

**MBSB BANK BERHAD 200501033981 (716122-P)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**MBSB BANK BERHAD 200501033981 (716122-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

		Bank Group		Bank	
		30-Sep-19 RM'000	31-Dec-18 RM'000	30-Sep-19 RM'000	31-Dec-18 RM'000
<b>Assets</b>					
Cash and short-term funds	7(a)	1,309,323	3,242,228	1,273,359	3,237,276
Deposits and placements with banks and other financial institutions	7(b)	1,320,050	776,739	351,354	1,842
Derivative financial assets	8	108	67	108	67
Financial investments at fair value through profit or loss ("FVTPL")	9	10,158	-	10,158	-
Financial investments at fair value through other comprehensive income ("FVOCI")	10	10,211,747	5,097,105	10,211,747	5,097,105
Financial investments at amortised cost	11	20,101	20,350	20,101	20,350
Financing and advances	12	33,036,852	31,806,617	33,036,852	31,806,617
Sukuk Commodity Murabahah		-	-	2,852,422	2,924,734
Other receivables	13	515,166	578,064	547,657	604,838
Investment in subsidiary	14	-	-	-	-
Investment in joint venture	15	-	-	-	-
Statutory deposits with Bank Negara Malaysia		1,235,000	1,053,000	1,235,000	1,053,000
Investment property		820	820	820	820
Property and equipment		23,090	20,923	23,090	20,923
Right use of assets		23,068	-	23,068	-
Intangible assets		116,005	104,692	116,005	104,692
Tax recoverable		86,136	74,587	86,127	74,587
<b>Total assets</b>		<b>47,907,624</b>	<b>42,775,192</b>	<b>49,787,868</b>	<b>44,946,851</b>
<b>Liabilities</b>					
Deposits from customers	16	27,196,602	24,209,449	27,196,602	24,209,449
Deposits and placements of banks and other financial institutions	17	10,430,137	8,578,851	10,430,137	8,578,851
Derivative financial liabilities	8	410	2	410	2
Other payables	18	566,457	515,834	2,919,328	3,099,060
Lease liabilities		23,393	-	23,393	-
Recourse obligation on financing sold		2,005,783	2,135,518	2,005,783	2,135,518
Sukuk-MBSB Structured Covered ("SC") Murabahah		1,898,113	1,968,075	1,898,113	1,968,075
Provision for zakat		15,344	13,000	15,344	13,000
Deferred tax liabilities		73,658	41,552	73,658	41,552
<b>Total liabilities</b>		<b>42,209,897</b>	<b>37,462,281</b>	<b>44,562,768</b>	<b>40,045,507</b>
<b>Equity</b>					
Share capital		4,625,859	4,625,859	4,625,859	4,625,859
Reserves		1,071,868	687,052	599,241	275,485
<b>Total equity</b>		<b>5,697,727</b>	<b>5,312,911</b>	<b>5,225,100</b>	<b>4,901,344</b>
<b>Total Liabilities and Equity</b>		<b>47,907,624</b>	<b>42,775,192</b>	<b>49,787,868</b>	<b>44,946,851</b>
<b>Commitments and contingencies</b>	27	<b>5,758,645</b>	<b>6,078,479</b>	<b>5,758,645</b>	<b>6,078,479</b>
<b>Capital Adequacy</b>					
		<b>Bank Group</b>		<b>Bank</b>	
CET1 capital		12.560%	13.381%	11.617%	12.271%
Tier 1 capital		12.560%	13.381%	11.617%	12.271%
Total capital ratio		13.773%	14.610%	12.835%	13.503%

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

		<b>Bank Group</b>			
		<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	19	439,935	606,257	1,694,432	1,200,568
Income derived from investment of shareholders' funds	20	277,380	60,531	423,738	173,212
Net allowance for impairment on financing and advances and other financial assets	21	(95,980)	(56,778)	(324,827)	(87,519)
Total distributable income		<u>621,335</u>	<u>610,010</u>	<u>1,793,343</u>	<u>1,286,261</u>
Income attributable to depositors and others	22	(408,452)	(377,646)	(1,212,993)	(761,275)
Total net income		<u>212,883</u>	<u>232,364</u>	<u>580,350</u>	<u>524,986</u>
Personnel expenses	23	(41,695)	(59,644)	(166,540)	(120,079)
Other overhead expenses	24	(30,683)	(31,927)	(86,792)	(67,276)
Profit before taxation and zakat		<u>140,505</u>	<u>140,793</u>	<u>327,018</u>	<u>337,631</u>
Taxation		(61,335)	(28,611)	(99,602)	(75,670)
Zakat		(1,000)	-	(4,172)	(3,976)
Profit for the financial period		<u><u>78,170</u></u>	<u><u>112,182</u></u>	<u><u>223,244</u></u>	<u><u>257,985</u></u>
Profit attributable to:					
Owners of the Bank		<u>78,170</u>	<u>112,182</u>	<u>223,244</u>	<u>257,985</u>
		<u><u>78,170</u></u>	<u><u>112,182</u></u>	<u><u>223,244</u></u>	<u><u>257,985</u></u>
<b>Profit for the financial period</b>		<u>78,170</u>	<u>112,182</u>	<u>223,244</u>	<u>257,985</u>
Other comprehensive income, net of tax	25	<u>71,225</u>	<u>25,469</u>	<u>161,572</u>	<u>9,938</u>
		<u><u>71,225</u></u>	<u><u>25,469</u></u>	<u><u>161,572</u></u>	<u><u>9,938</u></u>
<b>Total comprehensive income for the financial period</b>		<u><u>149,395</u></u>	<u><u>137,651</u></u>	<u><u>384,816</u></u>	<u><u>267,923</u></u>
Total comprehensive income attributable to:					
Owners of the Bank Group		<u>149,395</u>	<u>137,651</u>	<u>384,816</u>	<u>267,923</u>
		<u><u>149,395</u></u>	<u><u>137,651</u></u>	<u><u>384,816</u></u>	<u><u>267,923</u></u>
Earnings per share (sen)		<u>6.76</u>	<u>9.70</u>	<u>6.43</u>	<u>7.44</u>

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**MBSB BANK BERHAD 200501033981 (716122-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

		Bank			
		3rd Quarter Ended		Nine Months Ended	
		30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Income derived from investment of depositors' funds	19	452,767	625,472	1,750,867	1,238,143
Income derived from investment of shareholders' funds	20	280,636	61,963	416,861	177,413
Net allowance for impairment on financing and advances and other financial assets	21	(95,980)	(56,778)	(324,827)	(87,519)
Total distributable income		637,423	630,657	1,842,901	1,328,037
Income attributable to depositors and others	22	(447,482)	(421,576)	(1,329,959)	(850,612)
Total net income		189,941	209,081	512,942	477,425
Personnel expenses	23	(41,695)	(59,644)	(166,540)	(120,079)
Other overhead expenses	24	(30,059)	(31,811)	(85,015)	(66,585)
Profit before taxation and zakat		118,187	117,626	261,387	290,761
Taxation		(59,759)	(26,976)	(95,031)	(72,585)
Zakat		(1,000)	-	(4,172)	(3,976)
Profit for the financial period		57,428	90,650	162,184	214,200
Profit attributable to:					
Owners of the Bank		57,428	90,650	162,184	214,200
		57,428	90,650	162,184	214,200
<b>Profit for the financial period</b>		57,428	90,650	162,184	214,200
Other comprehensive income, net of tax:	25	71,225	25,469	161,572	9,938
		71,225	25,469	161,572	9,938
<b>Total comprehensive income for the financial period</b>		128,653	116,119	323,756	224,138
Total comprehensive income attributable to:					
Owners of the Bank		128,653	116,119	323,756	224,138
		128,653	116,119	323,756	224,138

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**MBSB BANK BERHAD 200501033981 (716122-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

<b>Bank Group</b>	<b>Share Capital RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Fair value reserve- FVOCI RM'000</b>	<b>Retained profit/ (Accumulated losses) RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 January 2019</b>	4,625,859	5,234	10,708	671,110	5,312,911
Profit for the financial period	-	-	-	223,244	223,244
Other comprehensive income for the financial period	-	-	161,572	-	161,572
Total comprehensive income for the financial period	-	-	161,572	223,244	384,816
<b>Balance as at 30 September 2019</b>	4,625,859	5,234	172,280	894,354	5,697,727
<b>Balance as at 1 January 2018</b>	532,530	5,234	41	(43,336)	494,469
Effects of adopting MFRS 9	-	-	-	(16,316)	(16,316)
<b>Restated at 1 January 2018</b>	532,530	5,234	41	(59,652)	478,153
Profit for the financial period	-	-	-	257,985	257,985
Other comprehensive income for the financial period	-	-	9,938	-	9,938
Total comprehensive income for the financial period	-	-	9,938	257,985	267,923
Adjustment arising from merger exercise	-	-	-	346,884	346,884
Issuance of ordinary shares	4,093,329	-	-	-	4,093,329
<b>Balance as at 30 September 2018</b>	4,625,859	5,234	9,979	545,217	5,186,289

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**MBSB BANK BERHAD 200501033981 (716122-P)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY****FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (CONTINUED)**

