

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

Unaudited Condensed Interim Financial Statements
for the Financial Period ended 30 September 2021



Consolidated Statements of Financial Position
As at 30 September 2021 – Unaudited

	Note	30 September 2021 RM'000	Group 31 December 2020 RM'000 Restated	1.1.2020 RM'000 Restated	30 September 2021 RM'000	Bank 31 December 2020 RM'000 Restated	1.1.2020 RM'000 Restated
Assets							
Cash and short-term funds	12.1	3,691,964	3,813,279	3,749,550	3,691,964	3,813,279	3,749,550
Deposits and placements with banks and other financial institutions	12.2	726,062	1,339,991	199,993	726,062	1,339,991	199,993
Reverse repurchase agreements		489,042	112,446	400,307	489,042	112,446	400,307
Financial securities	13	2,482,652	2,273,674	1,467,364	2,482,652	2,273,674	1,467,364
Loans, advances and financing	14	2,545,904	2,190,021	2,974,983	2,545,904	2,190,021	2,974,983
Derivative assets		866,867	1,406,158	907,002	866,867	1,406,158	907,002
Other assets	15	622,785	237,779	356,117	622,785	237,779	356,117
Tax recoverable		23,229	-	1,980	23,229	-	1,980
Statutory deposit with Bank Negara Malaysia		20,000	20,000	10,000	20,000	20,000	10,000
Investments in subsidiary companies		-	-	-	20	20	20
Property and equipment		2,087	1,782	2,538	2,087	1,782	2,538
Right-of-use assets		6,385	1,063	2,139	6,385	1,063	2,139
Deferred tax assets		31,343	23,262	29,697	31,343	23,262	29,697
Total assets		11,508,320	11,419,455	10,101,670	11,508,340	11,419,475	10,101,690
Liabilities and equity							
Deposits from customers	16	6,645,656	6,405,254	5,331,773	6,645,676	6,405,274	5,331,793
Deposits and placements of banks and other financial institutions	17	717,004	815,211	1,249,128	717,004	815,211	1,249,128
Lease liabilities		7,455	1,257	2,157	7,455	1,257	2,157
Taxation		-	9,562	-	-	9,562	-
Derivative liabilities		779,648	1,387,482	858,058	779,648	1,387,482	858,058
Other liabilities	18	1,603,984	839,556	747,998	1,603,984	839,556	747,998
Total liabilities		9,753,747	9,458,322	8,189,114	9,753,767	9,458,342	8,189,134
Equity							
Share capital		531,362	531,362	531,362	531,362	531,362	531,362
Reserves		1,223,211	1,429,771	1,381,194	1,223,211	1,429,771	1,381,194
Total equity attributable to owner of the Bank		1,754,573	1,961,133	1,912,556	1,754,573	1,961,133	1,912,556
Total liabilities and equity		11,508,320	11,419,455	10,101,670	11,508,340	11,419,475	10,101,690
Commitments and contingencies	25	90,343,063	95,945,909	88,963,721	90,343,063	95,945,909	88,963,721

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

Consolidated Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2021 - Unaudited

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	19	116,276	202,786	28,105	64,062
Interest expense	20	(19,320)	(37,594)	(7,713)	(9,168)
Net interest income		96,956	165,192	20,392	54,894
Net income from Islamic Banking					
Operations	26	1,461	1,716	432	575
Non-interest income	21	115,164	238,302	48,117	76,051
Operating income		213,581	405,210	68,941	131,520
Other operating expenses	22	(122,498)	(106,126)	(46,081)	(35,695)
Operating profit		91,083	299,084	22,860	95,825
Allowance written back/(made) for impairment	23	1,829	(781)	371	111
Profit before tax		92,912	298,303	23,231	95,936
Tax expense		(20,999)	(73,000)	(6,119)	(23,081)
Net profit for the period		71,913	225,303	17,112	72,855
Other comprehensive income:					
<i>Movement in fair value reserve (debt securities):</i>					
Net change in fair value		(12,868)	870	(5,585)	(1,591)
Net amount transferred to profit or loss		33	115	113	(507)
Tax expense on other comprehensive income		3,080	(236)	1,313	504
Other comprehensive income for the period		(9,755)	749	(4,159)	(1,594)
Total comprehensive income for the period		62,158	226,052	12,953	71,261
Earnings per share (sen)		41.4 sen	129.8 sen	9.9 sen	42.0 sen

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

Consolidated Statements Of Changes In Equity
For The Financial Period Ended 30 September 2021

