

مصرف الراجحي
Al Rajhi Bank



AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD.

(Incorporated in Malaysia)

Company No. 200501036909 (719057-X)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED
31 MARCH 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 31 MARCH 2020

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and short-term funds		99,495	237,229	99,495	237,229
Deposits and placements with banks and other financial institutions	9	410,688	389,862	410,688	389,862
Derivatives assets		-	34	-	34
Financial investment at amortised cost	10	732,342	744,126	732,342	744,126
Financial investments at fair value through other comprehensive income (FVOCI)	11	410,672	313,663	410,672	313,663
Financing and advances	12	4,793,563	5,266,868	4,793,563	5,266,868
Other assets		19,018	15,988	18,991	15,984
Statutory deposit with Bank Negara Malaysia		99,524	135,900	99,524	135,900
Deferred tax assets		49,498	49,496	49,497	49,497
Investment in a subsidiary		-*	-*	-*	-*
Investment properties		105,000	105,000	105,000	105,000
Property and equipment		18,443	18,778	18,443	18,778
Intangible assets		36,125	37,016	36,125	37,016
Right-of-use assets		13,362	15,303	13,362	15,303
Total Assets		6,787,730	7,329,263	6,787,702	7,329,260
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Deposits from customers	13	5,014,655	5,745,493	5,014,655	5,745,493
Deposits and placements of banks and other financial institutions	14	568,749	365,757	568,749	365,757
Bills and acceptances payable		1,369	4,873	1,370	4,875
Other liabilities		46,950	60,682	47,138	60,890
Lease liabilities		15,351	17,212	15,351	17,212
Subordinated Sukuk		401,284	381,881	401,284	381,881
Total Liabilities		6,048,358	6,575,898	6,048,547	6,576,108
Shareholder's equity					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		(260,628)	(246,635)	(260,845)	(246,848)
Total Shareholder's Equity		739,372	753,365	739,155	753,152
Total Liabilities and Shareholder's Equity		6,787,730	7,329,263	6,787,702	7,329,260
COMMITMENTS AND CONTINGENCIES	21	1,807,407	1,389,591	1,807,407	1,389,591
CAPITAL ADEQUACY					
CET 1 / Core capital ratio	23	12.999%	12.343%	12.995%	12.339%
Risk-weighted capital ratio		21.630%	20.002%	21.626%	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 31ST MARCH 2020

Group	Note	Quarter Ended		Period Ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Revenue		93,552	98,610	93,552	98,610
Income derived from investment of depositors' funds and others	15	84,049	93,944	84,049	93,944
Income derived from investment of shareholder's funds	16	9,503	4,666	9,503	4,666
Writeback/(allowance) for credit losses on financial assets	17	1,496	(456)	1,496	(456)
Total distributable income		95,048	98,154	95,048	98,154
Income attributable to depositors	18	(45,537)	(53,015)	(45,537)	(53,015)
Total Net Income		49,511	45,139	49,511	45,139
Personnel expenses		(30,100)	(29,716)	(30,100)	(29,716)
Other overheads and expenditures		(18,250)	(13,166)	(18,250)	(13,166)
Profit before zakat and taxation		1,161	2,257	1,161	2,257
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period, representing total comprehensive income for the financial period		1,161	2,257	1,161	2,257

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 31ST MARCH 2020

	Note	Quarter Ended		Period Ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Bank					
Revenue		93,467	98,503	93,467	98,503
Income derived from investment of depositors' funds and others	15	84,049	93,944	84,049	93,944
Income derived from investment of shareholder's funds	16	9,418	4,559	9,418	4,559
Writeback/(allowance) for credit losses on financial assets	17	1,496	(456)	1,496	(456)
Total distributable income		94,963	98,047	94,963	98,047
Income attributable to depositors	18	(45,537)	(53,015)	(45,537)	(53,015)
Total Net Income		49,426	45,032	49,426	45,032
Personnel expenses		(30,078)	(29,698)	(30,078)	(29,698)
Other overheads and expenditures		(18,191)	(13,132)	(18,191)	(13,132)
Profit before zakat and taxation		1,157	2,202	1,157	2,202
Zakat		-	-	-	-
Taxation		-	-	-	-
Net profit for the financial period, representing total comprehensive income for the financial period		1,157	2,202	1,157	2,202

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 31ST MARCH 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	-	-	-	(15,154)	1,161	(13,993)
At 31st March 2020	1,000,000	13,206	4,500	(15,696)	(262,638)	739,372
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	-	-	-	(15,154)	1,157	(13,997)
At 31st March 2020	1,000,000	13,206	4,500	(15,696)	(262,855)	739,155