<b>Bank</b>	<b>Share Capital RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>Fair value reserve- FVOCI RM'000</b>	<b>Retained profit/ (Accumulated losses) RM'000</b>	<b>Total RM'000</b>
<b>Balance as at 1 January 2019</b>	4,625,859	5,234	10,708	259,543	4,901,344
Profit for the financial period	-	-	-	162,184	162,184
Other comprehensive income for the financial period	-	-	161,572	-	161,572
Total comprehensive income for the financial period	-	-	161,572	162,184	323,756
<b>Balance as at 30 September 2019</b>	4,625,859	5,234	172,280	421,727	5,225,100
<b>Balance as at 1 January 2018</b>	532,530	5,234	41	(43,336)	494,469
Effects of adopting MFRS 9	-	-	-	(16,316)	(16,316)
<b>Restated at 1 January 2018</b>	532,530	5,234	41	(59,652)	478,153
Profit for the financial period	-	-	-	214,200	214,200
Other comprehensive income for the financial period	-	-	9,938	-	9,938
Total comprehensive income for the financial period	-	-	9,938	214,200	224,138
Issuance of ordinary shares	4,093,329	-	-	-	4,093,329
<b>Balance as at 30 September 2018</b>	4,625,859	5,234	9,979	154,548	4,795,620

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Bank Group		Bank	
	9 months ended		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	327,018	337,631	261,387	290,761
Adjustments for non-cash items	94,873	12,936	24,085	(41,232)
Operating profit before working capital changes	421,891	350,567	285,472	249,529
Working capital changes:				
Net changes in operating assets	(2,177,793)	599,635	(1,970,007)	(2,262,571)
Net changes in operating liabilities	4,912,863	(3,238,813)	4,663,614	(555,916)
Income taxes and zakat paid	(131,106)	(3,348)	(127,336)	(448)
Net cash generated from/(used in) operating activities	3,025,855	(2,291,959)	2,851,743	(2,569,406)
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(6,781)	(6,319)	(6,781)	(6,319)
Purchase of intangible assets	(27,398)	(85,957)	(27,398)	(85,957)
Arising from vesting of assets and liabilities from holding company	-	6,270,568	-	6,269,184
Proceeds from disposal of property and equipment	-	24	-	24
Net purchase of financial investments	(4,865,875)	(418,110)	(4,865,875)	(418,110)
Proceeds from purchase of FVTPL	(9,004)	-	(9,004)	-
Profit income from financial investments	220,783	103,207	220,783	103,207
Profit income from Sukuk Commodity Murabahah	-	-	70,788	54,168
Proceeds from maturity of Sukuk Commodity Murabahah	-	-	72,312	101,207
Net cash (used in)/generated from investing activities	(4,688,275)	5,863,413	(4,545,175)	6,017,404
<b>Cash flows from financing activities</b>				
(Proceeds)/repayment on				
recourse obligation on financing sold	(72,248)	19,857	(72,248)	19,857
Profit expense paid - recourse obligation on financing sold	(57,487)	(44,728)	(57,487)	(44,728)
Profit expense paid - Sukuk MBSB-SC Murabahah	(36,582)	(55,277)	(36,582)	(55,277)
Proceeds of Sukuk - MBSB-SC Murabahah	(104,168)	(100,352)	(104,168)	(100,352)
Net cash used in financing activities	(270,485)	(180,500)	(270,485)	(180,500)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,932,905)	3,390,954	(1,963,917)	3,267,498
<b>Cash and cash equivalents at the beginning of financial period</b>	3,242,228	478,674	3,237,276	478,674
<b>Cash and cash equivalents at the end of financial period</b>	1,309,323	3,869,628	1,273,359	3,746,172

The interim financial statements should be read in conjunction with the audited financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019**

**1. Basis of preparation**

The unaudited condensed interim financial statements for the financial quarter ended 30 September 2019 have been prepared under the historical cost convention except for financial assets which are recognised at fair value and the following financial assets and financial liabilities which are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method: financing, trade and other payables, bank borrowings and recourse obligations on financing sold.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Financial Reporting for Islamic Banking Institutions policy issued by Bank Negara Malaysia ("BNM"), provisions of Companies Act 2016 and Shariah requirements. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Bank Group and the Bank for the financial year ended 31 December 2018. The explanatory notes attached to the 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 Bank Group and the Bank since the financial year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2018.

On 1 January 2019, where applicable, the Bank Group and the Bank adopted the following MFRSs and Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2019:

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits - Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures



**1. Basis of preparation (continued)**

Effective for annual periods beginning on or after 1 January 2020

- MFRS 3, Business Combinations - *Definition of a Business*
- MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material*

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

**2. Audit Report of Preceding Financial Year Ended 31 December 2018**

The audit report on the financial statements of the preceding year was not qualified.

**3. Seasonality and Cyclicity of Operation**

The business operations of the Bank Group and the Bank have not been affected by any seasonal or cyclical factors.

**4. Exceptional or Unusual Items**

There are no exceptional or unusual items in the current quarter.

**5. Changes in Estimates of Amounts Reported Previously**

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

**6. Dividend**

No dividend were paid during the current financial quarter.

**7. Cash and short-term funds and deposits and placements with banks and other financial institutions**

	Bank Group		Bank	
	30-Sep-19 RM'000	31-Dec-18 RM'000	30-Sep-19 RM'000	31-Dec-18 RM'000
(a) Cash and balances with banks and other financial institutions	141,227	179,508	105,263	174,556
Money at call and deposit placements maturing within one month	1,168,096	3,062,720	1,168,096	3,062,720
Total cash and short-term funds	1,309,323	3,242,228	1,273,359	3,237,276
(b) Deposits and placements with financial institutions with original maturity of more than one month				
- Licensed Islamic banks	1,320,050	776,739	351,354	1,842
Total cash and short-term funds and deposits and placements with financial institutions	2,629,373	4,018,967	1,624,713	3,239,118

**8. Derivative financial assets/(liabilities)**

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

	Bank Group and Bank					
	30-Sep-19			31-Dec-18		
	Contract/ Notional amount RM'000	Fair value		Contract/ Notional amount RM'000	Fair value	
	Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
<b>Trading derivatives</b>						
<u>Foreign exchange contracts:</u>						
Currency forward						
- Less than one year	234,158	108	(410)	5,842	67	(2)

**9. Financial investments at FVTPL**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Quoted securities:</b>		
<u>In Malaysia</u>		
Malaysian Government Investment Issues	10,158	-
	10,158	-
	10,158	-

**10. Financial investments at FVOCI**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	7,117,758	2,154,192
<b>Debt securities:</b>		
<u>In Malaysia</u>		
Corporate sukuk	1,047,177	1,060,628
Government Guaranteed corporate sukuk	2,046,812	1,882,285
	10,211,747	5,097,105
	10,211,747	5,097,105

Expected credit losses ("ECL") movement for debt instruments at fair value through other comprehensive income:

The following ECL is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value.

	<b>Bank Group and Bank</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019	-	-	-	-
Total charge to Income Statement:	13	-	-	13
Change in credit risk	13	-	-	13
At 30 Sep 2019	13	-	-	13
	13	-	-	13

There was no ECL for financial investments at FVOCI during the year 2018.

**11. Financial investments at amortised cost**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b>Quoted securities:</b>		
<u>In Malaysia</u>		
Private and Islamic debt securities	20,109	20,356
Less: ECL at Stage 1	(8)	(6)
	20,101	20,350
	20,101	20,350

**12. Financing and advances**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type</b>		
<b>At amortised cost</b>		
Term financing		
- Personal financing	20,324,771	20,562,117
- Other term financing	6,139,989	5,456,952
- Property financing	4,977,247	4,340,081
- Industrial hire purchase	805,994	781,118
- Bridging financing	702,986	716,015
- Auto Financing	174,628	213,898
Revolving Credit	874,186	743,218
Trade finance	533,650	138,473
Trusts receipts	-	51,525
Cash line	1,849	-
Staff financing	43,699	41,277
Gross financing and advances	<u>34,578,999</u>	<u>33,044,674</u>
Less: Expected credit losses ("ECL")		
- Stage 1	(445,023)	(346,537)
- Stage 2	(463,699)	(455,639)
- Stage 3	(633,425)	(435,881)
Net financing and advances	<u>33,036,852</u>	<u>31,806,617</u>

**(ii) By residual contractual maturity**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	2,416,426	1,480,942
More than one year to three years	1,433,434	1,770,112
More than three years to five years	2,094,250	1,939,750
More than five years	28,634,889	27,853,870
	<u>34,578,999</u>	<u>33,044,674</u>

**12. Financing and advances (continued)**

**(iii) By economic purpose**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Personal Use	20,423,139	20,674,102
Construction	4,842,986	4,122,973
Purchase of landed property:		
- Residential	4,613,963	4,031,169
- Non-Residential	266,034	207,864
Working Capital	4,112,957	3,519,031
Purchase of transport vehicles	175,181	213,635
Purchase of other fixed assets	39,294	56,097
Purchase of other securities	504	498
Purchase of consumer durables	136	142
Others	104,805	219,164
	<u>34,578,999</u>	<u>33,044,674</u>