Group and Bank	Note	Attributable to owner of the Bank				Proposed dividend RM'000	Total RM'000
		Share capital RM'000	Non-distributable	Distributable			
			Other reserves RM'000	Retained profits RM'000	Total reserves RM'000		
At 1 January 2021							
As previously stated		531,362	47,786	1,364,802	1,412,588	-	1,943,950
- Release of CVA reserve	27	-	-	17,183	17,183	-	17,183
At 1 January 2021, as restated		531,362	47,786	1,381,985	1,429,771	-	1,961,133
Net profit for the period		-	-	71,913	71,913	-	71,913
Other comprehensive income for the period		-	(9,755)	-	(9,755)	-	(9,755)
Total comprehensive income for the period		-	(9,755)	71,913	62,158	-	62,158
Dividend paid		-	-	(268,718)	(268,718)	-	(268,718)
At 30 September 2021		531,362	38,031	1,185,180	1,223,211	-	1,754,573
At 1 January 2020							
As previously stated		531,362	45,872	1,318,139	1,364,011	-	1,895,373
- Release of CVA reserve	27	-	-	17,183	17,183	-	17,183
At 1 January 2020, as restated		531,362	45,872	1,335,322	1,381,194	-	1,912,556
Net profit for the period		-	-	225,303	225,303	-	225,303
Other comprehensive income for the period		-	749	-	749	-	749
Total comprehensive income for the period		-	749	225,303	226,052	-	226,052
Dividend paid		-	-	(222,055)	(222,055)	-	(222,055)
At 30 September 2020		531,362	46,621	1,338,570	1,385,191	-	1,916,553

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

Condensed Consolidated Statements Of Cash Flows
For The Financial Period Ended 30 September 2021

	Group and Bank	
	30 September 2021 RM'000	30 September 2020 RM'000
Profit before taxation	92,912	298,303
Adjustments for non-operating and non-cash items	2,429	2,205
Operating profit before working capital changes	95,341	300,508
Changes in working capital		
Net changes in operating assets	(800,067)	(1,872,193)
Net changes in operating liabilities	298,790	1,888,012
Income tax paid	(58,791)	(50,271)
Tax refunds received	-	12,580
Net cash (used in) / generated from operations	(464,727)	278,636
Cash flows from investing activities:		
Purchase of property and equipment	(1,098)	(122)
Proceeds from redemption of shares	61	-
Net cash used in investing activities	(1,037)	(122)
Cash flows from financing activities:		
Payment of lease liabilities	(762)	(1,354)
Dividend paid	(268,718)	(222,055)
Net cash used in financing activities	(269,480)	(223,409)
Net (decrease)/increase in cash and cash equivalents	(735,244)	55,105
Cash and cash equivalents at beginning of the period	5,153,270	3,949,543
Cash and cash equivalents at end of the period	4,418,026	4,004,648
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,691,964	3,504,655
Deposits and placement with banks and other financial institutions	726,062	499,993
Cash and Cash equivalents at the end of the period	4,418,026	4,004,648

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

**Explanatory Notes To The Interim Financial Statements
For The Financial Period Ended 30 September 2021**

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 2021 have been prepared under the historical cost convention except for reverse repurchase agreements, financial securities and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2020.

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

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2020, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

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

- *Amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- *Amendments to MFRS 17 Insurance Contracts*
- *Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*
- *Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- *Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies*
- *Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- *Amendments to MFRS 112, Income Taxes- Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1. Basis of preparation (continued)

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

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

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

- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 April 2021: and,
- from the annual period beginning on 1 January 2022 for those amendments, that are effective for annual periods beginning on or after 1 January 2022: and,
- from the annual period beginning on 1 January 2023 for those amendments, that are effective for annual periods beginning on or after 1 January 2023

The Group and the Bank do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Bank.

2. Audit report

The audit report on the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2020 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank for the financial period ended 30 September 2021.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2021.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2021.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid the final dividend of 154.8 sen per ordinary share totalling RM268,718,000 in respect of the financial year ended 31 December 2020. The dividend was paid on 09 July 2021.

8. Material Events

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2021.

10. Review of Performance

The Bank recorded profit before tax for the financial period ended 30 September 2021 of RM92.9 million compared to RM298.3 million for the previous corresponding period. Operating income decreased by RM191.6 million (-47.3%) from RM405.2 million to RM213.6 million, mainly attributed to lower non-interest income of RM115.2 million against RM238.3 million in the previous corresponding period. Operating expenses increased by RM16.4 million (+15.5%) from RM106.1 million to RM122.5 million mainly attributed to higher intercompany expenses.