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 CONDENSED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31ST MARCH 2020

	Group		Bank	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and taxation	1,161	2,257	1,157	2,202
Adjustments for:				-
Depreciation of property and equipment	1,472	1,953	1,472	1,953
Amortisation of intangible assets	3,221	2,573	3,221	2,573
Depreciation of Right-of-use of assets	1,971	2,030	1,971	2,030
Finance charges on lease liabilities	180	-	180	-
Allowance for impairment on financing	(88)	2,374	(88)	2,374
Bad debts on financing - Written off	155	286	155	286
Bad debts on financing - Recovered	(1,562)	(2,204)	(1,562)	(2,204)
Allowance for credit losses	284	-	284	-
Gain on disposal of financial investment at FVOCI	(4,976)	-	(4,976)	-
Unrealised (gain)/loss from foreign exchange translations	(343)	3,369	(343)	3,369
Operating cashflow before workings capital changes	1,475	12,638	1,471	12,583
(Decrease)/increase in operating activities				
Deposits and placements with banks and other financial institutions	(20,483)	-	(20,483)	-
Derivative assets	34	(312)	34	(312)
Financing and advances	474,517	191,412	474,517	191,412
Other assets	(3,009)	(11,182)	(3,007)	(11,218)
Statutory deposit with Bank Negara Malaysia	36,376	(64,000)	36,376	(64,000)
(Increase)/decrease in operating liabilities				
Deposits from customers	(730,838)	(179,784)	(730,838)	(179,784)
Deposits and placements of banks and other financial institutions	202,992	(455,703)	202,992	(455,703)
Bills and acceptances payable	(3,505)	(3,995)	(3,505)	(3,995)
Other liabilities	(13,784)	(19,770)	(13,782)	(19,679)
Net cash used in from operating activities	(56,224)	(530,696)	(56,224)	(530,696)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,137)	(13,470)	(1,137)	(13,470)
Purchase of intangible asset	(2,330)	(3,213)	(2,330)	(3,213)
Repayment of Financial investment at amortised cost	16,032	378,585	16,032	378,585
Purchase of Financial investment at FVOCI	(92,033)	-	(92,033)	-
Net cash (used in) / generated from investing activities	(79,469)	361,902	(79,469)	361,902
CASH FLOWS FROM FINANCING ACTIVITY				
Lease payments, representing	(2,041)	-	(2,041)	-
Net cash used in financing activities	(2,041)	-	(2,041)	-
NET DECREASE IN CASH AND SHORT-TERM FUNDS				
	(137,734)	(168,794)	(137,734)	(168,794)
Cash and short-term funds as at 1 January	237,229	247,267	237,229	247,267
CASH AND SHORT-TERM FUNDS	99,495	78,473	99,495	78,473

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 PURSUANT 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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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 1st Quarter ended 31 March 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 1st Quarter ended 31 March 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 31 March 2020.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities in the 1st Quarter ended 31 March 2020.

8. DIVIDENDS PAID

There were no dividends paid during the 1st Quarter ended 31 March 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
	31 March	31 December
	2020	2019
	RM'000	RM'000
Foreign financial institutions	410,688	389,862

10. FINANCIAL INVESTMENT AT AMORTISED COST

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2020	2019
	RM'000	RM'000
At amortised cost		
Unquoted :		
Islamic government securities in Malaysia	718,546	725,856
Islamic private debt securities in Malaysia	14,052	18,321
	<u>732,598</u>	<u>744,177</u>
Expected credit loss ("ECL")	(256)	(51)
	<u>732,342</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	205	-	-	205
Closing balance	<u>256</u>	<u>-</u>	<u>-</u>	<u>256</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	410,672	313,663
Total Financial Investments at FVOCI	<u>410,672</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 31 March 2020		
	Murabahah RM'000	Qard RM'000	Total net financing and advances RM'000
At amortised cost			
Term Financing:			
Corporate financing	3,378,038	-	3,378,038
Home financing	887,317	-	887,317
Personal financing	519,662	-	519,662
Vehicle financing	42,771	-	42,771
SME financing	23,728	-	23,728
Shop-house financing	26,908	-	26,908
Charge cards	-	216	216
Gross financing and advances	4,878,424	216	4,878,640
Less: Impairment allowance			
- Stage 1			(25,203)
- Stage 2			(26,687)
- Stage 3			(33,187)
Total net financing and advances			4,793,563