**(iv) By type of customers**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Individuals	25,430,957	25,069,610
Domestic business enterprises		
- Small medium enterprise	2,592,373	2,421,177
- Non-bank financial institutions	592,201	536,644
- Government	228,826	240,301
- Others	5,734,642	4,770,904
Foreign entities	-	6,038
	<u>34,578,999</u>	<u>33,044,674</u>

**(v) By sector**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Household	25,430,956	25,075,711
Construction	5,897,035	5,395,247
Finance, insurance and business services	1,351,381	1,075,960
Education, health and others	343,099	419,174
Manufacturing	572,997	262,010
Agriculture	221,769	236,677
Electricity, gas and water	240,548	233,110
Wholesale & retail trade and restaurants & hotels	266,166	164,657
Transport, storage and communication	140,630	122,120
Mining and quarrying	114,418	60,008
	<u>34,578,999</u>	<u>33,044,674</u>

**12. Financing and advances (continued)**

**(vi) By profit rate sensitivity**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
Personal financing	18,025,881	18,976,550
Property financing	462,769	564,967
Others	1,386,368	1,139,424
Variable rate:		
Personal financing	2,315,143	1,602,482
Property financing	4,538,867	3,796,380
Others	7,849,971	6,964,871
	<b>34,578,999</b>	<b>33,044,674</b>

**(vii) By geographical distribution**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	34,578,999	33,044,540
United Kingdom	-	134
	<b>34,578,999</b>	<b>33,044,674</b>

**(viii) Financing by types and Shariah contracts**

**Bank Group and Bank  
30-Sep-19**

<b>Type</b>	<b>Tawarruq RM'000</b>	<b>Bai' RM'000</b>	<b>Ijarah RM'000</b>	<b>Istisna' RM'000</b>	<b>Murabahah RM'000</b>	<b>Total RM'000</b>
Term Financing	29,151,848	2,181,532	1,705,952	86,283	-	33,125,615
Property financing	2,867,907	2,106,183	3,157	-	-	4,977,247
Bridging financing	702,986	-	-	-	-	702,986
Hire purchase receivables	-	-	805,994	-	-	805,994
Auto financing	-	-	174,628	-	-	174,628
Personal financing	20,324,516	255	-	-	-	20,324,771
Other term financing	5,256,439	75,094	722,173	86,283	-	6,139,989
Cash line	1,849	-	-	-	-	1,849
Trust receipts	-	-	-	-	-	-
Staff financing	40,539	111	3,049	-	-	43,699
Revolving credit	874,186	-	-	-	-	874,186
Others	533,650	-	-	-	-	533,650
	<b>30,602,072</b>	<b>2,181,643</b>	<b>1,709,001</b>	<b>86,283</b>	<b>-</b>	<b>34,578,999</b>

**Bank Group and Bank  
31-Dec-18**

<b>Type</b>	<b>Tawarruq RM'000</b>	<b>Bai' RM'000</b>	<b>Ijarah RM'000</b>	<b>Istisna' RM'000</b>	<b>Murabahah RM'000</b>	<b>Total RM'000</b>
Term Financing	28,074,836	2,265,091	1,652,362	78,417	-	32,070,706
Property financing	2,149,257	2,187,949	3,316	-	-	4,340,522
Bridging financing	716,015	-	-	-	-	716,015
Hire purchase receivables	-	-	781,118	-	-	781,118
Auto financing	-	84	213,898	-	-	213,982
Personal financing	20,561,843	285	-	-	-	20,562,128
Other term financing	4,647,721	76,773	654,030	78,417	-	5,456,941
Cash line	-	-	-	-	-	-
Trust receipts	-	51,525	-	-	-	51,525
Staff financing	37,982	190	2,580	-	-	40,752
Revolving credit	743,218	-	-	-	-	743,218
Others	138,473	-	-	-	-	138,473
	<b>28,994,509</b>	<b>2,316,806</b>	<b>1,654,942</b>	<b>78,417</b>	<b>-</b>	<b>33,044,674</b>

**12. Financing and advances (continued)**

**(ix) Movement in gross financing and advances**

**30-Sep-19**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2019	28,314,877	3,937,504	792,293	33,044,674
Transfer to stage 1	598,110	(523,064)	(75,046)	-
Transfer to stage 2	(1,344,077)	1,523,523	(179,446)	-
Transfer to stage 3	(143,986)	(377,195)	521,181	-
New financing / disbursement during the year	4,298,460	449,439	30,777	4,778,676
Repayment during the year	(2,781,647)	(586,402)	(53,015)	(3,421,064)
Other changes to the carrying amount	125,874	52,374	(1,535)	176,713
Gross carrying amount as at 30 September 2019	<b>29,067,611</b>	<b>4,476,179</b>	<b>1,035,209</b>	<b>34,578,999</b>

**31-Dec-18**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Gross carrying amount as at 1 January 2018	729,499	247,871	111,424	1,088,794
Vested from holding company on 2 April 2018	27,853,305	3,060,833	735,137	31,649,275
Transfer to stage 1	686,430	(671,870)	(14,560)	-
Transfer to stage 2	(1,411,984)	1,491,251	(79,267)	-
Transfer to stage 3	(204,425)	(229,280)	433,705	-
New financing / disbursement during the year	3,686,809	534,453	32,166	4,253,428
Repayment during the year	(3,134,981)	(427,040)	(117,630)	(3,679,651)
Other changes to the carrying amount	109,548	(69,114)	141,075	181,509
Write-offs	-	-	(566,310)	(566,310)
Transfer from asset held-for-sale	676	400	116,553	117,629
Gross carrying amount as at 31 December 2018	<b>28,314,877</b>	<b>3,937,504</b>	<b>792,293</b>	<b>33,044,674</b>

**(x) Movement of ECL for financing and advances**

**30-Sep-19**

	<b>Bank Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
ECL as at 1 January 2019	346,537	455,639	435,881	1,238,057
Charges to profit or loss, of which:	98,486	8,060	197,544	304,090
Changes in the loss allowance:				
- Transfer to stage 1	66,337	(34,670)	(31,667)	-
- Transfer to stage 2	(21,251)	116,985	(95,734)	-
- Transfer to stage 3	(1,496)	(97,975)	99,471	-
New financing / disbursement during the year	94,248	26,229	21,304	141,781
Repayment during the year	(83,263)	(180,697)	(48,021)	(311,981)
Change in credit risk parameters	43,911	178,188	252,191	474,290
ECL as at 30 September 2019	<b>445,023</b>	<b>463,699</b>	<b>633,425</b>	<b>1,542,147</b>

**12. Financing and advances (continued)**

**(x) Movement of ECL for financing and advances (continued)**

31-Dec-18	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL as at 1 January 2018	16,691	6,665	45,716	69,072
Vested from holding company	492,316	444,705	538,420	1,475,441
- ECL as at 2 April 2018	454,139	432,125	538,420	1,424,684
- Subsequent transfer of ECL*	38,177	12,580	-	50,757
Charged to profit or loss, of which:	(163,136)	3,584	310,952	151,400
Changes in the loss allowance:				
- Transfer to stage 1	12,696	(12,468)	(228)	-
- Transfer to stage 2	(164,406)	176,183	(11,777)	-
- Transfer to stage 3	(81,168)	(137,706)	218,874	-
New financing / disbursement during the year	72,027	43,512	26,587	142,126
Repayment during the year	(180,772)	(179,663)	(98,714)	(459,149)
Change in credit risk parameters	178,487	113,726	176,210	468,423
Write-offs	-	-	(566,315)	(566,315)
Transfer from asset held-for-sale	666	685	107,108	108,459
ECL as at 31 December 2018	346,537	455,639	435,881	1,238,057

\* The holding company has had a revision of ECL on the financing and advances vested to the Bank post the vesting of assets and liabilities. The adjustment of the ECL amounting to RM50,757,000 was borne by the holding company and subsequently recognised by the Bank.

**(xi) Movement of impaired financing and advances**

	Bank Group and Bank	
	30-Sep-19 RM'000	31-Dec-18 RM'000
Balance as at 1 January	792,293	111,424
Impaired financing vested from holding company	-	735,137
Classified as impaired during the period	551,958	465,871
Reclassified as non-impaired	(254,492)	(93,827)
Amount recovered	(53,015)	(117,630)
Amount written off	-	(566,310)
Transfer from assets held-for-sale	-	116,553
Other changes to the carrying amount	(1,535)	141,075
Balance as at end of financial period	1,035,209	792,293
Gross impaired financing and advances as a % of gross financing and advances	2.99%	2.40%



**12. Financing and advances (continued)**

**(xii) Impaired financing by sector**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Household sector	589,455	417,768
Construction	190,248	213,827
Education, health and others	72,514	88,331
Manufacturing	59,698	317
Finance, insurance and business services	58,684	11,603
Mining and quarrying	38,891	38,891
Wholesale & retail trade and restaurants & hotels	21,918	21,115
Transport, storage and communication	3,632	287
Agriculture	169	154
	<u>1,035,209</u>	<u>792,293</u>

**(xiii) Impaired financing by geographical distribution**

Malaysia	<u>1,035,209</u>	<u>792,293</u>
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**13. Other receivables**

	<b>Bank Group</b>		<b>Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financing to subsidiary	-	-	37,538	30,069
Financing to related companies	700,404	635,993	700,404	635,993
Amount due from holding company	4,231	98,666	4,231	98,666
Prepayments and deposits	12,083	6,235	11,966	6,107
Sundry receivables	64,526	88,132	59,596	84,965
	<u>781,244</u>	<u>829,026</u>	<u>813,735</u>	<u>855,800</u>
Less: ECL at Stage 3	<u>(266,078)</u>	<u>(250,962)</u>	<u>(266,078)</u>	<u>(250,962)</u>
	<u>515,166</u>	<u>578,064</u>	<u>547,657</u>	<u>604,838</u>

**14. Investment in subsidiary**

The Bank has a wholly owned subsidiary, Jana Kapital Sdn.Bhd. ("JKSB"), an investment holding company that was transferred from the holding company on 2 April 2018. The unquoted shares at cost in JKSB as at 30 September 2019 is RM 2 ( 31 December 2018: RM 2).

