

CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Group		Bank	
		As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
ASSETS					
Cash and short-term funds		1,406,158	1,118,904	1,401,826	1,112,694
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,323,857	1,353,869	1,323,857	1,353,869
Financial investments at amortised cost ("AC")	10	569,350	818,565	569,350	818,565
Loans, advances and financing	11	6,844,761	5,800,941	6,844,761	5,800,941
Other assets		18,017	13,525	143,502	112,606
Investment in associate		2,950	3,338	-	-
Property, plant and equipment		131,483	135,590	131,476	135,578
Right-of-use assets		12,834	15,474	12,834	15,474
Investment properties		393,062	393,062	393,062	393,062
Intangible assets		14,620	18,298	14,620	18,298
Tax recoverable		3,757	9,215	2,068	7,251
Deferred tax assets		99,278	104,456	99,278	104,456
TOTAL ASSETS		10,820,127	9,785,237	10,936,634	9,872,794
LIABILITIES					
Deposits from customers	12	4,255,632	3,168,209	4,330,869	3,233,536
Islamic medium-term notes		1,866,327	1,768,072	1,866,327	1,768,072
Borrowings	13	1,507,974	1,875,212	1,507,974	1,875,212
Lease liabilities		13,364	15,797	13,364	15,797
Other liabilities		1,121,503	1,099,904	1,149,088	1,120,599
Government funds		454,883	354,053	454,883	354,053
TOTAL LIABILITIES		9,219,683	8,281,247	9,322,505	8,367,269
EQUITY					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(301,724)	(384,688)	(288,039)	(383,153)
Other reserves		52,168	38,678	52,168	38,678
TOTAL EQUITY		1,600,444	1,503,990	1,614,129	1,505,525
TOTAL LIABILITIES AND EQUITY		10,820,127	9,785,237	10,936,634	9,872,794
COMMITMENTS AND CONTINGENCIES	19	2,252,396	1,940,000	2,252,396	1,940,000

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

<u>Group</u>	Notes	Fourth Quarter Ended		Twelve Months Ended	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Interest income	14	246	4,582	6,314	18,858
Interest expense	15	(42,172)	(16,679)	(80,972)	(57,199)
Net interest expense		(41,926)	(12,097)	(74,658)	(38,341)
Gross income from Islamic banking business	21	91,994	123,846	351,985	411,892
Other operating income	16	2,755	1,554	5,287	11,740
Net income		52,823	113,303	282,614	385,291
Other operating expenses	17	(42,353)	(42,147)	(227,919)	(183,798)
Operating profit		10,470	71,156	54,695	201,493
Writeback/(Allowances) for impairment losses on :					
- loans, advances and financing	18	74,980	55,482	63,376	10,098
- commitments and contingencies		2,014	211	1,468	327
- financial investments at FVOCI	9	8,770	(191)	2,909	(3,508)
- financial investments at amortised cost	10	86	(5)	649	(586)
- other assets at amortised cost		(1)	(102)	191	(970)
		96,319	126,551	123,288	206,854
Share of loss after tax of associate		(388)	(210)	(388)	(210)
Profit before tax expense and zakat		95,931	126,341	122,900	206,644
Tax expense		451	(5,152)	(294)	(6,282)
Zakat		(1,000)	(1,000)	(2,642)	(1,432)
Profit for the period		95,382	120,189	119,964	198,930
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI, net		884	4,154	16,399	29,754
Changes in expected credit losses on financial investments at FVOCI		(8,775)	191	(2,909)	3,508
Other comprehensive income for the period, net of tax		(7,891)	4,345	13,490	33,262
Total comprehensive income for the period, net of tax		87,491	124,534	133,454	232,192
Profit for the period attributable to owner of the Bank		95,382	120,189	119,964	198,930
Total comprehensive income attributable to owner of the Bank		87,491	124,534	133,454	232,192

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

Bank	Notes	Fourth Quarter Ended		Twelve Months Ended	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Interest income	14	246	4,582	6,314	18,858
Interest expense	15	(42,172)	(16,679)	(80,972)	(57,199)
Net interest expense		(41,926)	(12,097)	(74,658)	(38,341)
Gross income from Islamic banking business	21	90,827	139,988	356,771	421,271
Other operating income	16	429	659	1,613	3,139
Net income		49,330	128,550	283,726	386,069
Other operating expenses	17	(40,646)	(40,232)	(223,211)	(180,306)
Operating profit		8,684	88,318	60,515	205,763
Writeback/(Allowances) for impairment losses on:					
- loans, advances and financing	18	24,986	30,593	322	(35,536)
- commitments and contingencies		2,014	211	1,468	327
- financial investments at FVOCI	9	8,770	(191)	2,909	(3,508)
- financial investments at amortised cost	10	86	(5)	649	(586)
- other assets at amortised cost		(1)	(102)	191	(970)
- other assets at FVOCI		78,359	48,368	68,701	48,368
Profit before tax expense and zakat		122,898	167,192	134,755	213,858
Tax expense		746	(5,091)	1	(6,221)
Zakat		(1,000)	(1,000)	(2,642)	(1,432)
Profit for the period		122,644	161,101	132,114	206,205
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		884	4,154	16,399	29,754
Changes in expected credit losses on financial investments at FVOCI		(8,775)	191	(2,909)	3,508
Other comprehensive income for the period, net of tax		(7,891)	4,345	13,490	33,262
Total comprehensive income for the period, net of tax		114,753	165,446	145,604	239,467
Profit for the period attributable to owner of the Bank		122,644	161,101	132,114	206,205
Total comprehensive income attributable to owner of the Bank		114,753	165,446	145,604	239,467

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<=====Attributable to the Owner of the Bank=====>				
	Share capital RM'000	Non-distributable Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
Group					
At 1 January 2020	1,850,000	28,564	10,114	(384,688)	1,503,990
Unrealised gain on revaluation of financial investments at FVOCI	-	16,399		-	16,399
Changes in expected credit losses of financial investments at FVOCI	-	(2,909)	-	-	(2,909)
Profit for the period	-	-	-	119,964	119,964
Total comprehensive income for the period	-	13,490	-	119,964	133,454
Transaction with owner: Dividends	-	-	-	(37,000)	(37,000)
At 31 December 2020	1,850,000	42,054	10,114	(301,724)	1,600,444
At 1 January 2019	1,850,000	(4,698)	10,114	(583,618)	1,271,798
Unrealised gain on revaluation of financial investments at FVOCI	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	-	(9,394)	-	-	(9,394)
Profit for the year	-	-	-	198,930	198,930
Total comprehensive income for the year	-	33,262	-	198,930	232,192
At 31 December 2019	1,850,000	28,564	10,114	(384,688)	1,503,990