Total assets registered an increase of RM0.1 billion or (+0.88%) from RM11.4 billion as at 31 December 2020 to RM11.5 billion as at 30 September 2021. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 21.6% and 22.3%, respectively.

11. Prospects

The short-term growth outlook for quarter 3 remains unchanged from quarter 2 of 2021, with the continued success of vaccine rollouts and major fiscal support. The US economy is showing signs of improvement, with its GDP now exceeding its pre-Covid peak. However, this expansion is mitigated by the delta variant, which is a damper on activity. An official announcement on tapering is expected for the end of the year. Europe shares the same successes in vaccination rollout as the US, and its GDP is also expected to expand as a result. Again, as with the US, the main risk to halt or reverse this trend is the delta variant.

Following stricter movement restrictions in June 2021, Malaysia's GDP growth estimates for the year was revised to 3.0-4.0% this year, rather than the 6.0-7.5% estimated earlier in the year. This had the effect of slowing down economic activity, which was beginning to pick up at the start of the second quarter. As such, it remains slow for most of quarter 3 of 2021. However, the accelerated rates of vaccination has resulted in most of the population being vaccinated, and this has the government slowly rolling back the restrictions. It is expected that this will see the resumption of higher levels of economic activity for the remainder of the year, with the recovery accelerating in 2022. The usual risks remain, namely pandemic-related factors.

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

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

12. Cash and cash equivalents

12.1 Cash and short-term funds

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Cash and balances with banks and other financial institutions	315,312	475,498
Money at call and deposit placements maturing within one month	<u>3,376,652</u>	<u>3,337,781</u>
	<u>3,691,964</u>	<u>3,813,279</u>

12.2 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Licensed bank	-	239,995
Other financial institutions	<u>726,062</u>	<u>1,099,996</u>
	<u>726,062</u>	<u>1,339,991</u>

12. Cash and cash equivalents (continued)

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

Group and Bank	2021				2020			
	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents								
Balance at 1 January	96	-	-	96	116	-	-	116
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(74)	-	-	(74)	(17)	-	-	(17)
New financial assets originated or purchased	19	-	-	19	16	-	-	16
Financial assets that have been derecognised	(16)	-	-	(16)	(19)	-	-	(19)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	25	-	-	25	96	-	-	96

13. Financial securities

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Debt securities at FVTPL		
Malaysian Government Securities	966,509	910,802
Malaysian Investment Issue	251,971	127,969
Treasury Bills	17,471	-
Cagamas bonds	-	199,982
	<u>1,235,951</u>	<u>1,238,753</u>
Debt securities at FVOCI		
Malaysian Government Securities	550,783	762,232
Malaysian Investment Issue	694,386	71,098
Negotiable instruments of deposits	-	200,000
	<u>1,245,169</u>	<u>1,033,330</u>
Equity investments at FVOCI		
Unquoted shares in Malaysia	1,532	1,591
	<u>2,482,652</u>	<u>2,273,674</u>

13. Financial securities (continued)

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

Group and Bank	2021				2020			
	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total	12-month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Debt securities at FVOCI								
Balance at 1 January	217	-	-	217	158	-	-	158
Transfer to 12-month ECL	-	-	-	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(43)	-	-	(43)	(7)	-	-	(7)
New financial assets originated or purchased	154	-	-	154	212	-	-	212
Financial assets that have been derecognised	(78)	-	-	(78)	(146)	-	-	(146)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	250	-	-	250	217	-	-	217

14. Loans, advances and financing

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
<i>At amortised cost</i>		
Overdrafts	46,362	35,604
Term loans - housing loans	6,364	7,287
- Other term loans	1,063,461	672,014
Bill receivable	254,206	214,233
Trust Receipt	230,571	187,396
Claims on customers under acceptance credits	954,922	1,087,067
Staff loans	10	27
	<hr/>	<hr/>
	2,555,896	2,203,628
Unearned interest	(3,700)	(5,524)
	<hr/>	<hr/>
Gross loans, advances and financing	2,552,196	2,198,104
Allowance for impaired loans and financing		
- Expected credit losses	(6,292)	(8,083)
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Net loans, advances and financing	<u>2,545,904</u>	<u>2,190,021</u>