The subsidiary was incorporated in Malaysia.

**15. Investment in joint venture**

	<b>Bank Group</b>		<b>Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	16,222	16,222	16,222	16,222
Less:				
Share of loss	(16,222)	(16,222)	-	-
Impairment	-	-	(16,222)	(16,222)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**16. Deposits from customers**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit:</b>		
<u>Non-Mudharabah Funds:</u>		
Commodity Murabahah Term Deposit	26,878,914	23,907,371
Demand deposits	203,590	225,520
Savings deposits	114,098	76,558
	<u>27,196,602</u>	<u>24,209,449</u>

The deposit above are under the Islamic contract of Tawarruq.

**(ii) Maturity structure of term deposits are as follows:**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Within six months	18,855,130	17,172,705
More than six months to one year	5,181,158	4,818,107
More than one year to three years	1,682,598	723,813
More than three years	1,160,028	1,192,746
	<u>26,878,914</u>	<u>23,907,371</u>

**(iii) By type of customers:**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Government and statutory bodies	17,456,524	14,746,960
Business enterprises	5,425,145	6,371,297
Individuals	4,314,933	3,091,192
	<u>27,196,602</u>	<u>24,209,449</u>

**17. Deposits and placements of banks and other financial institutions**

	<b>Bank Group and Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit:</b>		
<u>Non-Mudharabah Funds:</u>		
Other financial institutions:		
-Licensed Investment Banks	1,339	-
-Licensed Islamic Banks	157	-
-Other Financial Institutions	10,428,641	8,578,851
	<u>10,430,137</u>	<u>8,578,851</u>
<b>(ii) By type of contract:</b>		
Tawarruq	10,430,137	8,578,851
	<u>10,430,137</u>	<u>8,578,851</u>

**18. Other payables**

	Bank Group		Bank	
	30-Sep-19 RM'000	31-Dec-18 RM'000	30-Sep-19 RM'000	31-Dec-18 RM'000
Amount due to subsidiary	-	-	2,353,174	2,584,124
Amount due to related companies	33,975	35,437	33,975	35,437
Al-Mudharabah security fund	133,164	123,401	133,164	123,401
Sundry creditors	230,377	168,112	230,377	168,112
Other provisions and accruals	48,515	82,292	48,212	81,394
ECL for commitment and contingencies	103,367	93,943	103,367	93,943
Deferred income	17,059	12,649	17,059	12,649
	<u>566,457</u>	<u>515,834</u>	<u>2,919,328</u>	<u>3,099,060</u>

Movement of ECL for commitment and contingencies are as follows:

30-Sep-19	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2019	52,717	36,630	4,596	93,943
Total charged to profit or loss, of which:	3,110	(8,513)	14,827	9,424
Changes in the impairment allowance				
- Transfer to stage 1	4,987	(2,556)	(2,431)	-
- Transfer to stage 2	(3,370)	3,753	(383)	-
- Transfer to stage 3	(640)	(432)	1,072	-
New financing/ disbursement during the year	19,054	3,624	118	22,796
Repayment/drawdown to financing during the year	(10,889)	(5,343)	(547)	(16,779)
Changes in credit risk parameters	(6,032)	(7,559)	16,998	3,407
ECL as at 30 September 2019	<u>55,827</u>	<u>28,117</u>	<u>19,423</u>	<u>103,367</u>
31-Dec-18	Bank Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2018	4,659	863	-	5,522
Vested from holding company on 2 April 2018	69,751	35,157	1,515	106,423
- commitment from financing	69,751	35,157	1,498	106,406
- commitment from asset held-for-sale	-	-	17	17
Total charged to profit or loss, of which:	(21,693)	610	3,081	(18,002)
Changes in the impairment allowance				
- Transfer to stage 1	217	(217)	-	-
- Transfer to stage 2	(28,677)	28,677	-	-
- Transfer to stage 3	(3,008)	(501)	3,509	-
New financing/ disbursement during the year	21,197	5,774	203	27,174
Repayment/drawdown to financing during the year	(22,531)	(20,795)	(619)	(43,945)
Changes in credit risk parameters	11,109	(12,328)	(12)	(1,231)
ECL as at 31 December 2018	<u>52,717</u>	<u>36,630</u>	<u>4,596</u>	<u>93,943</u>

**19. Income derived from investment of depositors' funds**

	<b>Bank Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:				
i) General investment deposits	-	1,881	-	9,613
ii) Other deposits	439,935	604,376	1,694,432	1,190,955
	<u>439,935</u>	<u>606,257</u>	<u>1,694,432</u>	<u>1,200,568</u>

i) Income derived from investment of general investment deposits

Finance income and hibah:

Financing and advances	-	1,655	-	8,567
Financial investments at FVOCI	-	97	-	579
Financial investments at amortised cost	-	18	-	59
Money at call and deposits with financial institutions	-	75	-	267
Profit on Sukuk commodity murabahah	-	-	-	-
Others	-	35	-	140
	<u>-</u>	<u>1,881</u>	<u>-</u>	<u>9,613</u>
of which financing income earned on impaired financing	-	191	-	414

ii) Income derived from investment of other deposits

	<b>Bank Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Finance income and hibah:</u>				
Financing and advances	328,854	531,153	1,370,744	1,036,176
Financial investments at FVTPL	93	-	186	-
Financial investments at FVOCI	90,168	34,916	215,348	71,718
Financial investments at amortised cost	(172)	4,869	(426)	14,641
Money at call and deposits with financial institutions	14,119	24,113	80,625	51,725
Profit on Sukuk commodity murabahah	-	-	-	-
Others	6,873	9,325	27,955	16,695
	<u>439,935</u>	<u>604,376</u>	<u>1,694,432</u>	<u>1,190,955</u>
of which financing income earned on impaired financing	<u>3,711</u>	<u>32,965</u>	<u>14,487</u>	<u>48,767</u>

**19. Income derived from investment of depositors' funds (continued)**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Income derived from investment of:				
i) General investment deposits	-	1,940	-	9,926
ii) Other deposits	452,767	623,532	1,750,867	1,228,217
	<u>452,767</u>	<u>625,472</u>	<u>1,750,867</u>	<u>1,238,143</u>
i) Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances	-	1,655	-	8,567
Financial investments at FVOCI	-	97	-	579
Financial investments at amortised cost	-	18	-	59
Money at call and deposits with financial institutions	-	56	-	168
Profit on Sukuk Commodity Murabahah	-	76	-	406
Others	-	38	-	147
	<u>-</u>	<u>1,940</u>	<u>-</u>	<u>9,926</u>
of which financing income earned on impaired financing	-	191	-	414

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
ii) Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances	328,854	531,153	1,370,744	1,036,176
Financial investments at FVTPL	93	-	186	-
Financial investments at FVOCI	90,168	34,916	215,348	71,718
Financial investments at amortised cost	(172)	4,869	(426)	14,641
Money at call and deposits with financial institutions	14,119	17,957	80,625	39,927
Profit on Sukuk Commodity Murabahah	12,831	24,902	56,434	48,314
Others	6,874	9,736	27,956	17,442
	<u>452,767</u>	<u>623,532</u>	<u>1,750,867</u>	<u>1,228,217</u>
of which financing income earned on impaired financing	3,711	33,951	14,487	49,753