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

**CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<=====Attributable to the Owner of the Bank=====>				
	Non-distributable				
<u>Bank</u>	Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2020	1,850,000	28,564	10,114	(383,153)	1,505,525
Unrealised gain on revaluation of financial investments at FVOCI	-	16,399	-	-	16,399
Changes in expected credit losses of financial investments at FVOCI	-	(2,909)	-	-	(2,909)
Profit for the period	-	-	-	132,114	132,114
Total comprehensive income for the period	-	13,490	-	132,114	145,604
Transaction with owner: Dividends	-	-	-	(37,000)	(37,000)
At 31 December 2020	1,850,000	42,054	10,114	(288,039)	1,614,129
At 1 January 2019	1,850,000	(4,698)	10,114	(589,358)	1,266,058
Unrealised gain on revaluation of financial investments at FVOCI	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	-	(9,394)	-	-	(9,394)
Profit for the year	-	-	-	206,205	206,205
Total comprehensive income for the year	-	33,262	-	206,205	239,467
At 31 December 2019	1,850,000	28,564	10,114	(383,153)	1,505,525

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Cash flows from/(used in) operating activities				
Profit before tax expense and zakat	122,900	206,644	134,755	213,858
Adjustments for:				
Net (writeback)/impairment loss on loans, advances and financing	(34,722)	19,273	28,332	64,907
Net writeback on commitment and contingencies	(1,468)	(327)	(1,468)	(327)
Net (writeback)/impairment loss on financial investment at FVOCI	(2,909)	3,508	(2,909)	3,508
Net (writeback)/impairment loss on financial investment at AC	(649)	586	(649)	586
Impairment loss on other assets at AC	(191)	970	(191)	970
Impairment loss on other assets at FVOCI	-	-	(68,701)	(48,368)
Depreciation of property, plant and equipment	13,114	13,578	13,108	13,570
Depreciation of right-of-use assets	3,491	3,393	3,491	3,393
Amortisation of intangible assets	7,455	6,853	7,455	6,846
Fair value adjustment on investment properties	-	(19,848)	-	(19,848)
Government funds released	(9,937)	(2,133)	(9,937)	(2,133)
Income from financial investments at FVOCI	(47,765)	(70,850)	(47,765)	(70,850)
Income from financial investments at AC	(28,253)	(28,272)	(28,253)	(28,272)
Profit expense on medium-term notes	67,930	71,090	67,930	71,090
Profit expense on borrowings	88,376	58,649	88,376	58,649
Finance cost on lease liabilities	568	625	568	625
Profit income on amount due from a subsidiary company	-	-	(13,772)	(15,382)
Property, plant and equipment written-off	1	407	1	407
Intangible assets written-off	-	19	-	-
Gross dividend income from investment in unquoted shares	-	(349)	-	(349)
Share of loss after tax of an associate	388	210	-	-
Operating profit before working capital changes	178,329	264,026	170,371	252,880
Changes in working capital:				
Deposits and placements with banks	-	151,878	-	151,878
Loans, advances and financing	(1,009,099)	(155,753)	(1,072,152)	(208,116)
Other assets	(4,235)	3,224	51,768	85,208
Deposits from customers	1,089,898	203,067	1,099,808	171,937
Deposits from banks and other financial institutions	-	(301,417)	-	(301,417)
Other liabilities	23,034	54,798	29,923	66,685
Cash generated from operating activities	277,927	219,823	279,718	219,055
Interest and profit received	72,471	117,491	72,471	117,491
Tax and zakat paid	(4,647)	(3,468)	(3,519)	(3,466)
Tax refund	7,137	21,351	6,095	19,600
Net cash generated from operating activities	352,888	355,197	354,765	352,680
Cash flows from/(used in) investing activities				
Purchase of private debt securities	(150,000)	(105,000)	(150,000)	(105,000)
Purchase of Islamic commercial papers	(165,000)	(1,870,000)	(165,000)	(1,870,000)
Purchase of sukuk	(170,000)	(32,120)	(170,000)	(32,120)
Proceeds from redemption of Islamic commercial papers	-	20,000	-	20,000
Proceeds from redemption of private debt securities	35,000	175,000	35,000	175,000
Proceeds from redemption of bond/sukuk	-	392,120	-	392,120
Proceeds from maturity of bond/sukuk	160,000	110,000	160,000	110,000
Proceeds from maturity of private debt securities	200,000	180,000	200,000	180,000
Proceeds from maturity of Islamic commercial papers	395,000	1,700,000	395,000	1,700,000
Purchase of property, plant and equipment	(11,536)	(10,058)	(11,535)	(10,058)
Purchase of intangible assets	(1,249)	(7,385)	(1,249)	(7,385)
Gross dividend income from investment in unquoted shares	-	349	-	349
Net cash generated from investing activities	292,215	552,906	292,216	552,906

**CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Cash flows from/(used in) financing activities				
Net payment of borrowings	(274,103)	(110,787)	(274,103)	(110,787)
Net drawdown/(payment) of Islamic medium-term notes	100,000	(50,000)	100,000	(50,000)
Interest and profit paid on borrowings	(89,291)	(55,571)	(89,291)	(55,571)
Profit paid on Islamic merdium-term notes	(69,675)	(74,454)	(69,675)	(74,454)
Proceeds from government funds	16,072	20,000	16,072	20,000
Payment of lease liabilities	(3,852)	(3,695)	(3,852)	(3,695)
Dividend paid	(37,000)	-	(37,000)	-
Net cash used in from financing activities	<u>(357,849)</u>	<u>(274,507)</u>	<u>(357,849)</u>	<u>(274,507)</u>
Net increase in cash and cash equivalents	287,254	633,596	289,132	631,079
Cash and cash equivalents at beginning of year	1,118,904	485,308	1,112,694	481,615
Cash and cash equivalents at end of year	<u>1,406,158</u>	<u>1,118,904</u>	<u>1,401,826</u>	<u>1,112,694</u>
Cash and cash equivalents comprise:				
- Cash and short term funds	<u>1,406,158</u>	<u>1,118,904</u>	<u>1,401,826</u>	<u>1,112,694</u>

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")
Interim Financial Reporting

1. Basis of preparation

The audited condensed interim financial statements for the Group and the Bank have been prepared under the historical cost convention except for the following assets that are stated at fair values: investment securities at fair value through other comprehensive income (FVOCI), derivative financial instruments and investment properties.

The audited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB").

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

The audited condensed interim financial statements incorporate those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits, granting of financing under the principles of Shariah and providing entrepreneur training.

The accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2019 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS") and annual improvements to MFRSs, effective for annual periods beginning on or after 1 January 2020:-

Amendments to References to the Conceptual Framework in MFRS Standards
Definition of a Business (Amendments to MFRS 3)
Definition of Material (Amendments to MFRS 101 and MFRS 108)
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 107)
COVID-19 Related Rent Concessions (MFRS 16)

Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Outbreak

On 25 March 2020, BNM implemented additional measures to assist borrowers/customers who experience temporary financial constraints due to the COVID-19. Banking institutions granted an automatic moratorium on all loan/financing repayments/payments, principal and interest (except for credit card balances) by individuals and small-medium enterprise ("SME") borrowers/customers for a period of 6 months from 1 April 2020 until 30 September 2020.

For corporate borrowers/customers, banking institutions are strongly encouraged to facilitate requests for a moratorium on loan/financing repayment/payment, additional financing to support immediate cash flows and the rescheduling and restructuring ("R&R") of existing facilities in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions stabilise and improve.

2. Summary of Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2019 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these audited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2019.

3. Significant Accounting Estimates and Judgements

The preparation of audited condensed interim financial statements requires management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosure and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current event and actions, actual results may differ.

In preparing these audited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2019.

4. Auditors' report on preceding audited annual financial statements

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

5. Seasonal or cyclical factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the financial year ended 31 December 2020.

6. Unusual items due to their nature, size or incidence

Other than the impact of COVID-19 outbreak and the measures implemented by BNM to assist borrowers/customers affected by the outbreak, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank for financial year ended 31 December 2020.

7. Changes in estimates

There were no material changes in estimates that have a material effect in the financial year ended 31 December 2020.

8. Dividends

During the financial year ended 31 December 2020, a final dividend of 2.00 sen per share for the financial year ended 31 December 2019, amounting to RM37,000,000 was paid on 28 July 2020.

9. Financial investments at FVOCI

	Group and Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	553,558	531,107
Non-money market instruments		
Equity securities		
- Private debt securities	30,569	30,392
- Unquoted shares	9,540	8,984
Debt securities		
- Private debt securities	730,190	783,386
	770,299	822,762
Total financial investment at FVOCI	1,323,857	1,353,869

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve.

Movements in allowances for impairment which reflects the expected credit loss ("ECL") model on impairment, recognised in other comprehensive income are as follows:

	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 January 2020	153	3,656	10,000	13,809
Writeback made due to changes in credit risk	(140)	(2,756)	-	(2,896)
Financial investments derecognised	(13)	-	-	(13)
At 31 December 2020	-	900	10,000	10,900
At 1 January 2019	301	-	10,000	10,301
(Writeback)/Allowances made due to changes in credit risk	(125)	3,656	-	3,531
New financial investments originated	1	-	-	1
Financial investments derecognised	(24)	-	-	(24)
At 31 December 2019	153	3,656	10,000	13,809

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM BB	-	900	-	900
RAM C [^]	-	-	10,000	10,000
At 31 December 2020	-	900	10,000	10,900

[^] The nominal amount of certain private debt securities were impaired in full due to qualitative factors.

9. Financial investments at FVOCI (cont'd.)

The impairment losses by external rating grade are as follows (cont'd.):

External rating grade	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	2	-	-	2
MARC AAA	11	-	-	11
RAM AA	16	-	-	16
MARC AA	3	-	-	3
MARC AA-	121	-	-	121
RAM BB	-	3,656	-	3,656
RAM C^	-	-	10,000	10,000
At 31 December 2019	<u>153</u>	<u>3,656</u>	<u>10,000</u>	<u>13,809</u>

^ The nominal amount of certain private debt securities were impaired in full due to qualitative factors.

10. Financial investments at amortised cost

	Group and Bank	
	2020 RM'000	2019 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	<u>111,416</u>	<u>111,523</u>
Money market instruments		
Commercial papers	<u>164,159</u>	<u>393,959</u>
Non-money market instruments		
Private debt securities	<u>293,775</u>	<u>313,732</u>
	<u>569,350</u>	<u>819,214</u>
Less: Accumulated impairment losses	<u>-</u>	<u>(649)</u>
Total financial investment at amortised cost	<u><u>569,350</u></u>	<u><u>818,565</u></u>

The maturity structure of financial assets at amortised cost are as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	254,715	433,944
More than one year to three years	254,033	289,374
More than three years to five years	-	35,284
More than five years	60,602	60,612
	<u>569,350</u>	<u>819,214</u>

10. Financial investments at amortised cost (cont'd.)

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

	Group and Bank	
	2020	2019
	RM'000	RM'000
	Stage 1	Stage 1
At 1 January	649	63
Writeback made due to changes in credit risk	(603)	(20)
New financial investments originated or purchased*	-	630
Financial investments derecognised	(46)	(24)
At 31 December	<u>-</u>	<u>649</u>

The impairment losses by external rating grade are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
	Stage 1*	Stage 1
<i>External rating grade</i>		
RAM AA	-	59
MARC AAA	-	9
Non-rated	-	581
Total	<u>-</u>	<u>649</u>

* The impairment losses amount of certain private debt securities under Stage 1 are less than RM1,000.

The indicative market values of financial investments at amortised cost on government securities, money market instruments and non-money market instruments are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Malaysian Government Investment Issues	113,019	112,812
Commercial papers	164,159	393,959
Private debt securities	302,793	318,675
	<u>579,971</u>	<u>825,446</u>

11. Loans, advances and financing

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Term loans/financing				
- Hire purchase	337,678	313,586	301,007	275,898
- Leasing	343	344	1	1
- Other term loans/financing	6,001,391	5,092,236	5,647,464	4,664,917
Revolving loans/financing	1,371,677	1,435,649	1,348,461	1,423,789
Staff loans/financing	13,111	15,216	13,111	15,216
Gross loans, advances and financing	<u>7,724,200</u>	<u>6,857,031</u>	<u>7,310,044</u>	<u>6,379,821</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 11(ix))	(67,708)	(48,065)	(67,708)	(48,065)
- Stage 2 (Note 11(ix))	(18,297)	(32,696)	(18,297)	(32,696)
- Stage 3 (Note 11(ix))	(793,434)	(975,329)	(379,278)	(498,119)
Net loans, advances and financing	<u>6,844,761</u>	<u>5,800,941</u>	<u>6,844,761</u>	<u>5,800,941</u>
Gross impaired loans, advances and financing (Note 11(vi))	<u>1,581,516</u>	<u>1,716,707</u>	<u>1,167,360</u>	<u>1,239,497</u>
Net impaired loans, advances and financing	<u>788,082</u>	<u>741,378</u>	<u>788,082</u>	<u>741,378</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM71,440,000 (2019: RM65,538,000) financed by Government funds.