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	22,141	(20,945)	(1,196)	-
Transfer to stage 2	(46,054)	47,935	(1,881)	-
Transfer to stage 3	(682)	(7,469)	8,152	-
Financing derecognised during the period (other than write-off)	(1,770,930)	(69,491)	(592)	(1,841,013)
Write off	-	-	(3,673)	(3,673)
New financing originated	1,370,876	82,085	-	1,452,961
Changes to contractual cash flow (excluding derecognition)	(73,911)	(10,022)	(1,253)	(85,186)
Gross carrying amount as at 31 March 2020	4,494,316	322,193	62,131	4,878,640

Group and Bank	Audited 31 December 2019		
	Murabahah RM'000	Qard RM'000	Total net financing and advances 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	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

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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	4,992,876	300,100	62,574	5,355,550

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

	Group and Bank	
	Unaudited 31 March 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	1,463,473	1,500,354
Foreign entities	11,816	14,267
	<u>4,878,640</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Fixed rate:		
Corporate financing	124,832	145,459
Personal financing	519,662	530,055
SME financing	23,728	24,920
Home financing	5,034	5,422
Vehicle financing	42,771	46,313
Charge card	216	341
Shop-house financing	501	509
Variable rate:		
Home financing	882,283	905,266
Shop-house financing	26,408	26,716
Corporate financing	3,253,205	3,670,550
	<u>4,878,640</u>	<u>5,355,550</u>

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

	Group and Bank	
	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Due within three months	1,625,661	1,736,949
More than three months to one year	568,394	805,363
More than one year to five years	561,396	582,944
More than five years	2,123,189	2,230,294
	<u>4,878,640</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
	31 March 2020	31 December 2019
	RM'000	RM'000
Malaysia	4,878,640	5,355,550

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

	Group and Bank	
	Unaudited	Audited
	31 March 2020	31 December 2019
	RM'000	RM'000
Working capital	2,599,320	3,020,442
Purchase of property - residential property	891,728	914,028
Personal use	519,855	530,257
Purchase of land	178,362	180,140
Purchase of industrial buildings and factories	144,191	157,400
Others	138,728	127,282
Construction	82,726	87,043
Purchase of other non-residential property	81,877	83,694
Purchase of commercial complex	81,591	84,942
Purchase fixed assets (excluding land & building)	76,254	82,209
Purchase of vehicles	42,464	45,991
Purchase of shophouses	41,328	41,781
Charge card	216	341
	4,878,640	5,355,550

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

	Group and Bank	
	Unaudited	Audited
	31 March 2020	31 December 2019
	RM'000	RM'000
Household	1,477,302	1,515,008
Wholesale & Retail trade	971,589	1,085,891
Manufacturing	808,650	939,397
Real estate, renting and business activities	750,923	800,121
Construction	524,197	640,086
Education, Health and Others	78,784	104,728
Agriculture, hunting and related service activities	71,289	80,069
Other business	67,394	69,447
Transportation	46,715	38,873
Hotel & restaurant	42,689	40,541
Finance intermediation	20,519	26,197
Mining and Quarrying	18,589	15,192
	4,878,640	5,355,550

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(h) Movements in impaired financing and advances

	Group and Bank	
	Unaudited	Audited
	31 March	31 December
	2020	2019
	RM'000	RM'000
At 1 January	62,574	66,846
Impaired during the financial period / year	17,585	46,910
Reclassified as non impaired	(3,439)	(6,797)
Recoveries	(3,762)	(24,486)
Write-off	(10,828)	(19,899)
At 31 December	<u>62,130</u>	<u>62,574</u>
Ratio of net impaired financing and advances to gross financing and advances less individual impairment allowances	<u>0.60%</u>	<u>0.54%</u>

Included in amount classified as impaired during the financial period is profit accrued on impaired financing of RM2,723,000 (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	Audited
	31 March	31 December
	2020	2019
	RM'000	RM'000
ECL/ Collective assessment allowance		
At 1 January		
Stage 1 ECL	29,855	33,982
Stage 2 ECL	25,045	32,150
Net stage 1 ECL written back during the financial period	(4,651)	(4,128)
Net stage 2 ECL provided / (written back) during the financial period	1,642	(7,105)
Closing Balance	<u>51,892</u>	<u>54,899</u>
As % of total gross financing and advances less individual impairment allowances	<u>1.07%</u>	<u>1.03%</u>
ECL/ Individual assessment allowance		
At 1 January	33,783	33,018
Net stage 3 ECL provided during financial period	2,747	14,456
Amount written off	(3,344)	(13,691)
Closing Balance	<u>33,185</u>	<u>33,783</u>