**20. Income derived from investment of shareholders' funds**

	<b>Bank Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Finance income and hibah:</u>				
Financing and advances	250,142	42,541	342,840	122,310
Financial investments at FVTPL	3	-	5	-
Financial investments at FVOCI	1,367	2,922	5,870	8,994
Financial investments at amortised cost	(3)	1,447	(9)	4,097
Money at call and deposits with financial institutions	8,078	5,752	24,788	12,790
Profit on Sukuk commodity murabahah	-	-	-	-
Others	4,604	757	5,412	1,883
	<u>264,191</u>	<u>53,420</u>	<u>378,906</u>	<u>150,075</u>
of which financing income earned on impaired financing	<u>2,715</u>	<u>2,337</u>	<u>3,685</u>	<u>5,794</u>
Other operating (expenses) / income :				
Financing related fees	(1,789)	2,669	(5,143)	8,125
Commission	2,940	2,533	9,082	6,442
Gain from sale of FVOCI	7,998	1,775	37,066	3,558
Sundry income	4,040	176	3,827	5,054
Net gain on derivatives foreign exchange contracts	-	(42)	-	(42)
	<u>13,189</u>	<u>7,111</u>	<u>44,832</u>	<u>23,137</u>
	<u>277,380</u>	<u>60,531</u>	<u>423,738</u>	<u>173,212</u>
	<b>Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Finance income and hibah:</u>				
Financing and advances	250,142	42,541	342,840	122,310
Financial investments at FVTPL	2	-	4	-
Financial investments at FVOCI	1,367	2,922	5,870	8,994
Financial investments at amortised cost	(3)	1,447	(9)	4,097
Money at call and deposits with financial institutions	302	5,285	1,861	11,460
Profit on Sukuk commodity murabahah	10,426	1,868	14,353	5,448
Others	5,211	789	7,110	1,967
	<u>267,447</u>	<u>54,852</u>	<u>372,029</u>	<u>154,276</u>
of which financing income earned on impaired financing	<u>2,715</u>	<u>2,337</u>	<u>3,685</u>	<u>5,794</u>
Other operating (expenses) / income :				
Loan related fees	(1,789)	2,669	(5,143)	8,125
Insurance commission	2,940	2,533	9,082	6,442
Gain from sale of FVOCI	7,998	1,775	37,066	3,558
Sundry income	4,040	176	3,827	5,054
Net gain on derivatives foreign exchange contracts	-	(42)	-	(42)
	<u>13,189</u>	<u>7,111</u>	<u>44,832</u>	<u>23,137</u>
	<u>280,636</u>	<u>61,963</u>	<u>416,861</u>	<u>177,413</u>

**21. Net allowance for impairment on financing and advances and other financial assets**

**30-Sep-19**

	<b>Bank Group and Bank Nine Months Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at FVOCI	13	-	-	13
Financial assets at amortised cost	2	-	-	2
Financing and advances	98,486	8,060	197,544	304,090
Other receivables	-	-	15,118	15,118
Financing commitments and financial guarantee	3,110	(8,513)	14,827	9,424
	<u>101,611</u>	<u>(453)</u>	<u>227,489</u>	<u>328,647</u>
Impaired financing and advances:				
- Written off	-	-	4,470	4,470
- Recovered	-	-	(8,290)	(8,290)
	<u>101,611</u>	<u>(453)</u>	<u>223,669</u>	<u>324,827</u>

	<b>Bank Group and Bank 3rd Quarter Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at FVOCI	(5)	-	-	(5)
Financial investments at amortised cost	2	-	-	2
Financing and advances	28,667	(20,458)	85,906	94,115
Other receivables	-	-	5,108	5,108
Financing commitments and financial guarantee	2,133	(12,069)	8,199	(1,737)
	<u>30,797</u>	<u>(32,527)</u>	<u>99,213</u>	<u>97,483</u>
Impaired financing and advances:				
- Written off	-	-	594	594
- Recovered	-	-	(2,097)	(2,097)
	<u>30,797</u>	<u>(32,527)</u>	<u>97,710</u>	<u>95,980</u>

**30-Sep-18**

	<b>Bank Group and Bank Nine Months Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at amortised cost	8	-	-	8
Financing and advances	(188,100)	55,443	236,612	103,955
Other receivables	-	-	9,479	9,479
Financial asset held-for-sale	(5)	427	(16,447)	(16,025)
	<u>(188,097)</u>	<u>55,870</u>	<u>229,644</u>	<u>97,417</u>
Impaired financing and advances:				
- Written off	-	-	6,108	6,108
- Recovered	-	-	(16,006)	(16,006)
	<u>(188,097)</u>	<u>55,870</u>	<u>219,746</u>	<u>87,519</u>

	<b>Bank Group and Bank 3rd Quarter Ended</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Financial investments at amortised cost	8	-	-	8
Financing and advances	(69,888)	58,475	96,650	85,237
Other receivables	-	-	4,676	4,676
Financial asset held-for-sale	1	1,573	(37,294)	(35,720)
	<u>(69,879)</u>	<u>60,048</u>	<u>64,032</u>	<u>54,201</u>
Impaired financing and advances:				
- Written off	-	-	4,586	4,586
- Recovered	-	-	(2,009)	(2,009)
	<u>(69,879)</u>	<u>60,048</u>	<u>66,609</u>	<u>56,778</u>

22. Income attributable to depositors and others

	Bank Group			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
<b>(a) Income attributable to depositors</b>				
Deposits from customers:				
- Mudharabah funds	-	309,617	-	612,381
- Non-mudharabah funds	277,320	2,325	838,172	20,697
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	85,109	14,581	234,159	25,114
	<u>362,429</u>	<u>326,523</u>	<u>1,072,331</u>	<u>658,192</u>
<b>(b) Income attributable to securitisation</b>	22,765	24,266	69,874	48,688
<b>(c) Income attributable to sukuk</b>	23,258	26,857	70,788	54,395
	<u>408,452</u>	<u>377,646</u>	<u>1,212,993</u>	<u>761,275</u>

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
<b>(a) Income attributable to depositors</b>				
Deposits from customers:				
- Mudharabah funds	-	309,617	-	612,381
- Non-mudharabah funds	277,320	2,325	838,172	20,697
Deposits and placements of banks and other financial institutions:				
- Non-mudharabah funds	85,109	14,581	234,159	25,114
	<u>362,429</u>	<u>326,523</u>	<u>1,072,331</u>	<u>658,192</u>
<b>(b) Income attributable to securitisation</b>	22,765	24,266	69,874	48,688
<b>(c) Income attributable to sukuk</b>	23,258	26,845	70,788	54,168
<b>d) Others</b>	39,030	43,942	116,966	89,564
	<u>447,482</u>	<u>421,576</u>	<u>1,329,959</u>	<u>850,612</u>

23. Personnel expenses

	Bank Group/Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	28,061	45,049	124,950	93,033
Contributions to Employee Provident Fund and SOCSO	5,079	7,824	22,657	15,832
Directors' remuneration	759	546	1,956	1,721
Shariah Advisory Committee members' remuneration	123	151	357	168
Other staff related expenses	7,673	6,074	16,620	9,325
	<u>41,695</u>	<u>59,644</u>	<u>166,540</u>	<u>120,079</u>



**24. Other overhead expenses**

	<b>Bank Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Establishment related expenses</u>				
Depreciation of property and equipment	1,546	78	4,614	2,868
Depreciation of right use of assets	3,685	-	9,756	-
Amortisation of intangible assets	5,813	2,729	16,086	7,469
Rental of premises	(279)	2,410	2,812	4,416
Software and hardware maintenance	6,773	212	11,642	2,615
Rental of equipment and network line	-	-	-	55
Security expenses	516	414	1,269	505
Lease profit expense	834	-	834	-
Others	154	576	1,882	2,205
	<u>19,042</u>	<u>6,419</u>	<u>48,895</u>	<u>20,133</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,829	1,767	7,290	4,332
Others	-	-	-	9
	<u>2,829</u>	<u>1,767</u>	<u>7,290</u>	<u>4,341</u>
<u>General administrative expenses</u>				
License and association fees and levies	39	198	115	543
Travelling, transport and accomodation expenses	1,000	839	2,573	1,351
Printing, stationery, postage and clearing charges	1,155	7,184	3,909	9,391
Electricity and water	969	1,384	2,687	1,454
Other professional fees	1,517	5,174	9,315	9,786
Auditors remuneration	(141)	245	584	591
Others	2,776	154	6,753	3,550
	<u>7,315</u>	<u>15,178</u>	<u>25,936</u>	<u>26,666</u>
<u>Commission fees</u>				
Commission fees	1,240	1,360	3,311	1,360
Angkasa charges	7,103	7,203	21,904	14,776
	<u>8,343</u>	<u>8,563</u>	<u>25,215</u>	<u>16,136</u>
Inter-company recharges	(6,846)	-	(20,544)	-
	<u>30,683</u>	<u>31,927</u>	<u>86,792</u>	<u>67,276</u>

**24. Other overhead expenses (continued)**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	1,546	78	4,614	2,868
Depreciation of right use of assets	3,685	-	9,756	-
Amortisation of intangible assets	5,813	2,729	16,086	7,469
Rental of premises	(279)	2,410	2,812	4,416
Software and hardware maintenance	6,773	212	11,642	2,615
Rental of equipment and network line	-	-	-	55
Security expenses	516	414	1,269	505
Lease profit expense	834	-	834	-
Others	154	576	1,882	2,205
	<u>19,042</u>	<u>6,419</u>	<u>48,895</u>	<u>20,133</u>
<u>Promotion and marketing related expenses</u>				
Advertising and promotional activities	2,829	1,767	7,290	4,332
Others	-	-	-	9
	<u>2,829</u>	<u>1,767</u>	<u>7,290</u>	<u>4,341</u>
<u>General administrative expenses</u>				
License and association fees and levies	39	198	115	543
Travelling, transport and accomodation expenses	1,000	839	2,573	1,351
Printing, stationery, postage and clearing charges	1,155	7,184	3,909	9,391
Electricity and water	969	1,384	2,687	1,454
Other professional fees	1,435	5,174	9,233	9,786
Auditors remuneration	(150)	245	575	591
Others	2,678	38	6,369	2,859
	<u>7,126</u>	<u>15,062</u>	<u>25,461</u>	<u>25,975</u>
<u>Collection fees</u>				
Commission fees	1,240	1,360	3,311	1,360
Angkasa charges	7,103	7,203	21,904	14,776
	<u>8,343</u>	<u>8,563</u>	<u>25,215</u>	<u>16,136</u>
Inter-company recharges	(7,281)	-	(21,846)	-
	<u>30,059</u>	<u>31,811</u>	<u>85,015</u>	<u>66,585</u>

**25. Other comprehensive income, net of tax**

	Bank Group and Bank			
	3rd Quarter Ended		Nine Months Ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000	30-Sep-19 RM'000	30-Sep-18 RM'000
Net gain/(loss) from change in fair value of FVOCI	71,230	25,469	161,559	9,938
Changes in expected credit losses -FVOCI	(5)	-	13	-
	<u>71,225</u>	<u>25,469</u>	<u>161,572</u>	<u>9,938</u>

**26. Commitments and contingencies**

In the normal course of business, the Bank Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions, hence, they are not provided for in the financial statements.