(i) The maturity structure of gross loans, advances and financing are as follow:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	1,596,830	1,312,721	1,305,932	987,769
More than one year to three years	577,349	825,377	526,071	782,827
More than three years to five years	1,248,317	1,039,415	1,216,961	979,101
More than five years	4,301,704	3,679,518	4,261,080	3,630,124
	<u>7,724,200</u>	<u>6,857,031</u>	<u>7,310,044</u>	<u>6,379,821</u>

11. Loans, advances and financing (cont'd.)

(ii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprise	7,711,089	6,841,815	7,296,933	6,364,605
Individual	13,111	15,216	13,111	15,216
	<u>7,724,200</u>	<u>6,857,031</u>	<u>7,310,044</u>	<u>6,379,821</u>

(iii) Gross loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Constructions	1,261,903	1,264,185	1,259,079	1,261,329
Education, health and others	638,293	601,421	591,934	553,552
Electricity, gas and water supply	92,441	34,526	92,441	34,526
Financial, insurance, real estate and business services	1,153,977	1,059,269	1,151,224	1,056,332
Manufacturing	1,310,172	1,143,719	1,227,819	1,053,236
Mining and quarrying	127,238	77,883	125,242	75,887
Primary agriculture	8,320	5,980	8,058	5,729
Transportation, storage and communication	938,770	822,351	895,695	776,124
Wholesale, retail trade, restaurants and hotels	2,179,975	1,832,481	1,945,441	1,547,890
Others	13,111	15,216	13,111	15,216
	<u>7,724,200</u>	<u>6,857,031</u>	<u>7,310,044</u>	<u>6,379,821</u>

11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows:

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	689,472	39,139	234,213	40,684	74,673	183,722	1,261,903
Education, health and others	426,464	26,344	61,478	80,857	27,672	15,478	638,293
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance, real estate and business services	744,393	63,473	141,421	28,919	78,292	97,479	1,153,977
Manufacturing	692,659	216,485	182,008	122,966	49,725	46,329	1,310,172
Mining and quarrying	95,148	293	19,328	10,059	1,820	590	127,238
Primary agriculture	262	351	728	-	4,882	2,097	8,320
Transportation, storage and communication	520,374	150,243	60,301	82,730	46,170	78,952	938,770
Wholesale, retail trade, restaurants and hotels	1,114,927	295,530	89,437	258,905	268,262	152,914	2,179,975
Others	13,111	-	-	-	-	-	13,111
At 31 December 2020	4,378,917	793,493	791,657	627,740	554,645	577,748	7,724,200

11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	650,601	34,214	284,171	70,984	75,610	148,605	1,264,185
Education, health and others	401,814	24,755	59,578	72,439	21,438	21,397	601,421
Electricity, gas and water supply	30,106	-	-	2,505	1,915	-	34,526
Financial, insurance, real estate and business services	735,698	91,266	95,078	15,557	75,866	45,804	1,059,269
Manufacturing	609,498	149,848	162,168	139,752	43,341	39,112	1,143,719
Mining and quarrying	35,042	-	7,428	14,413	17,874	3,126	77,883
Primary agriculture	725	-	504	22	4,651	78	5,980
Transportation, storage and communication	436,132	101,616	61,265	107,320	38,324	77,694	822,351
Wholesale, retail trade, restaurants and hotels	942,862	196,724	108,558	214,691	242,985	126,661	1,832,481
Others	15,216	-	-	-	-	-	15,216
At 31 December 2019	3,857,694	598,423	778,750	637,683	522,004	462,477	6,857,031

11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	686,648	39,139	234,213	40,684	74,673	183,722	1,259,079
Education, health and others	380,105	26,344	61,478	80,857	27,672	15,478	591,934
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance, real estate and business services	741,640	63,473	141,421	28,919	78,292	97,479	1,151,224
Manufacturing	610,306	216,485	182,008	122,966	49,725	46,329	1,227,819
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	477,299	150,243	60,301	82,730	46,170	78,952	895,695
Wholesale, retail trade, restaurants and hotels	880,393	295,530	89,437	258,905	268,262	152,914	1,945,441
Others	13,111	-	-	-	-	-	13,111
At 31 December 2020	3,964,761	793,493	791,657	627,740	554,645	577,748	7,310,044

11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	647,745	34,214	284,171	70,984	75,610	148,605	1,261,329
Education, health and others	353,945	24,755	59,578	72,439	21,438	21,397	553,552
Electricity, gas and water supply	30,106	-	-	2,505	1,915	-	34,526
Financial, insurance, real estate and business services	732,761	91,266	95,078	15,557	75,866	45,804	1,056,332
Manufacturing	519,015	149,848	162,168	139,752	43,341	39,112	1,053,236
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	474	-	504	22	4,651	78	5,729
Transportation, storage and communication	389,905	101,616	61,265	107,320	38,324	77,694	776,124
Wholesale, retail trade, restaurants and hotels	658,271	196,724	108,558	214,691	242,985	126,661	1,547,890
Others	15,216	-	-	-	-	-	15,216
At 31 December 2019	3,380,484	598,423	778,750	637,683	522,004	462,477	6,379,821

11. Loans, advances and financing (cont'd.)

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Staff loan/financing	13,111	15,216	13,111	15,216
- Hire purchase	188,981	212,519	153,187	175,708
- Leasing	343	344	1	1
- Other term loans/financing	1,770,112	1,451,579	1,522,658	1,166,844
- Revolving loans/financing	185,893	213,649	162,735	201,847
Variable rate				
- Hire purchase receivables	148,697	101,067	147,820	100,190
- Other term loans/financing	4,231,279	3,640,657	4,124,806	3,498,073
- Revolving loans/financing	1,185,784	1,222,000	1,185,726	1,221,942
	<u>7,724,200</u>	<u>6,857,031</u>	<u>7,310,044</u>	<u>6,379,821</u>

(vi) Gross impaired loans, advances and financing by industry as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Constructions	157,685	178,370	154,861	175,514
Education, health and others	171,622	156,718	125,263	108,849
Electricity, gas and water supply	41	-	41	-
Financial, insurance, real estate and business services	214,375	231,441	211,622	228,504
Manufacturing	302,857	336,485	220,504	246,002
Mining and quarrying	10,142	4,140	8,146	2,144
Primary agriculture	541	523	279	272
Transportation, storage and communication	156,413	185,204	113,338	138,977
Wholesale, retail trade, restaurants and hotels	567,840	623,826	333,306	339,235
	<u>1,581,516</u>	<u>1,716,707</u>	<u>1,167,360</u>	<u>1,239,497</u>