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

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
Restated for adoption of new accounting standards				
Changes due to financial assets recognised in the opening balance :				
Transferred to 12-mth ECL	3,908	(3,076)	(832)	-
Transferred to Lifetime ECL not credit impaired	(147)	1,535	(1,387)	-
Transferred to Lifetime ECL credit impaired	(4)	(1,289)	1,293	-
Financing derecognised during the period (other than write-offs)	(3,062)	(240)	(99)	(3,401)
Write-offs	-	-	(3,344)	(3,344)
New financing originated	2,489	333	-	2,822
Changes due to change in credit risk	(3,830)	4,348	4,740	5,258
Allowance (written back)/ made, net	(4,005)	30	(966)	(4,940)
Closing balance	<u>25,203</u>	<u>26,686</u>	<u>33,188</u>	<u>85,077</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March 2020	31 December 2019
	RM'000	RM'000
Malaysia	<u>62,130</u>	<u>62,574</u>

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

	Group and Bank	
	Unaudited	Audited
	31 March 2020	31 December 2019
	RM'000	RM'000
Working capital	40,681	42,496
Purchase of properties - residential	14,296	12,059
Personal use	6,727	7,192
Purchase of transport vehicles	174	513
Charge card	252	314
	<u>62,130</u>	<u>62,574</u>

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

	Group and Bank	
	Unaudited 31 March 2020	Audited 31 December 2019
	RM'000	RM'000
Construction	31,603	32,303
Household	21,449	20,078
Other business	8,684	9,296
Manufacturing	394	897
	<u>62,130</u>	<u>62,574</u>

13. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

	Group and Bank	
	Unaudited 31 March 2020	Audited 31 December 2019
	RM'000	RM'000
Savings deposits		
Qard	118,658	122,606
Commodity Murabahah	36,450	19,072
Demand deposits		
Qard	296,925	400,456
Mudarabah	258	254
Commodity Murabahah	362,736	414,959
Term deposit		
Commodity Murabahah	4,197,205	4,785,139
General investment account		
Mudarabah	489	486
Wakalah	1,558	2,141
Other deposits	376	380
	<u>5,014,655</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 31 March 2020	Audited 31 December 2019
	RM'000	RM'000
Business enterprises	1,995,014	1,892,511
Government and statutory bodies	1,465,362	2,104,264
Non-bank financial institutions	984,537	1,201,737
Other entities	159,504	158,813
Individuals	307,517	302,784
Non resident	102,721	85,384
	<u>5,014,655</u>	<u>5,745,493</u>

(c) By maturity structure

	Group and Bank	
	Unaudited 31 March 2020	Audited 31 December 2019
	RM'000	RM'000
Due within three months	3,709,545	4,256,304
More than three months to one year	1,179,739	1,364,417
More than one year to five years	125,371	124,772
	<u>5,014,655</u>	<u>5,745,493</u>

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14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Non-Mudharabah Funds		
Licensed Islamic banks	317,924	167,871
Licensed financial institutions	250,825	197,886
	<u>568,749</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	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Income derived from investment of:				
(i) General investment deposits	12	140	12	140
(ii) Other deposits	84,037	93,804	84,037	93,804
	<u>84,049</u>	<u>93,944</u>	<u>84,049</u>	<u>93,944</u>

(i) Income derived from investment of general investment deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Financing and advances	11	135	11	135
Money at call and deposit with financial institutions	1	5	1	5
Total finance income and hibah	<u>12</u>	<u>140</u>	<u>12</u>	<u>140</u>

(ii) Income derived from investment of other deposits

	Group and Bank Quarter Ended		Group and Bank Period Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Financing and advances	71,469	75,576	71,469	75,576
Financial investment at amortised cost	7,456	15,589	7,456	15,589
Financial investments at fair value through other comprehensive income (FVOCI)	2,796	-	2,796	-
Money at call and deposit with financial institutions	2,316	2,638	2,316	2,638
Accretion of discount	-	1	-	1
	<u>84,037</u>	<u>93,804</u>	<u>84,037</u>	<u>93,804</u>

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16. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group Quarter Ended		Group Period Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	964	494	964	494
Total finance income and hibah	964	494	964	494
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	(104)	153	(104)	153
- Unrealised	447	467	447	467
- Rental income	461	449	461	449
- Realised gain on gold	214	207	214	207
- Gain on disposal of financial investment at amortised cost	-	394	-	394
- Gain on disposal of financial investment at FVOCI	4,976	-	4,976	-
- Others	63	64	63	64
Other income				
- Agency fees	85	106	85	106
- Service charges	580	839	580	839
- Commission received	1,817	1,493	1,817	1,493
	9,503	4,666	9,503	4,666