14. Loans, advances and financing (continued)

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

Group and Bank	2021				2020			
	12-month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total	12-month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit – impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing at amortised cost*								
Balance at 1 January	3,224	3,101	1,758	8,083	4,073	1,193	1,947	7,213
Transfer to 12-month ECL	88	-	(88)	-	298	-	(298)	-
Transfer to lifetime ECL not credit-impaired	(13)	13	-	-	(25)	25	-	-
Transfer to lifetime ECL credit-impaired	(402)	-	402	-	(203)	-	203	-
Net remeasurement of loss allowance	(187)	(1,073)	(18)	(1,278)	(901)	909	43	51
New financial assets originated or purchased	1,085	593	-	1,678	843	1,418	-	2,261
Financial assets that have been derecognised	(774)	(1,417)	-	(2,191)	(861)	(444)	(137)	(1,442)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	3,021	1,217	2,054	6,292	3,224	3,101	1,758	8,083

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

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Maturing within one year	2,403,235	1,994,715
More than one year and three years	113,526	197,125
More than three years to five years	32,043	1,554
Over five years	3,392	4,710
	<u>2,552,196</u>	<u>2,198,104</u>

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Domestic banking institutions	7,850	35,954
Domestic non-bank financial institutions	206,803	251,993
Domestic business enterprises	1,838,476	1,673,935
Individuals	6,374	7,313
Government and statutory bodies	246,784	59,372
Foreign entities	245,909	169,537
	<u>2,552,196</u>	<u>2,198,104</u>

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan / financing	78,939	34,839
Variable rate		
- Base lending rate plus	360,718	243,210
- Cost-plus	1,828,865	1,903,351
- Other variable rates	283,674	16,704
	<u>2,552,196</u>	<u>2,198,104</u>

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Malaysia	2,306,287	2,028,567
China	1,603	3,025
India	131,469	124,149
Turkey	110,891	36,911
Others	1,946	5,452
	<u>2,552,196</u>	<u>2,198,104</u>

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Mining and Quarrying	150,134	150,134
Manufacturing	617,273	361,086
Construction	181,865	211,462
Wholesale & retail trade and restaurants & hotels	486,139	385,799
Transport, storage and communication	374,220	551,717
Finance, insurance and business services	489,407	471,221
Education, health and others	246,784	59,372
Household	6,374	7,313
	<u>2,552,196</u>	<u>2,198,104</u>

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

	Group and Bank	
	30 September 2021	31 December 2020
	RM'000	RM'000
Balance at 1 January	3,000	3,526
Classified as impaired during the period/year	1,166	605
Reclassified as non-impaired during the period/year	(388)	(750)
Amount recovered	(372)	(381)
At 30 September 2021 / 31 December 2020	<u>3,406</u>	<u>3,000</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.13%</u>	<u>0.14%</u>

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Household (Malaysia)	3,406	3,000

15. Other assets

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Interest/Income receivable	12,623	18,456
Margin placed with exchange	5,508	-
Other debtors, deposits and prepayments	604,654	219,323
	<u>622,785</u>	<u>237,779</u>

16. Deposits from customers

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Demand deposits	6,207,839	5,611,932	6,207,859	5,611,952
Savings deposits	30	12	30	12
Fixed deposits	187,982	590,306	187,982	590,306
Other deposits	249,805	203,004	249,805	203,004
	<u>6,645,656</u>	<u>6,405,254</u>	<u>6,645,676</u>	<u>6,405,274</u>

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

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Due within six months	261,791	634,046
More than six months to one year	1,260	910
More than one year to three years	100	350
More than three years to five years	174,636	158,004
	<u>437,787</u>	<u>793,310</u>

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2021 RM'000	31 December 2020 RM'000	30 September 2021 RM'000	31 December 2020 RM'000
Business enterprises	5,693,184	5,595,073	5,693,204	5,595,093
Individuals	301	258	301	258
Foreign customers	111,482	56,076	111,482	56,076
Others	840,689	753,847	840,689	753,847
	<u>6,645,656</u>	<u>6,405,254</u>	<u>6,645,676</u>	<u>6,405,274</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Licensed bank	-	80,360
Other financial institutions	717,004	734,851
	<u>717,004</u>	<u>815,211</u>

18. Other liabilities

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Interest payable	827	850
Bills payable	7,042	10,239
Employee benefits	22,398	25,392
Other liabilities	1,573,717	803,075
	<u>1,603,984</u>	<u>839,556</u>