11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows:

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	136,358	1,907	6,690	2,731	7,637	2,362	157,685
Education, health and others	109,234	3,024	19,243	31,009	8,232	880	171,622
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance, real estate and business services	158,886	8,227	8,562	10,292	2,788	25,620	214,375
Manufacturing	193,250	12,265	33,440	54,058	3,628	6,216	302,857
Mining and quarrying	2,713	-	7,074	355	-	-	10,142
Primary agriculture	262	-	66	-	213	-	541
Transportation, storage and communication	105,971	5,162	9,733	18,637	9,113	7,797	156,413
Wholesale, retail trade, restaurants and hotels	395,354	22,395	21,181	58,978	66,103	3,829	567,840
At 31 December 2020	<u>1,102,028</u>	<u>53,021</u>	<u>105,989</u>	<u>176,060</u>	<u>97,714</u>	<u>46,704</u>	<u>1,581,516</u>

11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	103,271	2,084	30,418	9,310	8,441	24,846	178,370
Education, health and others	108,138	3,150	17,947	19,628	7,001	854	156,718
Financial, insurance, real estate and business services	206,230	7,487	8,859	3,291	5,426	148	231,441
Manufacturing	225,413	14,059	44,255	41,363	6,294	5,101	336,485
Mining and quarrying	3,846	-	-	294	-	-	4,140
Primary agriculture	251	-	65	-	207	-	523
Transportation, storage and communication	131,952	6,490	15,325	12,471	9,660	9,306	185,204
Wholesale, retail trade, restaurants and hotels	426,486	29,996	27,457	53,479	80,941	5,467	623,826
At 31 December 2019	<u>1,205,587</u>	<u>63,266</u>	<u>144,326</u>	<u>139,836</u>	<u>117,970</u>	<u>45,722</u>	<u>1,716,707</u>

11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	133,534	1,907	6,690	2,731	7,637	2,362	154,861
Education, health and others	62,875	3,024	19,243	31,009	8,232	880	125,263
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance, real estate and business services	156,133	8,227	8,562	10,292	2,788	25,620	211,622
Manufacturing	110,897	12,265	33,440	54,058	3,628	6,216	220,504
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	62,896	5,162	9,733	18,637	9,113	7,797	113,338
Wholesale, retail trade, restaurants and hotels	160,820	22,395	21,181	58,978	66,103	3,829	333,306
At 31 December 2020	687,872	53,021	105,989	176,060	97,714	46,704	1,167,360

11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	100,415	2,084	30,418	9,310	8,441	24,846	175,514
Education, health and others	60,269	3,150	17,947	19,628	7,001	854	108,849
Financial, insurance, real estate and business services	203,293	7,487	8,859	3,291	5,426	148	228,504
Manufacturing	134,930	14,059	44,255	41,363	6,294	5,101	246,002
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	85,725	6,490	15,325	12,471	9,660	9,306	138,977
Wholesale, retail trade, restaurants and hotels	141,895	29,996	27,457	53,479	80,941	5,467	339,235
At 31 December 2019	728,377	63,266	144,326	139,836	117,970	45,722	1,239,497

11. Loans, advances and financing (cont'd.)

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

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,716,707	2,005,646	1,239,497	1,482,802
-Transfers to Stage 1	(131,252)	(68,261)	(131,252)	(68,261)
-Transfers to Stage 2	(342)	(27,161)	(342)	(27,161)
-Transfers to Stage 3	267,137	198,176	267,137	198,176
	<u>1,852,250</u>	<u>2,108,400</u>	<u>1,375,040</u>	<u>1,585,556</u>
Net settlement/additional drawdown	(59,601)	119,103	3,453	119,103
New financial assets originated	10,099	88,913	10,099	88,913
Financial assets derecognised	(79,303)	(291,848)	(79,303)	(246,214)
Write-off/Write-down	(141,929)	(307,861)	(141,929)	(307,861)
	<u>1,581,516</u>	<u>1,716,707</u>	<u>1,167,360</u>	<u>1,239,497</u>

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	48,065	32,696	975,329	1,056,090
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	<u>(42,319)</u>	<u>(23,652)</u>	<u>65,971</u>	<u>-</u>
Net remeasurement of allowances	51,092	9,819	(87,646)	(26,735)
New financial assets originated	19,913	135	4,781	24,829
Financial assets derecognised	(9,043)	(701)	(23,072)	(32,816)
Amount written off	-	-	(141,929)	(141,929)
At 31 December 2020	<u>67,708</u>	<u>18,297</u>	<u>793,434</u>	<u>879,439</u>
At 1 January 2019	42,799	55,642	1,246,237	1,344,678
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	<u>37,298</u>	<u>(19,410)</u>	<u>(17,888)</u>	<u>-</u>
Net remeasurement of allowances	(39,039)	618	68,482	30,061
New financial assets originated	15,575	2,442	63,635	81,652
Financial assets derecognised	(8,568)	(6,596)	(77,276)	(92,440)
Amount written off	-	-	(307,861)	(307,861)
At 31 December 2019	<u>48,065</u>	<u>32,696</u>	<u>975,329</u>	<u>1,056,090</u>

11. Loans, advances and financing (cont'd.)

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	48,065	32,696	498,119	578,880
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	(42,319)	(23,652)	65,971	-
Net remeasurement of allowances	51,092	9,819	(24,592)	36,319
New financial assets originated	19,913	135	4,781	24,829
Financial assets derecognised	(9,043)	(701)	(23,072)	(32,816)
Amount written off	-	-	(141,929)	(141,929)
At 31 December 2020	<u>67,708</u>	<u>18,297</u>	<u>379,278</u>	<u>465,283</u>
At 1 January 2019	42,799	55,642	723,393	821,834
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	37,298	(19,410)	(17,888)	-
Net remeasurement of allowances	(39,039)	618	114,116	75,695
New financial assets originated	15,575	2,442	63,635	81,652
Financial assets derecognised	(8,568)	(6,596)	(77,276)	(92,440)
Amount written off	-	-	(307,861)	(307,861)
At 31 December 2019	<u>48,065</u>	<u>32,696</u>	<u>498,119</u>	<u>578,880</u>

(x) Net impaired loans, advances and financing as percentage of net loans, advances and financing are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net impaired loans, advances and financing as a percentage	<u>11.39%</u>	<u>12.64%</u>	<u>11.39%</u>	<u>12.64%</u>

12. Deposits from customers

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,255,632	3,168,209	4,330,869	3,233,536

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	2,283,327	1,600,048	2,283,327	1,600,048
Business enterprise	1,305,690	1,004,541	1,380,927	1,069,868
Others	666,615	563,620	666,615	563,620
	4,255,632	3,168,209	4,330,869	3,233,536

(ii) The maturity structure of deposits is as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Less than three months	3,173,795	2,450,807	3,249,032	2,466,105
Three months to six months	683,831	256,697	683,831	304,519
Six months to one year	398,006	460,705	398,006	462,912
	4,255,632	3,168,209	4,330,869	3,233,536

13. Borrowings

	Group and Bank	
	2020	2019
	RM'000	RM'000
Unsecured borrowings	<u>1,507,974</u>	<u>1,875,212</u>

Included in the borrowings is amount received by the Group and the Bank under government financing scheme as part of the government support measure in response to COVID-19 pandemic for the purpose of SME lending at a below market rate amounting RM520,567,000.