	<b>Principal amount RM'000</b>	<b>Gross Positive Fair Value - Derivative Contract RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>Bank Group and Bank</b>				
<b>30-Sep-19</b>				
Direct credit substitutes	171,963	-	165,401	165,401
Trade-related contingencies	93,805	-	46,903	46,903
Short Term Self Liquidating trade related contingencies	31,925	-	6,385	6,385
Irrevocable commitments to extend credit:				
- one year or less	1,230,671	-	251,575	251,574
- over one year to five years	3,851,123	-	1,923,502	1,876,628
- over five years	145,000	-	72,500	72,500
Foreign exchange related contracts				
- one year or less	234,158	108	3,618	842
	<u>5,758,645</u>	<u>108</u>	<u>2,469,884</u>	<u>2,420,233</u>

	<b>Principal amount RM'000</b>	<b>Gross Positive Fair Value - Derivative Contract RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>Bank Group and Bank</b>				
<b>31-Dec-18</b>				
Direct credit substitutes	187,785	-	187,785	187,659
Trade-related contingencies	254,488	-	90,927	90,927
Irrevocable commitments to extend credit:				
- one year or less	1,248,705	-	350,206	350,206
- over one year to five years	4,160,842	-	2,078,256	2,053,871
- over five years	220,817	-	110,408	110,408
Foreign exchange related contracts				
- one year or less	5,842	67	151	151
	<u>6,078,479</u>	<u>67</u>	<u>2,817,733</u>	<u>2,793,222</u>

**27. Financial risk management**

**27.1 Credit quality**

**(i) Financing and advances**

Financing and advances are summarised as follows:

30-Sep-19	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Neither past due nor impaired</u>				
Corporate financing				
Excellent	1,083	-	-	1,083
Good	3,417,389	224,059	-	3,641,448
Average	3,366,573	1,008,582	-	4,375,155
Below Average	242,695	26,829	-	269,524
Poor	1,441	112,180	-	113,621
Retail financing	22,038,430	1,689,901	-	23,728,331
	<u>29,067,611</u>	<u>3,061,551</u>	<u>-</u>	<u>32,129,162</u>
<u>Past due up to 3 months</u>				
Corporate financing				
Good	-	83,076	-	83,076
Average	-	135,274	-	135,274
Below Average	-	-	-	-
Poor	-	-	-	-
Retail financing	-	1,196,278	-	1,196,278
	<u>-</u>	<u>1,414,628</u>	<u>-</u>	<u>1,414,628</u>
			1,035,209	1,035,209
Gross financing and advances	<u>29,067,611</u>	<u>4,476,179</u>	<u>1,035,209</u>	<u>34,578,999</u>
Less ECL	<u>(445,023)</u>	<u>(463,699)</u>	<u>(633,425)</u>	<u>(1,542,147)</u>
Net financing and advances	<u>28,622,588</u>	<u>4,012,480</u>	<u>401,784</u>	<u>33,036,852</u>

**27. Financial risk management (continued)**

**27.1 Credit quality (continued)**

**(i) Financing and advances (continued)**

Financing and advances are summarised as follows (continued):

31-Dec-18	Bank Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<i>Neither past due nor impaired</i>				
Corporate financing				
Excellent	1,380	-	-	1,380
Good	3,484,483	273,974	-	3,758,457
Average	2,555,278	473,353	-	3,028,631
Below Average	225,842	7,862	-	233,704
Poor	31,389	3,864	-	35,253
Retail financing	22,016,505	1,393,970	-	23,410,475
	<u>28,314,877</u>	<u>2,153,023</u>	<u>-</u>	<u>30,467,900</u>
<i>Past due up to 3 months</i>				
Corporate financing				
Good	-	90,649	-	90,649
Average	-	199,213	-	199,213
Below Average	-	58,833	-	58,833
Poor	-	113,287	-	113,287
Retail financing	-	1,322,499	-	1,322,499
Total Past due up to 3 months	<u>-</u>	<u>1,784,481</u>	<u>-</u>	<u>1,784,481</u>
<i>Impaired</i>	-	-	792,293	792,293
Gross financing and advances	<u>28,314,877</u>	<u>3,937,504</u>	<u>792,293</u>	<u>33,044,674</u>
Less ECL	<u>(346,537)</u>	<u>(455,639)</u>	<u>(435,881)</u>	<u>(1,238,057)</u>
Net financing and advances	<u>27,968,340</u>	<u>3,481,865</u>	<u>356,412</u>	<u>31,806,617</u>

**27. Financial risk management (continued)**

**27.1 Credit risk management (continued)**

**(ii) Other financial assets**

Credit quality of other financial assets by external rating is as follows:

**Bank Group**

<b>Neither past due nor impaired</b>	<b>Stage 1   RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>30-Sep-19</b>				
<b>Cash and short-term funds</b>				
AAA	1,202,033	-	-	1,202,033
AA and below	44,378	-	-	44,378
Unrated	62,912	-	-	62,912
	<u>1,309,323</u>	<u>-</u>	<u>-</u>	<u>1,309,323</u>
<b>Financial investments</b>				
AAA	8,131,484	-	-	8,131,484
AA and below	135,962	-	-	135,962
Unrated	1,974,560	-	-	1,974,560
	<u>10,242,006</u>	<u>-</u>	<u>-</u>	<u>10,242,006</u>
<b>Other financial assets</b>				
Unrated	68,757	-	700,404	769,161
	<u>68,757</u>	<u>-</u>	<u>700,404</u>	<u>769,161</u>

**Bank Group**

<b>Neither past due nor impaired</b>	<b>Stage 1   RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>31-Dec-18</b>				
<b>Cash and short-term funds</b>				
AAA	3,119,394	-	-	3,119,394
AA and below	71,831	-	-	71,831
Unrated	51,003	-	-	51,003
	<u>3,242,228</u>	<u>-</u>	<u>-</u>	<u>3,242,228</u>
<b>Financial investments</b>				
AAA	969,308	-	-	969,308
AA and below	91,320	-	-	91,320
Unrated	4,056,827	-	-	4,056,827
	<u>5,117,455</u>	<u>-</u>	<u>-</u>	<u>5,117,455</u>
<b>Other financial assets</b>				
Unrated	186,798	-	385,031	571,829
	<u>186,798</u>	<u>-</u>	<u>385,031</u>	<u>571,829</u>

**27. Financial risk management (continued)**

**27.1 Credit risk management (continued)**

**(ii) Other financial assets (continued)**

**Bank**

Neither past due nor impaired	Stage 1   RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>30-Sep-19</b>				
<b>Cash and short-term funds</b>				
AAA	1,202,033	-	-	1,202,033
AA and below	8,414	-	-	8,414
Unrated	62,912	-	-	62,912
	<u>1,273,359</u>	<u>-</u>	<u>-</u>	<u>1,273,359</u>
<b>Financial investments</b>				
AAA	8,131,484	-	-	8,131,484
AA and below	135,962	-	-	135,962
Unrated	1,974,560	-	-	1,974,560
	<u>10,242,006</u>	<u>-</u>	<u>-</u>	<u>10,242,006</u>
<b>Other financial assets</b>				
Unrated	101,365	-	700,404	801,769
	<u>101,365</u>	<u>-</u>	<u>700,404</u>	<u>801,769</u>

**Bank**

Neither past due nor impaired	Stage 1   RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>31-Dec-18</b>				
<b>Cash and short-term funds</b>				
AAA	3,119,394	-	-	3,119,394
AA and below	66,879	-	-	66,879
Unrated	51,003	-	-	51,003
	<u>3,237,276</u>	<u>-</u>	<u>-</u>	<u>3,237,276</u>
<b>Financial investments</b>				
AAA	969,308	-	-	969,308
AA and below	91,320	-	-	91,320
Unrated	4,056,827	-	-	4,056,827
	<u>5,117,455</u>	<u>-</u>	<u>-</u>	<u>5,117,455</u>
<b>Other financial assets</b>				
Unrated	213,700	-	385,031	598,731
	<u>213,700</u>	<u>-</u>	<u>385,031</u>	<u>598,731</u>