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	49,190	82,964	16,104	24,283
Money at call and deposit placements with financial institutions	44,657	55,586	14,031	15,011
Reverse repurchase agreements	3,581	1,458	1,193	331
Financial securities	18,848	62,764	(3,223)	24,437
Other interest income	-	14	-	-
	<u>116,276</u>	<u>202,786</u>	<u>28,105</u>	<u>64,062</u>

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2,863	6,144	980	1,269
Deposits from customers	15,560	31,083	5,946	7,735
Repurchase agreement	13	15	2	-
Other interest expense	884	352	785	164
	<u>19,320</u>	<u>37,594</u>	<u>7,713</u>	<u>9,168</u>

21. Non-interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Fee income:				
Commissions	6,178	5,348	1,990	2,366
Service charges and fees	14,956	16,178	4,783	4,873
Guarantee fees	2,586	2,219	1,187	835
	<u>23,720</u>	<u>23,745</u>	<u>7,960</u>	<u>8,074</u>
Fee expense:				
Commissions	(2,815)	(3,451)	(939)	(1,100)
Service charges and fees	(2,452)	(4,497)	(862)	(1,418)
	<u>(5,267)</u>	<u>(7,948)</u>	<u>(1,801)</u>	<u>(2,518)</u>
Net fee income	<u>18,453</u>	<u>15,797</u>	<u>6,159</u>	<u>5,556</u>
Net gains from financial instruments:				
Net (loss)/gain arising on financial securities:				
Realised (loss)/gain	(21,370)	86,196	12,441	27,385
Unrealised (loss)/gain	(2,011)	159	(349)	1,197
Net gain/(loss) arising on trading derivatives:				
Realised gain/(loss)	34,196	(25,687)	(13,850)	11,118
Unrealised gain/(loss)	64,480	102,603	4,654	(46,148)
Foreign exchange gain	20,211	57,086	35,595	72,627
Gain on instruments at FVOCI	2	-	-	-
Gross dividend income	100	134	15	89
Other income:				
Other operating income, net	1,103	2,014	3,452	4,227
	<u>96,711</u>	<u>222,505</u>	<u>41,958</u>	<u>70,495</u>
	<u>115,164</u>	<u>238,302</u>	<u>48,117</u>	<u>76,051</u>

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	34,760	33,167	11,089	10,935
- Others	8,157	8,070	2,636	2,910
Establishment costs				
- Rental	1,232	428	639	133
- Depreciation - property and equipment	792	750	302	247
- Depreciation - right-of-use assets	1,476	1,406	581	468
- Others	4,427	3,535	1,470	609
Marketing expenses	963	1,132	255	266
Administration and general expenses				
- Intercompany charges	64,746	49,007	27,004	18,224
- Communication	877	1,041	206	399
- Others	5,068	7,590	1,899	1,504
	<u>122,498</u>	<u>106,126</u>	<u>46,081</u>	<u>35,695</u>

The number of employees of the Group and the Bank at the end of the period was 188 (September 2020 – 198).

23. Allowance for impairment

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
Allowance written back/(made) for impairment				
- loans, advances and financing	1,791	(653)	496	(483)
- cash and cash equivalents	71	(13)	(9)	87
- debt securities at FVOCI	(33)	(115)	(116)	507
	<u>1,829</u>	<u>(781)</u>	<u>371</u>	<u>111</u>

24. Capital adequacy

	30 September 2021 RM'000	Group and Bank 31 December 2020 RM'000 Restated	1.1.2020 RM'000 Restated
Components of Tier 1 and Tier 2 capital are as follows:			
Tier 1 capital			
Paid-up share capital	531,362	531,362	531,362
Other disclosed reserves	(7,159)	1,179	338
Retained profits	1,113,267	1,381,985	1,335,322
Less: Deferred tax assets	(23,262)	(23,262)	(29,697)
Total common equity tier 1/Total tier 1 capital	1,614,208	1,891,264	1,837,325
Tier 2 capital			
Expected credit losses ("ECL")*	4,238	6,325	5,266
Regulatory reserve	45,000	45,000	45,000
Total capital base	1,663,446	1,942,589	1,887,591
Common equity tier 1/Tier 1 capital ratio	21.595 %	23.084 %	19.577 %
Total capital ratio	22.254 %	23.710 %	20.112 %

* Refers to ECL for Stage 1 and Stage 2.