(i) The maturity structure of the borrowings is as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Within one year	57,826	112,477
More than one year to five years	1,099,664	996,584
More than five years	350,484	766,151
	<u>1,507,974</u>	<u>1,875,212</u>

(ii) The unsecured borrowings/fundings are sourced from the following:

		Group and Bank	
		2020	2019
	Note	RM'000	RM'000
Government of Malaysia	(a)	1,004,336	1,029,800
Other institutions	(b)	503,638	845,412
		<u>1,507,974</u>	<u>1,875,212</u>

13. Borrowings (cont'd.)

(a) Borrowings from Government of Malaysia

The borrowings from the Government of Malaysia are repayable as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Maturity structure:		
Within one year	43,792	41,266
More than one year to five years	647,596	622,383
More than five years	312,948	366,151
	<u>1,004,336</u>	<u>1,029,800</u>

The weighted average interest/profit rates on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2019: 0% to 4%) per annum.

(b) Borrowings from other institutions

	Group and Bank	
	2020	2019
	RM'000	RM'000
Bank Negara Malaysia	503,638	89,305
Employee Provident Fund	-	756,107
	<u>503,638</u>	<u>845,412</u>

The borrowings from other institutions are repayable as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Maturity structure:		
Within one year	14,034	71,211
More than one year to five years	452,068	374,201
More than five years	37,536	400,000
	<u>503,638</u>	<u>845,412</u>

The weighted average interest/profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2019: 0% to 5%) per annum.

14. Interest income

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Group and Bank				
Interest income from loans	246	4,449	6,314	15,165
Financial investments at FVOCI	-	-	-	3,224
Derivative forex	-	133	-	469
	<u>246</u>	<u>4,582</u>	<u>6,314</u>	<u>18,858</u>

15. Interest expense

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Group and Bank				
Term loans	42,172	16,679	80,972	57,199

Included in interest expenses from term loans is penalty paid on early settlement of borrowing from Employees Provident Fund (EPF) amounting to RM38,338,000.

16. Other operating income

	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Group				
Fee income	143	(160)	196	15
Investment in unquoted shares:				
Gross dividend income	-	-	-	349
Other income:				
Recovery income	2,326	895	3,674	8,601
Compensation on late payment charges	285	419	1,309	1,710
Others	1	400	108	1,065
	<u>2,612</u>	<u>1,714</u>	<u>5,091</u>	<u>11,376</u>
Total other operating income	<u>2,755</u>	<u>1,554</u>	<u>5,287</u>	<u>11,740</u>
Bank				
Fee income	143	(160)	196	15
Investment in unquoted shares:				
Gross dividend income	-	-	-	349
Other income:				
Compensation on late payment charges	285	419	1,309	1,710
Others	1	400	108	1,065
	<u>286</u>	<u>819</u>	<u>1,417</u>	<u>2,775</u>
Total other operating income	<u>429</u>	<u>659</u>	<u>1,613</u>	<u>3,139</u>

17. Other operating expenses

Group	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel expenses	(i)	27,740	35,069	157,482	124,735
Establishment related expenses	(ii)	10,326	5,458	41,063	39,799
Promotion and marketing expenses	(iii)	287	501	2,814	3,264
Administration and general expenses	(iv)	4,000	1,119	26,560	16,000
		<u>42,353</u>	<u>42,147</u>	<u>227,919</u>	<u>183,798</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		23,793	21,433	126,648	86,921
Group President/ Chief Executive Officer and Directors' fees and remuneration		1,455	1,247	2,752	2,272
Social security cost		178	228	918	817
Contribution to Employee Provident Fund		2,563	3,585	15,136	14,130
Other staff related expenses		(249)	8,576	12,028	20,595
		<u>27,740</u>	<u>35,069</u>	<u>157,482</u>	<u>124,735</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,113	3,257	13,114	13,578
Depreciation of right-of-use assets		931	-	3,491	3,393
Amortisation of intangible assets		1,807	1,695	7,455	6,853
Rental expenses		(314)	(1,755)	(246)	944
Property, plant and equipment written-off		1	407	1	407
Intangible assets written-off		-	19	-	19
Repairs and maintenance of property, plant and equipment		4,788	1,835	17,248	14,605
		<u>10,326</u>	<u>5,458</u>	<u>41,063</u>	<u>39,799</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		287	501	2,814	3,264
(iv) Administration and general expenses					
Administrative expenses		886	1,841	6,500	6,896
Auditors' remuneration		219	317	933	983
General expenses		2,895	(1,039)	19,127	8,121
		<u>4,000</u>	<u>1,119</u>	<u>26,560</u>	<u>16,000</u>

17. Other operating expenses (cont'd.)

Bank	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel expenses	(i)	26,927	35,076	154,468	122,383
Establishment related expenses	(ii)	10,311	5,032	41,013	39,720
Promotion and marketing expenses	(iii)	148	567	2,814	3,530
Administration and general expenses	(iv)	3,260	(443)	24,916	14,673
		<u>40,646</u>	<u>40,232</u>	<u>223,211</u>	<u>180,306</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		23,127	21,612	124,330	85,302
Group President/ Chief Executive Officer and Directors' fees and remuneration		1,455	1,247	2,752	2,272
Social security cost		172	224	898	796
Contribution to Employee Provident Fund		2,482	3,512	14,757	13,791
Other staff related expenses		(309)	8,481	11,731	20,222
		<u>26,927</u>	<u>35,076</u>	<u>154,468</u>	<u>122,383</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,111	3,256	13,108	13,570
Depreciation of right-of-use assets		931	-	3,491	3,393
Amortisation of intangible assets		1,807	1,705	7,455	6,846
Rental expenses		(314)	(1,755)	(246)	944
Property, plant and equipment written-off		-	-	1	407
Repairs and maintenance of property, plant and equipment		4,776	1,826	17,204	14,560
		<u>10,311</u>	<u>5,032</u>	<u>41,013</u>	<u>39,720</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		148	567	2,814	3,530
(iv) Administration and general expenses					
Administrative expenses		886	1,838	6,484	6,883
Auditors' remuneration		196	304	871	921
General expenses		2,178	(2,585)	17,561	6,869
		<u>3,260</u>	<u>(443)</u>	<u>24,916</u>	<u>14,673</u>