	Bank Quarter Ended		Bank Period Ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Finance income and hibah				
Money at call and deposit with financial institutions	964	494	964	494
Total finance income and hibah	964	494	964	494
Other operating income				
- Net (loss) / gain from foreign exchange translations				
- Realised	(104)	153	(104)	153
- Unrealised	447	467	447	467
- Rental income	461	449	461	449
- Realised gain on gold	214	207	214	207
- Gain on disposal of financial investment at amortised cost	-	394	-	394
- Gain on disposal of financial investment at FVOCI	4,976	-	4,976	-
- Others	63	64	63	64
Other income				
- Agency fees	-	-	-	-
- Service charges	580	839	580	839
- Commission received	1,817	1,492	1,817	1,492
	9,418	4,559	9,418	4,953

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	Group and Bank			
	1st Quarter Ended		Period Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Financing and advances:				
(a) Stage 1				
- provided during the financial period	(836)	(4,308)	(836)	(4,308)
- written back during the financial period	5,487	5,387	5,487	5,387
Stage 2				
- provided during the financial period	(3,192)	(4,805)	(3,192)	(4,805)
- written back during the financial period	1,550	4,000	1,550	4,000
Stage 3				
- provided during the financial period	(3,995)	(3,390)	(3,995)	(3,390)
- written back during the financial period	1,247	278	1,247	278
	<u>261</u>	<u>(2,840)</u>	<u>261</u>	<u>(2,840)</u>
(b) Bad debts on financing:				
- recovered during the financial period	1,562	2,204	1,562	2,204
- written off during the financial period	(155)	(286)	(155)	(286)
Total	<u>1,407</u>	<u>1,918</u>	<u>1,407</u>	<u>1,918</u>
(c) Financial investment at amortised cost				
- Provided in the financial period	(205)	-	(205)	-
- Written back	-	336	-	336
Total	<u>(205)</u>	<u>336</u>	<u>(205)</u>	<u>336</u>
(d) Impairment allowance for off balance sheet				
- Provided in the financial period	33	(15)	33	(15)
- Written back	-	144	-	144
Total	<u>33</u>	<u>130</u>	<u>33</u>	<u>130</u>
Grand total	<u>1,496</u>	<u>(456)</u>	<u>1,496</u>	<u>(456)</u>

18. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group and Bank		Group and Bank	
	1st Quarter Ended		Period Ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	43,688	48,085	43,688	48,085
- Mudharabah	3	358	3	358
- Wakalah	15	59	15	59
	<u>43,706</u>	<u>48,502</u>	<u>43,706</u>	<u>48,502</u>
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	1,831	4,513	1,831	4,513
	<u>45,537</u>	<u>53,015</u>	<u>45,537</u>	<u>53,015</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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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			Audited		
	31 March 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
Group and Bank						
Transaction-related contingent items	87,411	43,705	43,705	86,397	43,198	43,198
Trade-related contingencies	19,228	3,846	3,846	691	138	138
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	1,579,226	315,831	307,503	1,190,241	238,029	230,534
- Maturity exceeding one year	121,542	60,765	60,862	103,824	51,909	52,006
Unutilised credit card lines	-	-	-	8,438	1,688	1,266
	<u>1,807,407</u>	<u>424,147</u>	<u>415,916</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

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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				
Unaudited 31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	24,093	-	-	-	-	75,402	-	99,495	0.94
Deposit and placement with other FI / Institutions	114,653	114,653	171,979	-	-	9,403	-	410,688	2.86
Financial investment at amortised cost	-	3,000.00	-	650,744	70,000	8,598	-	732,342	4.03
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	30,000	380,000	672	-	410,672	3.38
Financing and advances									
- Performing ⁽¹⁾	625,439	949,431	565,508	552,068	2,093,717	(31,940)	-	4,754,223	5.60
- Non performing	-	-	-	-	-	39,340	-	39,340	
Other assets ⁽²⁾	-	-	-	-	-	340,970	-	340,970	
Total assets	764,185	1,067,084	737,487	1,232,812	2,543,717	442,445	-	6,787,730	

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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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) 31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Liabilities									
Deposits from customers	1,015,574	1,976,515	1,178,180	123,557	-	720,829	-	5,014,655	3.21
Deposits and placements of banks and other financial institutions	438,767	89,730	37,500	-	-	2,752	-	568,749	1.32
Bills and acceptance payable	-	-	-	-	-	1,369	-	1,369	
Other liabilities	-	-	-	-	-	46,950	-	46,950	
Lease Liabilities	-	-	-	-	-	15,351	-	15,351	
Subordinated Sukuk	-	229,305	171,979	-	-	-	-	401,284	
Total liabilities	1,454,341	2,295,550	1,387,659	123,557	-	787,251	-	6,048,358	
Shareholders' fund	-	-	-	-	-	739,372	-	739,372	
Total liabilities and shareholders' fund	1,454,341	2,295,550	1,387,659	123,557	-	1,526,623	-	6,787,730	
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	-		
Total profit sensitivity gap	(804,809)	(1,113,815)	(650,172)	1,109,255	2,543,717	723,230	-		