24. Capital adequacy (continued)

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

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

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

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

Risk Type		Risk Weighted Assets		
		30 September 2021 RM'000	31 December 2020 RM'000 Restated	1.1.2020 RM'000 Restated
1	Credit risk	5,022,336	4,904,608	5,399,155
2	Market risk	1,627,414	2,393,224	3,132,398
3	Operational risk	825,129	895,230	853,743
Total		7,474,879	8,193,062	9,385,296

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2021 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	5,709,473	5,312,225	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,235,150	1,143,357	534,501
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,778,567	1,778,567	1,740,843
	Regulatory Retail	-	-	-
	Residential Mortgages	2,968	2,968	1,039
	Higher Risk Assets	-	-	-
	Other Assets	626,410	626,410	625,354
	Equity Exposure	1,552	1,552	1,782
	Defaulted Exposures	1,411	1,411	1,411
	<i>Total On-Balance Sheet Exposures</i>	9,355,531	8,866,490	2,904,930
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	1,658,056	1,313,315	766,422
	Credit Derivatives	-	-	-
	Transaction related contingent Items	280,203	275,460	256,501
	Short Term Self Liquidating trade related contingencies	59,080	59,080	56,872
	Other commitments, such as formal standby facilities and credit lines	1,037,611	1,037,611	1,037,611
	<i>Total for Off-Balance Sheet Exposures</i>	3,034,950	2,685,466	2,117,406
	<i>Total On and Off- Balance Sheet Exposures</i>	12,390,481	11,551,956	5,022,336

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2021 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
	Interest Rate Risk	89,024,975	87,283,595	1,169,527
	Foreign Currency Risk	423,997	6,365	423,997
	Options	25,795	-	33,890
				1,627,414
3	Operational Risk			825,129
4	Total RWA			7,474,879

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

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

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

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2020 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	4,924,813	4,812,367	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,756,108	1,756,108	847,378
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,548,767	1,548,767	1,513,217
	Regulatory Retail	-	-	-
	Residential Mortgages	4,289	4,289	1,501
	Higher Risk Assets	-	-	-
	Other Assets	520,798	520,798	519,808
	Equity Exposure	1,611	1,611	1,841
	Defaulted Exposures	1,241	1,241	1,241
	<i>Total On-Balance Sheet Exposures</i>	<i>8,757,627</i>	<i>8,645,181</i>	<i>2,884,986</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	1,791,453	1,328,645	769,387
	Credit Derivatives	-	-	-
	Transaction related contingent Items	270,564	269,759	250,292
	Short Term Self Liquidating trade related contingencies	31,604	31,604	31,098
	Other commitments, such as formal standby facilities and credit lines	968,845	968,845	968,845
	<i>Total for Off-Balance Sheet Exposures</i>	<i>3,062,466</i>	<i>2,598,853</i>	<i>2,019,622</i>
	<i>Total On and Off- Balance Sheet Exposures</i>	<i>11,820,093</i>	<i>11,244,034</i>	<i>4,904,608</i>

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2020 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
	Interest Rate Risk	96,807,054	95,495,401	1,858,774
	Foreign Currency Risk	170,169	136,169	170,175
	Options	24,543	231	364,275
				2,393,224
3	Operational Risk			895,230
4	Total RWA			8,193,062

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

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

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

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2021 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 5,315,374	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,057	RM'000 -	RM'000 5,316,431	RM'000 -
20%	-	-	404,845	1,353	44,192	-	-	-	-	-	450,390	90,078
35%	-	-	-	-	-	-	2,968	-	-	-	2,968	1,039
50%	-	-	1,672,774	-	29,581	-	-	-	-	-	1,702,355	851,177
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	2	56,723	3,394,770	-	1,411	-	625,354	1,532	4,079,792	4,079,792
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	5,315,374	-	2,077,621	58,076	3,468,543	-	4,379	-	626,411	1,552	11,551,956	5,022,336
Risk-Weighted Assets by Exposures	-	-	917,357	56,994	3,418,399	-	2,450	-	625,354	1,782	5,022,336	
Average Risk Weight	0.0%	0.0%	44.2%	98.1%	98.6%	0.0%	55.9%	0.0%	99.8%	114.8%	43.5%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2020 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 4,828,603	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 989	RM'000 -	RM'000 4,829,592	RM'000 -
20%	-	-	429,921	1,624	43,935	-	-	-	-	-	475,480	95,096
35%	-	-	-	-	-	-	4,289	-	-	-	4,289	1,501
50%	-	-	2,224,994	-	28,790	-	-	-	-	-	2,253,784	1,126,892
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	213	43,523	3,114,493	-	1,241	-	519,808	1,591	3,680,869	3,680,869
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	4,828,603	-	2,655,128	45,147	3,187,218	-	5,530	-	520,797	1,611	11,244,034	4,904,608
Risk-Weighted Assets by Exposures	-	-	1,198,694	43,848	3,137,675	-	2,742	-	519,808	1,841	4,904,608	
Average Risk Weight	0.0%	0.0%	45.1%	97.1%	98.4%	0.0%	49.6%	0.0%	99.8%	114.3%	43.6%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

