<b>Banks, DFIs &amp; MDBs RM'000</b>	<b>Corporate RM'000</b>	<b>Regulatory Retail RM'000</b>	<b>Residential Real Estate RM'000</b>	<b>Higher Risk Assets RM'000</b>	<b>Other assets RM'000</b>	<b>Total exposure after netting and CRM RM'000</b>	<b>Total weighted assets RM'000</b>
<b>Performing Exposures</b>									
0%	1,221,823	-	-	-	-	-	19,552	1,241,375	-
20%	-	59,707	64,760	-	-	-	-	124,467	24,893
35%	-	-	-	-	389,682	-	-	389,682	136,389
50%	-	390,427	-	-	448,426	-	-	838,853	419,427
75%	-	-	-	275,027	7,852	-	-	282,879	212,159
100%	-	-	3,931,915	-	20,256	-	80,899	4,033,070	4,033,070
150%	-	-	-	-	-	691	-	691	1,037
<b>Total</b>	<b>1,221,823</b>	<b>450,134</b>	<b>3,996,675</b>	<b>275,027</b>	<b>866,216</b>	<b>691</b>	<b>100,451</b>	<b>6,911,017</b>	<b>4,826,975</b>
<b>Defaulted Exposures</b>									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	14,212	-	3,075	-	-	17,287	8,644
100%	-	-	-	623	-	-	-	623	623
150%	-	-	8,060	-	-	-	-	8,060	12,090
<b>Total</b>	<b>-</b>	<b>-</b>	<b>22,272</b>	<b>623</b>	<b>3,075</b>	<b>-</b>	<b>-</b>	<b>25,970</b>	<b>21,357</b>
<b>Total Performing and Defaulted</b>	<b>1,221,823</b>	<b>450,134</b>	<b>4,018,947</b>	<b>275,650</b>	<b>869,291</b>	<b>691</b>	<b>100,451</b>	<b>6,936,987</b>	<b>4,848,331</b>

**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. 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
<b>Performing Exposures</b>									
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
<b>Total</b>	<b>1,183,402</b>	<b>603,789</b>	<b>4,260,025</b>	<b>292,908</b>	<b>894,211</b>	<b>693</b>	<b>106,978</b>	<b>7,342,006</b>	<b>5,137,573</b>
<b>Defaulted Exposures</b>									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	12,449	46	7,113	-	-	19,608	9,804
100%	-	-	-	220	-	-	-	220	220
150%	-	-	8,946	-	-	-	-	8,946	13,419
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21,395</b>	<b>266</b>	<b>7,113</b>	<b>-</b>	<b>-</b>	<b>28,774</b>	<b>23,443</b>
<b>Total Performing and Defaulted</b>	<b>1,183,402</b>	<b>603,789</b>	<b>4,281,420</b>	<b>293,174</b>	<b>901,324</b>	<b>693</b>	<b>106,978</b>	<b>7,370,780</b>	<b>5,161,016</b>



**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**

**23. CAPITAL ADEQUACY (Continued)**

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

	<b>Group and Bank Unaudited 30 September 2020</b>	
	<b>Principal RM'000</b>	<b>Risk-weighted RM'000</b>
0%	1,241,375	-
20%	124,467	24,893
35%	389,682	136,389
50%	856,140	428,071
75%	282,879	212,159
100%	4,033,693	4,033,693
150%	8,751	13,127
Risk-weighted assets for credit risk	<u>6,936,987</u>	<u>4,848,331</u>
Large exposure risk-weighted assets for equity holdings		172,596
Risk-weighted assets for market risk		369,428
Risk-weighted assets for operational risk		<u>5,390,355</u>
Total risk-weighted assets		<u>5,390,355</u>

	<b>Group and Bank Audited 31 December 2019</b>	
	<b>Principal RM'000</b>	<b>Risk-weighted RM'000</b>
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>5,702,787</u>
Total risk-weighted assets		<u>5,702,787</u>

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. 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 September 2020			31 December 2019		
Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	
Direct credit substitutes						
Transaction-related contingent items	110,745	55,372	55,372	86,397	43,198	43,198
Short term self liquidating trade related contingencies	5,822	1,164	1,164	691	138	138
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	134,705	67,336	67,433	103,824	51,909	52,006
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	1,660,927	332,139	320,549	1,190,241	238,029	230,534
Unutilised credit card lines	-	-	-	8,438	1,688	1,266
	<u>1,912,199</u>	<u>456,011</u>	<u>444,518</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