18. (Writeback)/Allowance for impairment loss on loans, advances and financing

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	43,796	(32,337)	61,962	(32,032)
- Stage 2, net (Note 11(ix))	(6,313)	3,793	9,253	(3,536)
- Stage 3, net (Note 11(ix))	(102,645)	(15,556)	(105,937)	54,841
	<u>(65,162)</u>	<u>(44,100)</u>	<u>(34,722)</u>	<u>19,273</u>
Impaired loans, advances and financing recovered	<u>(9,818)</u>	<u>(11,382)</u>	<u>(28,654)</u>	<u>(29,371)</u>
Total allowances for impairment on loans, advances and financing	<u>(74,980)</u>	<u>(55,482)</u>	<u>(63,376)</u>	<u>(10,098)</u>
Bank				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	43,796	(32,337)	61,962	(32,032)
- Stage 2, net (Note 11(ix))	(6,313)	3,793	9,253	(3,536)
- Stage 3, net (Note 11(ix))	(52,651)	9,333	(42,883)	100,475
	<u>(15,168)</u>	<u>(19,211)</u>	<u>28,332</u>	<u>64,907</u>
Impaired loan, advances and financing recovered	<u>(9,818)</u>	<u>(11,382)</u>	<u>(28,654)</u>	<u>(29,371)</u>
Total allowances for impairment on loans, advances and financing	<u>(24,986)</u>	<u>(30,593)</u>	<u>(322)</u>	<u>35,536</u>

19. Commitment and contingencies

- (i) Loans, advances and financing related commitments and contingencies of the Group and of the Bank are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Direct credit substitutes	178,973	160,753
Transaction-related-contingent items	133,572	106,581
Undrawn financing/loans		
- original maturity up to one year	131,082	-
- original maturity more than one year	1,801,659	1,670,833
	<u>2,245,286</u>	<u>1,938,167</u>

- (ii) Capital expenditure commitments of the Group and of the Bank are as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Approved and contracted for Information technology system	7,110	1,833
	<u>7,110</u>	<u>1,833</u>
Total commitments and contingencies	<u>2,252,396</u>	<u>1,940,000</u>

20. Capital adequacy

Capital management

Capital policy

The overall objective of capital management is to maintain a strong capital position in order to provide opportunities for business growth and be able to provide cushion for any potential losses. In line with this objective, the Bank views its capital position as an important key barometer of financial health.

20. Capital adequacy (cont'd.)

Regulatory capital

In order to support its mandated roles, the Bank has strong and adequate capital to support its business activities on an on-going basis. Bank Negara Malaysia ("BNM") has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act 2002.

The capital adequacy ratios of the Group and of the Bank are computed in accordance with the requirements of the BNM's Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

Pursuant to BNM's Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses (ECL) to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures to Tier 1 Capital. However, this transitional arrangements is not applicable to the Bank due to a net writeback of total loss allowances recorded during the financial year 2020.

The following table set forth capital resources and capital adequacy for the Group and the Bank as at the end of the reporting period:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Tier I Capital</u>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(301,724)	(384,688)	(288,039)	(383,153)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	3,776	-	3,776	-
Less: Deferred tax assets	(99,278)	(104,456)	(99,278)	(104,456)
Less: Property revaluation reserve	(232,381)	(232,381)	(232,381)	(232,381)
Total Tier I capital	1,230,507	1,138,589	1,244,192	1,140,124
<u>Tier II Capital</u>				
General provision for loans, advances and financing*	87,163	87,163	87,163	87,163
Property revaluation reserve [^]	116,191	116,191	116,191	116,191
Government funds [#]	406,108	392,980	406,108	392,980
Total Tier II capital	609,462	596,334	609,462	596,334
Total capital	1,839,969	1,734,923	1,853,654	1,736,458
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,839,969	1,734,923	1,853,654	1,736,458

20. Capital adequacy (cont'd.)

* General provision refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

^ The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

An amount of RM36,452,000 (2019: RM38,927,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 30:70 between the Group and the Bank; and Teraju.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
20%	279,650	239,011	279,650	239,011
50%	6,131	425,057	6,131	425,057
100%	9,384,804	7,770,823	9,505,644	7,864,591
	9,670,585	8,434,891	9,791,425	8,528,659

Before deducting dividends:

Core capital ratio	12.724%	13.499%	12.707%	13.368%
Risk-weighted capital ratio	19.026%	20.568%	18.931%	20.360%

After deducting dividends:

Core capital ratio	12.588%	13.060%	12.572%	12.934%
Risk-weighted capital ratio	18.890%	20.130%	18.796%	19.926%

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to have the "well capitalised" status. Internal capital limit and regulatory capital requirement are closely monitored, regularly reviewed and reported to senior management and the Board of Directors.

21. Islamic banking business

The state of affairs as at 31 December 2020 and results for the financial period then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

Audited Statements of Financial Position **As at 31 December 2020**

		Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Cash and short-term funds		1,399,622	1,118,166	1,396,061	1,111,978
Financial investments at FVOCI	21(a)	1,314,317	1,344,885	1,314,317	1,344,885
Financial investments at AC	10	569,350	818,565	569,350	818,565
Advances and financing	21(b)	6,754,846	5,554,595	6,754,846	5,554,595
Other assets		17,486	5,525	142,971	104,444
Property, plant and equipment		131,483	63,199	131,476	63,161
Right-of-use assets		12,834	15,474	12,834	15,474
Investment properties		393,062	393,062	393,062	393,062
Intangible assets		14,620	-	14,620	-
Tax recoverable		3,757	-	2,068	-
Deferred tax assets		99,278	104,456	99,278	104,456
Total assets		10,710,655	9,417,927	10,830,883	9,510,620
Liabilities					
Deposits from customers	12	4,255,632	3,168,209	4,330,869	3,233,536
Islamic medium-term notes		1,866,327	1,768,072	1,866,327	1,768,072
Term financing	21(c)	660,180	246,867	660,180	246,867
Lease liabilities		13,364	15,797	13,364	15,797
Other liabilities		1,120,358	1,034,300	1,147,985	1,041,486
Amount due to conventional operations		821,384	1,552,877	1,025,721	1,818,567
Government funds		454,883	228,220	454,883	228,220
Total liabilities		9,192,128	8,014,342	9,499,329	8,352,545
Islamic general funds		1,518,527	1,403,585	1,331,554	1,158,075
Total liabilities and Islamic banking funds		10,710,655	9,417,927	10,830,883	9,510,620
Commitments		2,234,224	1,927,435	2,234,224	1,927,435