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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				
Unaudited 31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	24,093	-	-	-	-	75,402	-	99,495	0.94
Deposit and placement with other FI / Institutions	114,653	114,653	171,979	-	-	9,404	-	410,689	2.86
Financial investment at amortised cost	-	3,000	-	650,745	70,000	8,597	-	732,342	4.03
Financial investments at fair value through other comprehensive income (FVOCI)	-	-	-	30,000	380,000	672	-	410,672	3.38
Financing and advances									
- Performing ⁽¹⁾	625,439	949,431	565,508	552,068	2,093,717	(31,940)	-	4,754,223	5.60
- Non performing	-	-	-	-	-	39,340	-	39,340	
Other assets ⁽²⁾	-	-	-	-	-	340,941	-	340,941	
Total assets	764,185	1,067,084	737,487	1,232,813	2,543,717	442,416	-	6,787,702	

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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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) 31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities									
Deposits from customers	1,015,574	1,976,515	1,178,180	123,557	-	720,829	-	5,014,655	3.21
Deposits and placements of banks and other financial institutions	438,768	89,730	37,500	-	-	2,751	-	568,749	1.32
Bills and acceptance payable	-	-	-	-	-	1,370	-	1,370	
Other liabilities	-	-	-	-	-	47,138	-	47,138	
Lease Liabilities	-	-	-	-	-	15,351	-	15,351	
Subordinated Sukuk	-	229,306	171,978	-	-	-	-	401,284	
Total liabilities	1,454,342	2,295,551	1,387,658	123,557	-	787,439	-	6,048,547	
Shareholders' fund	-	-	-	-	-	739,155	-	739,155	
Total liabilities and shareholders' fund	1,454,342	2,295,551	1,387,658	123,557	-	1,526,594	-	6,787,702	
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	-		
Total profit sensitivity gap	(804,809)	(1,113,815)	(650,172)	1,109,255	2,543,717	723,230	-		

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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	%
Assets									
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	-	-	17,948	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⁾	593,886	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⁾	-	-	-	-	-	362,180	-	362,180	
Right-of-use assets	-	-	-	-	-	15,303	-	15,303	
Total assets	772,979	1,167,353	1,147,076	1,211,086	2,547,248	483,523	-	7,329,265	

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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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	%
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	-	-	-	-	-	60,683	-	60,683	
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	-	1,087,514	-	6,575,901	
Shareholders' fund	-	-	-	-	-	753,364	-	753,364	
Total liabilities and shareholders' fund	1,375,297	2,259,175	1,730,358	123,557	-	1,840,878	-	7,329,265	
On-balance sheet profit sensitivity gap	(602,318)	(1,091,822)	(583,282)	1,087,529	2,547,248	(1,357,355)	-		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	1,389,591	-		
Total profit sensitivity gap	(602,318)	(1,091,822)	(583,282)	1,087,529	2,547,248	32,236	-		

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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	%
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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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) 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. 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 31 March 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 31 March 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	(260,628)	(246,635)	(260,845)	(246,848)
	<u>739,372</u>	<u>753,365</u>	<u>739,155</u>	<u>753,152</u>
Less: Deferred tax	(49,498)	(49,496)	(49,497)	(49,497)
Total Tier-I capital	<u>689,874</u>	<u>703,869</u>	<u>689,658</u>	<u>703,655</u>
Tier-II capital				
Collective impairment for impairment loss on non-impaired financing	56,772	54,899	56,772	54,899
Subordinated Sukuk	401,284	381,881	401,284	381,881
Total Tier-II capital	<u>458,056</u>	<u>436,780</u>	<u>458,056</u>	<u>436,780</u>
Capital base	<u>1,147,930</u>	<u>1,140,649</u>	<u>1,147,714</u>	<u>1,140,435</u>
CET 1 / Core capital ratio	12.999%	12.343%	12.995%	12.339%
Risk-weighted capital ratio	<u>21.630%</u>	<u>20.002%</u>	<u>21.626%</u>	<u>19.998%</u>

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

	Group		Bank	
	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Credit risk	4,763,535	5,161,016	4,763,535	5,161,016
Market risk	173,954	173,339	173,954	173,339
Operational risk	369,630	368,432	369,630	368,432
	<u>5,307,119</u>	<u>5,702,786</u>	<u>5,307,119</u>	<u>5,702,786</u>