25. Commitments and contingencies

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

30 September 2021 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	560,407	280,203	256,501
Short Term Self Liquidating Trade Related Contingencies	295,402	59,080	56,872
Foreign exchange related contracts			
One year or less	14,544,891	295,397	290,872
Over one year to five years	1,805,299	123,438	111,019
Over five years	-	-	-
Interest/Profit rate related contracts			
One year or less	105,000	1,430	754
Over one year to five years	85,000	2,211	1,731
Over five years	27,063	1,353	1,353
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	68,588,782	1,234,227	360,693
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	571,224	285,612	285,612
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,759,995	751,999	751,999
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	90,343,063	3,034,950	2,117,406

25. Commitments and contingencies (continued)

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

31 December 2020 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	541,127	270,564	250,292
Short Term Self Liquidating Trade Related Contingencies	158,020	31,604	31,098
Foreign exchange related contracts			
One year or less	13,364,383	300,944	280,853
Over one year to five years	1,803,531	169,311	155,339
Over five years	-	-	-
Interest/Profit rate related contracts			
One year or less	160,000	1,402	628
Over one year to five years	110,000	4,234	2,280
Over five years	27,063	1,624	1,624
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	75,537,697	1,313,938	328,663
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	400,093	200,046	200,046
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,843,995	768,799	768,799
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	95,945,909	3,062,466	2,019,622

26. The operations of Islamic Banking

Statement of Financial Position
As at 30 September 2021 – Unaudited

		Bank	
	Note	30 September 2021 RM'000	31 December 2020 RM'000
Assets			
Cash and short-term funds	(a)	123,000	57,147
Financial securities	(b)	20,351	20,560
Other assets		244	85
Total assets		143,595	77,792
Liabilities and Islamic Banking funds			
Deposits from customers	(c)	103,642	41,045
Other liabilities	(d)	5,123	1,188
Tax payable		346	483
Total liabilities		109,111	42,716
Capital funds		25,000	25,000
Retained earnings		9,484	10,076
Islamic Banking funds		34,484	35,076
Total liabilities and Islamic Banking funds		143,595	77,792
Commitments and contingencies		-	-

26. The operations of Islamic Banking (continued)

Statement Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2021 - Unaudited

	Bank			
	Nine months ended 30 September 2021 RM'000	30 September 2020 RM'000	Three months ended 30 September 2021 RM'000	30 September 2020 RM'000
Income derived from investment of Islamic banking funds	1,461	1,716	432	575
Total net income	1,461	1,716	432	575
Other operating expenses	(19)	(15)	(7)	(4)
Operating profit	1,442	1,701	425	571
Allowance written back for impairment	1	5	(2)	39
Profit before tax	1,443	1,706	423	610
Taxation	(346)	(410)	(101)	(147)
Profit for the period	1,097	1,296	322	463
Other comprehensive income:				
<i>Movement in fair value reserve (debt securities):</i>				
Net change in fair value	(210)	549	(50)	93
Net amount transferred to profit or loss	(1)	(5)	2	(39)
Tax expense on other comprehensive income	50	(130)	11	(12)
Other comprehensive income for the period	(161)	414	(37)	42
Total comprehensive income for the period	936	1,710	285	505

26. The operations of Islamic Banking (continued)

Statement Of Changes In Islamic Banking Funds
For The Financial Period Ended 30 September 2021

Bank	Capital funds RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2021	25,000	432	9,644	35,076
Net profit for the period	-	-	1,097	1,097
Other comprehensive income for the period	-	(161)	-	(161)
Total comprehensive income for the period	-	(161)	1,097	936
Dividend paid	-	-	(1,528)	(1,528)
At 30 September 2021	25,000	271	9,213	34,484