**MBSB BANK BERHAD 200501033981 (716122-P)**

(Incorporated in Malaysia)

**27. Financial risk management (continued)**

**27.2 Market risk**

**(i) Profit Rate Risk**

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>30-Sep-19</b>									
<b>Assets</b>									
Cash and short-term funds	1,168,096	-	-	-	-	141,227	-	1,309,323	3.18
Deposits and placements									
with financial institutions	204,984	1,014,618	100,448	-	-	-	-	1,320,050	3.34
Derivative financial assets	108	-	-	-	-	-	-	108	
Financial investments at FVTPL	-	-	-	-	-	-	10,158	10,158	3.64
Financial investments at FVOCI	-	10,221	350,630	4,294,376	5,556,520	-	-	10,211,747	3.90
Financial investments at amortised cost	-	-	-	20,101	-	-	-	20,101	4.54
Financing and advances									
- non-impaired	576,494	504,808	1,196,921	3,291,964	27,973,603	(908,722)	-	32,635,068	6.47
- impaired, net of allowances*	-	-	-	-	-	401,784	-	401,784	
Other receivables^	700,404	-	-	-	-	(199,710)	-	500,694	6.75
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,235,000	-	1,235,000	
<b>Total financial assets</b>	<b>2,650,086</b>	<b>1,529,647</b>	<b>1,647,999</b>	<b>7,606,441</b>	<b>33,530,123</b>	<b>669,579</b>	<b>10,158</b>	<b>47,644,033</b>	

\* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.



27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>30-Sep-19</b>									
<b>Liabilities</b>									
Deposits from customers	5,222,227	8,443,651	10,370,409	2,737,723	104,903	317,689	-	27,196,602	3.94
Deposits and placements of banks and other financial institutions	1,851,534	2,285,468	5,354,256	882,978	-	55,901	-	10,430,137	3.92
Derivative financial liabilities	410	-	-	-	-	-	-	410	
Other payables #	-	-	-	-	-	500,883	-	500,883	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	501,463	-	-	1,504,320	-	-	-	2,005,783	4.51
	(411)	212,663	95,972	1,080,643	509,246	-	-	1,898,113	5.01
<b>Total financial liabilities</b>	<b>7,575,223</b>	<b>10,941,782</b>	<b>15,820,637</b>	<b>6,205,664</b>	<b>614,149</b>	<b>874,473</b>	<b>-</b>	<b>42,031,928</b>	
<b>Total profit-sensitivity gap</b>	<b>(4,925,137)</b>	<b>(9,412,135)</b>	<b>(14,172,638)</b>	<b>1,400,777</b>	<b>32,915,974</b>	<b>(204,894)</b>	<b>10,158</b>	<b>5,612,105</b>	

# Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>30-Sep-19</b>										
<b>Assets</b>										
Cash and short-term funds	1,168,096	-	-	-	-	105,263	-	1,273,359	3.18	
Deposits and placements										
with financial institutions	-	250,907	100,447	-	-	-	-	351,354	3.17	
Derivative financial assets	108	-	-	-	-	-	-	108		
Financial investments at FVTPL	-	-	-	-	-	-	10,158	10,158	3.64	
Financial investments at FVOCI	-	10,221	350,630	4,294,376	5,556,520	-	-	10,211,747	3.90	
Financial investments at amortised cost	-	-	-	20,101	-	-	-	20,101	4.54	
Financing and advances										
- non-impaired	576,494	504,808	1,196,921	3,291,964	27,973,603	(908,722)	-	32,635,068	6.47	
- impaired, net of allowances*	-	-	-	-	-	401,784	-	401,784		
Sukuk Commodity Murabahah	111,925	137,544	98,110	1,283,330	1,221,513	-	-	2,852,422	3.24	
Other receivables^	737,942	-	-	-	-	(204,524)	-	533,418	6.75	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,235,000	-	1,235,000		
<b>Total financial assets</b>	<b>2,594,565</b>	<b>903,480</b>	<b>1,746,108</b>	<b>8,889,771</b>	<b>34,751,636</b>	<b>628,801</b>	<b>10,158</b>	<b>49,524,519</b>		

\* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>30-Sep-19</b>									
<b>Liabilities</b>									
Deposits from customers	5,222,227	8,443,651	10,370,409	2,737,723	104,903	317,689	-	27,196,602	3.94
Deposits and placements of banks and other financial institutions	1,851,534	2,285,468	5,354,256	882,978	-	55,901	-	10,430,137	3.92
Derivative financial liabilities	410	-	-	-	-	-	-	410	
Other payables #	2,353,174	-	-	-	-	500,883	-	2,854,057	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	501,463	-	-	1,504,320	-	-	-	2,005,783	4.51
	(411)	212,663	95,972	1,080,643	509,246	-	-	1,898,113	5.01
<b>Total financial liabilities</b>	<b>9,928,397</b>	<b>10,941,782</b>	<b>15,820,637</b>	<b>6,205,664</b>	<b>614,149</b>	<b>874,473</b>	<b>-</b>	<b>44,385,102</b>	
<b>Total profit-sensitivity gap</b>	<b>(7,333,832)</b>	<b>(10,038,302)</b>	<b>(14,074,529)</b>	<b>2,684,107</b>	<b>34,137,487</b>	<b>(245,672)</b>	<b>10,158</b>	<b>5,139,417</b>	

# Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>31-Dec-18</b>										
<b>Assets</b>										
Cash and short-term funds	3,062,720	-	-	-	-	179,508	-	3,242,228	3.27	
Deposits and placements										
with financial institutions	1,874	-	774,865	-	-	-	-	776,739	3.65	
Derivative financial assets	-	67	-	-	-	-	-	67	-	
Financial investments at FVOCI	5,097	192,538	373,038	2,548,826	1,977,606	-	-	5,097,105	4.09	
Financial investments at amortised cost	-	-	-	20,350	-	-	-	20,350	4.22	
Financing and advances										
- non-impaired	462,803	510,837	400,419	3,599,151	27,279,171	(802,176)	-	31,450,205	6.73	
- impaired, net of allowances*	-	-	-	-	-	356,412	-	356,412	-	
Other receivables^	385,031	-	-	-	-	186,798	-	571,829	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,053,000	-	1,053,000		
<b>Total financial assets</b>	<b>3,917,525</b>	<b>703,442</b>	<b>1,548,322</b>	<b>6,168,327</b>	<b>29,256,777</b>	<b>973,542</b>	<b>-</b>	<b>42,567,935</b>		

\* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank Group	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>31-Dec-18</b>									
<b>Liabilities</b>									
Deposits from customers	6,789,658	7,171,717	8,154,246	1,863,692	52,867	177,269	-	24,209,449	4.08
Deposits and placements of banks and other financial institutions	2,102,970	2,783,187	2,812,625	871,613	-	8,456	-	8,578,851	4.05
Derivative financial liabilities	2	-	-	-	-	-	-	2	
Other payables #	-	-	-	-	-	420,893	-	420,893	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	7,597	20,511	565,745	1,541,665	-	-	-	2,135,518	4.51
	-	-	308,864	1,064,590	594,621	-	-	1,968,075	4.88
<b>Total financial liabilities</b>	<b>8,900,227</b>	<b>9,975,415</b>	<b>11,841,480</b>	<b>5,341,560</b>	<b>647,488</b>	<b>606,618</b>	<b>-</b>	<b>37,312,788</b>	
<b>Total profit-sensitivity gap</b>	<b>(4,982,702)</b>	<b>(9,271,973)</b>	<b>(10,293,158)</b>	<b>826,767</b>	<b>28,609,289</b>	<b>366,924</b>	<b>-</b>	<b>5,255,147</b>	

# Other payables exclude other provisions, accruals and deferred income as these items are classified as non-financial liabilities.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Non-profit sensitive	Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	
<b>31-Dec-18</b>										
<b>Assets</b>										
Cash and short-term funds	3,062,720	-	-	-	-	174,556	-	3,237,276	3.27	
Deposits and placements										
with financial institutions	1,842	-	-	-	-	-	-	1,842	3.30	
Derivative financial assets	-	67	-	-	-	-	-	67		
Financial investments at FVOCI	5,097	192,538	373,038	2,548,826	1,977,606	-	-	5,097,105	4.09	
Financial investments at amortised cost	-	-	-	20,350	-	-	-	20,350	4.22	
Financing and advances										
- non-impaired	462,803	510,837	400,419	3,599,151	27,279,171	(802,176)	-	31,450,205	6.73	
- impaired, net of allowances*	-	-	-	-	-	356,412	-	356,412		
Sukuk Commodity Murabahah	27,634	-	316,619	1,153,137	1,427,344	-	-	2,924,734	3.31	
Other receivables^	415,100	-	-	-	-	183,631	-	598,731	7.00	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,053,000	-	1,053,000		
<b>Total financial assets</b>	<b>3,975,196</b>	<b>703,442</b>	<b>1,090,076</b>	<b>7,321,464</b>	<b>30,684,121</b>	<b>965,423</b>	<b>-</b>	<b>44,739,722</b>		

\* This is arrived after deducting impairments from gross impaired financing.