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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	Group and Bank 31 March 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	1,228,743	1,228,743	-	-
<i>Banks, Development</i>				
Financial Institutions ("DFIs") & MDBs	475,222	475,222	218,251	17,460
Corporate	3,631,140	3,488,600	3,432,340	274,587
Regulatory Retail	277,796	274,872	206,155	16,492
Residential Real Estate (RRE) Financing	869,015	869,016	379,978	30,398
Higher risk asset	498	498	747	60
Other assets	105,848	105,847	87,329	6,986
Defaulted Exposures	28,944	28,944	22,819	1,825
Total for On-Balance Sheet Exposures	6,617,206	6,471,742	4,347,619	347,808
<i>Off-Balance Sheet Exposures</i>				
<i>Off-balance sheet exposures other than OTC derivatives or credit derivatives</i>				
	424,147	424,147	415,916	33,273
Total for Off-Balance Sheet Exposures	424,147	424,147	415,916	33,273
Total On and Off-Balance Sheet Exposures	7,041,353	6,895,889	4,763,535	381,081
Large Exposures Risk Requirement	-	-	-	-
Market Risk				
Long position Short position				
Foreign Currency Risk	173,954	-	173,954	13,916
Operational Risk			369,630	29,570
Total RWA and Capital Requirements			5,307,119	424,568

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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
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	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	<u>7,176,444</u>	<u>7,035,818</u>	<u>4,833,874</u>	<u>386,710</u>
<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	<u>334,962</u>	<u>334,962</u>	<u>327,142</u>	<u>26,171</u>
Total On and Off-Balance Sheet Exposures	<u>7,511,406</u>	<u>7,370,780</u>	<u>5,161,016</u>	<u>412,881</u>
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			<u>5,702,786</u>	<u>456,223</u>

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23. CAPITAL ADEQUACY (Continued)

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

Group and Bank

**Unaudited
31 March 2020**

Risk weights	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%	1,228,743	-	-	-	-	-	18,517	1,247,260	-
20%	-	67,486	76,325	-	-	-	-	143,811	28,762
35%	-	-	-	-	431,567	-	-	431,567	151,048
50%	-	410,688	-	-	413,243	-	-	823,931	411,965
75%	-	-	-	279,533	7,593	-	-	287,126	215,345
100%	-	-	3,828,615	-	16,613	-	87,330	3,932,558	3,932,558
150%	-	-	-	-	-	692	-	692	1,038
Total	1,228,743	478,174	3,904,940	279,533	869,016	692	105,847	6,866,945	4,740,716
Defaulted Exposures									
35%	-	-	-	-	-	-	-	-	-
50%	-	-	12,451	74	7,743	-	-	20,268	10,134
100%	-	-	-	659	-	-	-	659	659
150%	-	-	8,017	-	-	-	-	8,017	12,026
Total	-	-	20,468	733	7,743	-	-	28,944	22,819
Total Performing and Defaulted	1,228,743	478,174	3,925,408	280,266	876,759	692	105,847	6,895,889	4,763,535

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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
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 31 March 2020	
	Principal RM'000	Risk-weighted RM'000
0%	1,247,260	-
20%	143,811	28,762
35%	431,567	151,048
50%	844,199	422,099
75%	287,126	215,345
100%	3,933,217	3,933,217
150%	8,709	13,064
Risk-weighted assets for credit risk	<u>6,895,889</u>	<u>4,763,535</u>
Large exposure risk-weighted assets for equity holdings		173,954
Risk-weighted assets for market risk		369,630
Risk-weighted assets for operational risk		<u>5,307,119</u>
Total risk-weighted assets		<u>5,307,119</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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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			Unaudited		
	31 March 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	87,411	43,705	43,705	86,397	43,198	43,198
Short term self liquidating trade related contingencies	19,228	3,846	3,846	691	138	138
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	121,542	60,765	60,862	103,824	51,909	52,006
Other commitments, such as formal standby facilities and credit lines, with an original maturity up to one year	1,579,226	315,831	307,503	1,190,241	238,029	230,534
Unutilised credit card lines	-	-	-	8,438	1,688	1,266
	<u>1,807,407</u>	<u>424,147</u>	<u>415,916</u>	<u>1,389,591</u>	<u>334,962</u>	<u>327,142</u>