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

26. The operations of Islamic Banking (continued)

Statement Of Cash Flows
For The Financial Period Ended 30 September 2021

	Bank	
	30 September 2021 RM'000	30 September 2020 RM'000
Cash flows from operating activities		
Profit before taxation	1,443	1,706
Operating profit before working capital changes	<u>1,443</u>	<u>1,706</u>
Changes in working capital:		
Net changes in operating assets	(111)	(312)
Net changes in operating liabilities	66,532	6,159
Income taxes paid	(483)	(613)
Net cash generated from operations	<u>67,381</u>	<u>6,940</u>
Cash flows from financing activities		
Dividend paid	(1,528)	(1,940)
Net cash used in financing activities	<u>(1,528)</u>	<u>(1,940)</u>
Net increase in cash and cash equivalents	65,853	5,000
Cash and cash equivalents at beginning of period	57,147	56,000
Cash and cash equivalents at end of period	<u>123,000</u>	<u>61,000</u>
Analysis of cash and cash equivalents:		
Cash and short term funds	<u>123,000</u>	<u>61,000</u>

26. The operations of Islamic Banking (continued)

Shariah Committee

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

The Shariah Committee comprises of Dr Muhammad Qaseem and Dr Mohd Hilmi bin Ramli.

The Bank operate with 2 committee members until the appointment of new Shariah Committee member.

Basis of measurement

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

(a) Cash and short term funds

	Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Cash and balances with banks and other financial institutions	123,000	57,147

(b) Financial securities

	Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Debt securities at FVOCI Malaysian Investment Issue	20,351	20,560

(c) Deposits from customer

	Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Non-Mudharabah Demand deposits	103,642	41,045

26. The operations of Islamic Banking (continued)

(d) Other liabilities

	Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Bills payable	30	15
Others	5,093	1,173
	<u>5,123</u>	<u>1,188</u>

(e) Capital adequacy

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

Components of Tier I and Tier II Capital:

	Group and Bank	
	30 September 2021 RM'000	31 December 2020 RM'000
Components of Tier 1 and Tier 2 capital are as follows:		
Tier 1 capital		
Capital funds	25,000	25,000
Other disclosed reserves	122	194
Retained profits	8,116	9,644
Total common equity tier 1/Total tier 1 capital	<u>33,238</u>	<u>34,838</u>
Total Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u>33,238</u>	<u>34,838</u>
Common equity tier 1/Tier 1 capital ratio	741.506 %	662.240 %
Total capital ratio	<u>741.506 %</u>	<u>662.240 %</u>

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

Risk Type		Risk Weighted Assets	
		30 September 2021 RM'000	31 December 2020 RM'000
1	Credit risk	-	-
2	Market risk	-	-
3	Operational risk	4,483	5,261
Total		4,483	5,261

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2021 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	143,595	143,595	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	-	-	-
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	143,595	143,595	-
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	-	-	-
	<i>Total On and Off- Balance Sheet Exposures</i>	143,595	143,595	-

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2021 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
		Long Position	Short Position	
2	Market Risk			
	Interest Rate Risk	-	-	-
	Foreign Currency Risk	-	-	-
	Options	-	-	-
				-
3	Operational Risk			4,483
4	Total RWA			4,483

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

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

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

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2020 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	77,792	77,792	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	-	-	-
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	<i>77,792</i>	<i>77,792</i>	<i>-</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	<i>-</i>	<i>-</i>	<i>-</i>
	<i>Total On and Off- Balance Sheet Exposures</i>	<i>77,792</i>	<i>77,792</i>	<i>-</i>

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2020 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	-	-
	Foreign Currency Risk	-	-	-
	Options	-	-	-
				-
3	Operational Risk			5,261
4	Total RWA			5,261

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

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

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

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2021 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 143,595	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 143,595	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	143,595	-	-	-	-	-	-	-	-	-	143,595	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	0.0%	-	-	-	-	-	-	-	-	-	0.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

26. The operations of Islamic Banking (continued)

(e) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2020 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 77,792	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 77,792	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	77,792	-	-	-	-	-	-	-	-	-	77,792	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	0.0%	-	-	-	-	-	-	-	-	-	0.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

27. Comparative Figures

The Bank has identified legacy reserves relating to derivatives that are no longer required.

The adjustment has now been effected by restating the relevant financial statement line items for the prior periods as follows:

Statement of financial position	Previously Stated RM'000	Adjustment RM'000	Restated RM'000
01 January 2020			
Derivative assets	884,393	22,609	907,002
Tax Recoverable	7,406	(5,426)	1,980
Reserves	1,364,011	17,183	1,381,194
31 December 2020			
Derivative assets	1,383,549	22,609	1,406,158
Taxation	4,136	5,426	9,562
Reserves	1,412,588	17,183	1,429,771