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

24. SEGMENTAL INFORMATION

Group	Unaudited 30 September 2020				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	95,829	81,863	81,415	1,116	260,222
<b>Result</b>					
Segment result	34,452	31,672	68,413	1,116	135,653
Unallocated corporate expenses	-	-	-	-	(143,200)
Profit before zakat and taxation					(7,547)
Zakat and taxation					-
<b>Net profit for the financial period</b>					<b>(7,547)</b>
Other comprehensive income					-
<b>Total comprehensive income for the financial period</b>					<b>(7,547)</b>
<b>Other information</b>					
Segment assets	1,475,620	476,415	3,382,767	-	5,334,801
Unallocated corporate assets	-	-	-	-	1,462,819
Total assets					<b>6,797,620</b>
Segment liabilities	1,777,672	403,726	3,409,655	-	5,591,053
Unallocated corporate liabilities	-	-	-	-	453,085
Total liabilities					<b>6,044,138</b>
<b>Other segment items</b>					
Capital expenditure	154	311	10	-	475
Unallocated capital expenditure	-	-	-	-	4,635
					<b>5,110</b>
Depreciation and amortisation	3,304	195	615	-	4,114
Unallocated depreciation and amortisation	-	-	-	-	9,813
					<b>13,927</b>
Other non-cash (income)/expenses	4,560	-	9,132	-	13,692

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

24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 September 2020				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	96,688	81,863	81,414	-	259,965
<b>Result</b>					
Segment result	35,311	31,672	68,413	-	135,396
Unallocated corporate expenses					(142,959)
Profit before zakat and taxation					(7,563)
Zakat and taxation					-
<b>Net profit for the financial period</b>					<b>(7,563)</b>
Other comprehensive income					-
<b>Total comprehensive income for the financial period</b>					<b>(7,563)</b>
<b>Other information</b>					
Segment assets	1,475,620	476,415	3,382,770		5,334,804
Unallocated corporate assets					1,462,796
Total assets					<b>6,797,600</b>
Segment liabilities	1,777,672	403,726	3,409,654	-	5,591,052
Unallocated corporate liabilities	-	-	-	-	453,295
Total liabilities					<b>6,044,347</b>
<b>Other segment items</b>					
Capital expenditure	154	311	10	-	475
Unallocated capital expenditure	-	-	-	-	4,635
					<b>5,110</b>
Depreciation and amortisation	3,304	195	615	-	4,114
Unallocated depreciation and amortisation	-	-	-	-	9,813
					<b>13,927</b>
Other non-cash (income)/expenses	4,560	-	9,132	-	13,692

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

24. SEGMENTAL INFORMATION (Continued)

Group	Unaudited 30 September 2019				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	114,132	94,957	100,884	269	310,242
<b>Result</b>					
Segment result	45,204	62,221	60,521	269	168,215
Unallocated corporate expenses	-	-	-	-	(131,238)
Profit before zakat and taxation					36,977
Zakat and taxation					-
<b>Net profit for the financial period</b>					<b>36,977</b>
Other comprehensive income					-
<b>Total comprehensive income for the financial period</b>					<b>36,977</b>
<b>Other information</b>					
Segment assets	1,536,111	205,551	3,789,143	-	5,530,805
Unallocated corporate assets	-	-	-	-	987,824
Total assets					<b>6,518,629</b>
Segment liabilities	2,689,063	2,608,050	-	-	5,297,113
Unallocated corporate liabilities	-	-	-	-	459,045
Total liabilities					<b>5,756,158</b>
<b>Other segment items</b>					
Capital expenditure	5,964	302	2,928	-	9,194
Unallocated capital expenditure	-	-	-	-	-
					<b>9,194</b>
Depreciation and amortisation	3,713	193	265	-	4,171
Unallocated depreciation and amortisation	-	-	-	-	16,285
					<b>20,456</b>
Other non-cash (income)/expenses	(6,344)	-	15,002	-	8,658

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

24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 30 September 2019				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	114,132	94,957	100,884	-	309,973
<b>Result</b>					
Segment result	45,206	62,221	60,521	-	167,948
Unallocated corporate expenses	-	-	-	-	(131,051)
Profit before zakat and taxation					36,897
Zakat and taxation	-	-	-	-	-
<b>Net profit for the financial period</b>					<b>36,897</b>
Other comprehensive income					-
<b>Total comprehensive income for the financial period</b>					<b>36,897</b>
<b>Other information</b>					
Segment assets	1,536,111	205,551	3,789,144	-	5,530,805
Unallocated corporate assets	-	-	-	-	987,820
Total assets					<b>6,518,625</b>
Segment liabilities	2,689,063	2,608,050	-	-	5,297,113
Unallocated corporate liabilities	-	-	-	-	459,283
Total liabilities					<b>5,756,396</b>
<b>Other segment items</b>					
Capital expenditure	5,964	302	2,928	-	9,194
Unallocated capital expenditure	-	-	-	-	-
					<b>9,194</b>
Depreciation and amortisation	3,713	193	265	-	4,171
Unallocated depreciation and amortisation	-	-	-	-	16,285
					<b>20,456</b>
Other non-cash (income)/expenses	(6,344)	-	15,002	-	8,658

25. REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 30 September 2020, the Group and Bank recorded a pre tax loss of RM7.5 million and RM7.6 million respectively as compared to a pre tax profit of RM37.0 million and RM36.9 million respectively in the preceding year's corresponding period. The loss was mainly due to recognition of cash flow modification loss of RM22.7 million from the moratorium granted to eligible customers.

26. 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.