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24. SEGMENTAL INFORMATION

Group	Unaudited 31 March 2020				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	34,286	32,740	26,466	60	93,552
Result					
Segment result	12,652	13,120	23,679	60	49,511
Unallocated corporate expenses	-	-	-	-	(48,349)
Profit before zakat and taxation					1,162
Zakat and taxation					-
Net profit for the financial period					1,162
Other comprehensive income					-
Total comprehensive income for the financial period					1,162
Other information					
Segment assets	1,473,948	591,190	3,338,131	-	5,403,270
Unallocated corporate assets	-	-	-	-	1,384,460
Total assets					6,787,730
Segment liabilities	3,581,701	2,001,703	-	-	5,583,404
Unallocated corporate liabilities	-	-	-	-	464,954
Total liabilities					6,048,358
Other segment items					
Capital expenditure	154	42	-	-	196
Unallocated capital expenditure	-	-	-	-	3,289
					3,485
Depreciation and amortisation	1,018	67	263	-	1,348
Unallocated depreciation and amortisation	-	-	-	-	3,345
					4,694
Other non-cash (income)/expenses	(4,477)	-	4,709	-	232

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(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

24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 31 March 2020				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	34,260	32,740	26,467	-	93,467
Result					
Segment result	12,626	13,120	23,679	-	49,425
Unallocated corporate expenses					(48,268)
Profit before zakat and taxation					1,157
Zakat and taxation					-
Net profit for the financial period					1,157
Other comprehensive income					-
Total comprehensive income for the financial period					1,157
Other information					
Segment assets	1,473,965	591,190	3,338,131	-	5,403,287
Unallocated corporate assets					1,384,432
Total assets					6,787,719
Segment liabilities	3,581,701	2,001,703	-	-	5,583,404
Unallocated corporate liabilities	-	-	-	-	465,160
Total liabilities					6,048,564
Other segment items					
Capital expenditure	154	42	-	-	196
Unallocated capital expenditure	-	-	-	-	3,289
					3,485
Depreciation and amortisation	1,018	67	263	-	1,348
Unallocated depreciation and amortisation	-	-	-	-	3,345
					4,694
Other non-cash (income)/expenses	(4,477)	-	4,709	-	232

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24. SEGMENTAL INFORMATION (Continued)

Group	Unaudited 31 March 2019				
	Retail banking	Treasury & money market	Corporate investment banking	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue	40,837	25,859	31,808	106	98,610
Result					
Segment result	24,998	8,774	12,739	106	46,617
Unallocated corporate expenses	-	-	-	-	(44,360)
Profit before zakat and taxation					2,257
Zakat and taxation					-
Net profit for the financial year					2,257
Other comprehensive income					-
Total comprehensive income for the financial year					2,257
Other information					
Segment assets	1,589,431	307,563	3,634,215	312	5,531,209
Unallocated corporate assets	-	-	-	-	1,402,932
Total assets					6,934,141
Segment liabilities	4,092,226	1,656,001	-	-	5,748,227
Unallocated corporate liabilities	-	-	-	-	458,475
Total liabilities					6,206,702
Other segment items					
Capital expenditure	-	23	13	-	36
Unallocated capital expenditure	-	-	-	-	12,745
					12,781
Depreciation and amortisation	876	52	29	-	958
Unallocated depreciation and amortisation	-	-	-	-	5,707
					6,665
Other non-cash (income)/expenses	6,763	-	(6,308)	-	456

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24. SEGMENTAL INFORMATION (Continued)

Bank	Unaudited 31 March 2019				Total RM'000
	Retail banking RM'000	Treasury & money market RM'000	Corporate investment banking RM'000	Others RM'000	
Total revenue	40,837	25,858	31,808	-	98,503
Result					
Segment result	24,998	8,772	12,739	-	46,509
Unallocated corporate expenses	-	-	-	-	(44,307)
Profit before zakat and taxation					2,202
Zakat and taxation	-	-	-	-	-
Net profit for the financial year					2,202
Other comprehensive income					-
Total comprehensive income for the financial year					2,202
Other information					
Segment assets	1,589,431	307,876	3,634,215	-	5,531,522
Unallocated corporate assets	-	-	-	-	1,402,927
Total assets					6,934,449
Segment liabilities	4,092,226	1,656,001	-	-	5,748,227
Unallocated corporate liabilities	-	-	-	-	458,688
Total liabilities					6,206,915
Other segment items					
Capital expenditure	-	23	13	-	36
Unallocated capital expenditure	-	-	-	-	12,745
					12,781
Depreciation and amortisation	876	52	29	-	958
Unallocated depreciation and amortisation	-	-	-	-	5,707
					6,665
Other non-cash (income)/expenses	(1,082)	-	5,270	-	4,188

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25. REVIEW OF PERFORMANCE FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 AGAINST THE CORRESPONDING FINANCIAL QUARTER OF THE PRECEDING YEAR

For the financial period ended 31st March 2020, the Group and Bank recorded a pre tax profit of RM1.2 million as compared to a pre tax profit of RM2.3 million in the preceding year's corresponding period.

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.