^ Other receivables exclude prepayments and deposits and deferred expenses as these items are classified as non-financial assets.

27. Financial risk management (continued)

27.2 Market risk (continued)

(i) Profit Rate Risk (continued)

Bank	----- Non-trading book -----						Trading book	Total	Effective profit rate
	Up to 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-profit sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>31-Dec-18</b>									
<b>Liabilities</b>									
Deposits from customers	6,789,658	7,171,717	8,154,246	1,863,692	52,867	177,269	-	24,209,449	4.08
Deposits and placements of banks and other financial institutions	2,102,970	2,783,187	2,812,625	871,613	-	8,456	-	8,578,851	4.05
Derivative financial liabilities	2	-	-	-	-	-	-	2	
Other payables #	2,584,124	-	-	-	-	420,893	-	3,005,017	
Recourse obligation on financing sold Sukuk-MBSB Structured Covered ("SC") Murabahah	7,597	20,511	565,745	1,541,665	-	-	-	2,135,518	4.51
	-	-	308,864	1,064,590	594,621	-	-	1,968,075	4.88
<b>Total financial liabilities</b>	<b>11,484,351</b>	<b>9,975,415</b>	<b>11,841,480</b>	<b>5,341,560</b>	<b>647,488</b>	<b>606,618</b>	<b>-</b>	<b>39,896,912</b>	
<b>Total profit-sensitivity gap</b>	<b>(7,509,155)</b>	<b>(9,271,973)</b>	<b>(10,751,404)</b>	<b>1,979,904</b>	<b>30,036,633</b>	<b>358,805</b>	<b>-</b>	<b>4,842,810</b>	

# Other payables exclude other provisions and accruals and deferred income as these items are classified as non-financial liabilities.

**28. Capital adequacy**

The capital adequacy ratios have been computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II – Risk Weighted Assets). The total risk weighted assets are computed based on Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	<b>Bank Group</b>		<b>Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Common Equity Tier I ("CET I") Capital/Tier I Capital</u></b>				
Ordinary share capital	4,625,859	4,625,859	4,625,859	4,625,859
Retained earnings	324,226	324,226	259,543	259,543
Other reserve	177,514	15,942	177,514	15,942
	<u>5,127,599</u>	<u>4,966,027</u>	<u>5,062,916</u>	<u>4,901,344</u>
Less : Regulatory adjustments				
Deferred tax assets	-	-	-	-
Cumulative gains of financial investments at				
FVOCI	(119,025)	(8,152)	(119,025)	(8,152)
Regulatory reserve	(5,234)	(5,234)	(5,234)	(5,234)
Intangible assets	(116,005)	(104,692)	(116,005)	(104,692)
Total CET I Capital/Tier I Capital	<u>4,887,335</u>	<u>4,847,949</u>	<u>4,822,652</u>	<u>4,783,266</u>

**Tier II Capital**

Collective impairment allowance and regulatory reserve ^	472,069	445,089	505,708	480,046
	<u>472,069</u>	<u>445,089</u>	<u>505,708</u>	<u>480,046</u>
Total capital base	<u>5,359,404</u>	<u>5,293,038</u>	<u>5,328,360</u>	<u>5,263,312</u>

^ Collective impairment allowance on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit RWA.

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	<b>Bank Group</b>		<b>Bank</b>	
	<b>30-Sep-19</b>	<b>31-Dec-18</b>	<b>30-Sep-19</b>	<b>31-Dec-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Total risk weighted assets ("RWA")</u></b>				
- Credit risk	37,765,488	35,607,133	40,456,651	38,403,661
- Market risk	11,725	2,136	11,725	2,136
- Operational risk	1,135,212	619,526	1,046,384	573,889
Total RWA	<u>38,912,425</u>	<u>36,228,795</u>	<u>41,514,760</u>	<u>38,979,686</u>

**Capital adequacy ratios**

CET I capital ratio	12.560%	13.381%	11.617%	12.271%
Tier I capital ratio	12.560%	13.381%	11.617%	12.271%
Total capital ratio	<u>13.773%</u>	<u>14.610%</u>	<u>12.835%</u>	<u>13.503%</u>



**PERFORMANCE REVIEW FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019**

**1. Performance Review**

The Bank Group registered a profit before taxation and zakat of RM140.5 million for the third quarter ended 30 September 2019. Gross financing and advances for the Bank Group stood at RM34.58 billion whilst total deposits at RM37.63 billion.

**(a) Financing**

**Variation of Results against Preceding Year Corresponding Quarter**

	<b>Current Year Quarter 30-Sep-19 (3Q19) RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Sep-18 (3Q18) RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Personal financing	20,341,034	21,129,781	(788,747)	-3.7%
Corporate financing	9,060,094	8,081,728	978,366	12.1%
Property financing	5,000,621	4,149,286	851,335	20.5%
Auto financing	177,250	230,315	(53,065)	-23.0%
<b>Total gross financing and advances</b>	<b>34,578,999</b>	<b>33,591,110</b>	<b>987,889</b>	<b>2.9%</b>

**Variation of Results against Immediate Preceding Quarter**

**Financing**

	<b>Current Year Quarter 30-Sep-19 (3Q19) RM'000</b>	<b>Immediate Preceding Quarter 30-June-19 (2Q19) RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Personal financing	20,341,034	20,372,495	(31,461)	-0.2%
Corporate financing	9,060,094	8,906,271	153,823	1.7%
Property financing	5,000,621	4,710,550	290,071	6.2%
Auto financing	177,250	190,796	(13,546)	-7.1%
<b>Total gross financing and advances</b>	<b>34,578,999</b>	<b>34,180,112</b>	<b>398,887</b>	<b>1.2%</b>

Bank Group gross financing and advances increased by 2.9% and 1.2% for 3Q19 compared to 3Q18 and 2Q19 respectively. The increase was mainly contributed by growth in Corporate financing and property financing. Corporate financing grew in line with the Bank Group's strategy to grow Corporate base customer, while property financing's growth was contributed by the exercise of loan conversion from conventional mortgage to property financing.

**PERFORMANCE REVIEW FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019**

**1. Performance Review (continued)**

**(b) Income statement**

**Current Year Quarter vs Preceding Year Corresponding Quarter**

	Current Year Quarter 30-Sep-19 (3Q19) RM'000	Preceding Year Corresponding Quarter 30-Sep-18 (3Q18) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	439,935	606,257	(166,322)	-27.4%
Income derived from investment of shareholders' funds	277,380	60,531	216,849	>100%
Total income derived from investment of depositors' and shareholders' funds	717,315	666,788	50,527	7.6%
ECL	(95,980)	(56,778)	(39,202)	69.0%
Total net income	212,883	232,364	(19,481)	-8.4%
Total overhead expenses	(72,378)	(91,571)	19,193	-21.0%
Profit before tax	140,505	140,793	(288)	-0.2%
Profit after tax	78,170	112,182	(34,012)	-30.3%
Profit attributable to owners of the Bank	78,170	112,182	(34,012)	-30.3%

**Current Year Quarter vs Immediate Preceding Quarter**

	Current Year Quarter 30-Sep-19 (3Q19) RM'000	Immediate Preceding Quarter 30-June-19 (2Q19) RM'000	Changes	
			RM'000	%
Income derived from investment of depositors' funds	439,935	618,807	(178,872)	-28.9%
Income derived from investment of shareholders' funds	277,380	79,685	197,695	>100%
Total income derived from investment of depositors' and shareholders' funds	717,315	698,493	18,822	2.7%
ECL	(95,980)	(94,570)	(1,410)	1.5%
Total net income	212,883	188,345	24,538	13.0%
Total overhead expenses	(72,378)	(92,825)	20,447	-22.0%
Profit before tax	140,505	95,520	44,985	47.1%
Profit after tax	78,170	75,431	2,739	3.6%
Profit attributable to owners of the Bank	78,170	75,431	2,739	3.6%

The total income derived from investment of depositors' and shareholders' funds from 3Q19 increased by 7.6% and 2.7% as compared to 3Q18 and 2Q19 respectively. Contribution from financing and advances towards the income derived from investment of depositors' funds for 3Q19 reduced at 75% (3Q18: 88% 2Q19: 84%).

**PERFORMANCE REVIEW FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019**

**1. Performance Review (continued)**

Bank Group profit before tax for 3Q19 decreased by 0.2%, and increased by 47.1% as compared to 3Q18 and 2Q19 respectively. The decrease and increase were mainly contributed by the result of ECL and overhead expenses.

ECL increased compared to 3Q18 due to unfavourable macroeconomic forecast that impacted stage 1 retail segment.

ECL slightly increased compared to 2Q19 as the financing base has grown, contributed by increase of property financing as a result of conversion of conventional mortgage from the holding company.

The total overhead expenses for 3Q19 recorded lower than 3Q18 and 2Q19 due to lower personnel related expenses.

**2. Authorisation for issue**

The unaudited interim financial report was authorised for issuance to Bank Negara Malaysia by the Board of Directors in accordance with a resolution of the Directors on 24 October 2019.