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

21. Islamic banking business

Audited Statements of Comprehensive Income
For the fourth quarter ended 31 December 2020

Group	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Income from Islamic banking business	21(d)	114,723	131,864	485,546	529,689
Profit expense attributable to Islamic banking business	21(e)	(48,492)	(48,527)	(183,562)	(193,582)
Gross income from Islamic banking business		66,231	83,337	301,984	336,107
Other operating income	21(f)	25,763	40,509	50,001	75,785
Other operating expenses	21(g)	(41,926)	(43,887)	(220,799)	(175,313)
Operating profit		50,068	79,959	131,186	236,579
Writeback/(Allowances) for impairment losses on :					
- advances and financing	21(h)	28,445	17,666	5,409	(45,719)
- commitments and contingencies		1,988	134	1,467	242
- financial investments at FVOCI	9	8,770	(191)	2,909	(3,508)
- financial investments at AC	10	86	(5)	649	(586)
- other assets at AC		(1)	(102)	191	(970)
Profit before tax expense and zakat		89,356	97,461	141,811	186,038
Tax expense		(294)	(4,832)	(294)	(4,832)
Zakat		(1,000)	(1,000)	(2,642)	(1,432)
Net profit for the period		88,062	91,629	138,875	179,774
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		(7,573)	-	15,976	21,781
Changes in expected credit losses on financial investments at FVOCI		(8,770)	191	(2,909)	3,508
Other comprehensive income for the period, net of tax		(16,343)	191	13,067	25,289
Total comprehensive income for the period, net of tax		71,719	91,820	151,942	205,063

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

21. Islamic banking business (cont'd.)

Audited Statements of Comprehensive Income
For the fourth quarter ended 31 December 2020 (cont'd.)

Bank	Note	Fourth Quarter Ended		Twelve Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Income from Islamic banking business	21(d)	114,723	131,864	485,546	529,689
Profit expense attributable to Islamic banking business	21(e)	(48,708)	(47,709)	(183,955)	(193,887)
Gross income from Islamic banking business		66,015	84,155	301,591	335,802
Other operating income	21(f)	24,812	55,833	55,180	85,469
Other operating expenses	21(g)	(39,287)	(44,147)	(216,090)	(173,589)
Operating profit		51,540	95,841	140,681	247,682
(Allowances)/Writeback for impairment losses on :					
- advances and financing		15,691	29,559	(14,545)	(48,140)
- commitments and contingencies		1,988	134	1,467	242
- financial investments at FVOCI	9	8,770	(191)	2,909	(3,508)
- financial investments at AC	10	86	(5)	649	(586)
- other assets at AC		(1)	(102)	191	(970)
- other assets at FVOCI		78,359	48,368	68,701	48,368
Profit before tax expense and zakat		156,433	173,604	200,053	243,088
Tax expense		1	(4,772)	1	(4,772)
Zakat		(1,000)	(1,000)	(2,642)	(1,432)
Net profit for the period		155,434	167,832	197,412	236,884
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		(7,571)	-	15,976	21,781
Changes in expected credit losses on financial investments at FVOCI		(8,770)	191	(2,909)	3,508
Other comprehensive income for the period, net of tax		(16,341)	191	13,067	25,289
Total comprehensive income for the period, net of tax		139,093	168,023	210,479	262,173

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

21. Islamic banking business (cont'd.)

Statements of changes in Islamic General Funds
For the financial year ended 31 December 2020

Group	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2020	1,050,564	24,107	328,914	1,403,585
Unrealised gain on revaluation of financial investments at FVOCI	-	15,976	-	15,976
Changes in expected credit losses of financial investments at FVOCI	-	(2,909)	-	(2,909)
Profit for the period	-	-	138,875	138,875
Total comprehensive income for the period	-	13,067	138,875	151,942
Transaction with owner: Dividends	-	-	(37,000)	(37,000)
At 31 December 2020	1,050,564	37,174	430,789	1,518,527
At 1 January 2019	1,050,564	(5,257)	154,922	1,200,229
Unrealised gain on revaluation of financial investments at FVOCI	-	30,177	-	30,177
Reclassification of gains included in profit or loss	-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	3,508
Income tax relating to components of other comprehensive income	-	(8,165)	-	(8,165)
Profit for the year	-	-	173,992	173,992
Total comprehensive income for the period	-	29,364	173,992	203,356
At 31 December 2019	1,050,564	24,107	328,914	1,403,585

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

21. Islamic banking business (cont'd.)

Statements of changes in Islamic General Funds
For the financial year ended 31 December 2020

Bank	Share capital RM'000	Non- distributable fair value reserve RM'000	(Accumulated losses)/ Distributable retained earnings RM'000	Total RM'000
At 1 January 2020	1,050,564	24,107	83,404	1,158,075
Unrealised gain on revaluation of financial investments at FVOCI	-	15,976	-	15,976
Changes in expected credit losses of financial investments at FVOCI	-	(2,909)	-	(2,909)
Profit for the period	-	-	197,412	197,412
Total comprehensive income for the period	-	13,067	197,412	210,479
Transaction with owner: Dividends	-	-	(37,000)	(37,000)
At 31 December 2020	1,050,564	37,174	243,816	1,331,554
At 1 January 2019	1,050,564	(5,257)	(147,698)	897,609
Unrealised gain on revaluation of financial investments at FVOCI	-	30,177	-	30,177
Reclassification of gains included in profit or loss	-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	-	3,508	-	3,508
Income tax relating to components of other comprehensive income	-	(8,165)	-	(8,165)
Profit for the year	-	-	231,102	231,102
Total comprehensive income for the period	-	29,364	231,102	260,466
At 31 December 2019	1,050,564	24,107	83,404	1,158,075

(These audited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these financial statements)

21. Islamic banking business (cont'd.)

(a) Financial investments at FVOCI

	Group and Bank	
	2020	2019
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	553,558	531,107
Non-money market instruments		
Equity securities - Private debt securities	30,569	30,392
Debt securities - Private debt securities	730,190	783,386
	<u>760,759</u>	<u>813,778</u>
Total financial investment at FVOCI	<u>1,314,317</u>	<u>1,344,885</u>

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve. The movement in allowances for impairment which reflects the ECL model on impairment are as disclosed in Note 9.

(b) Advances and financing

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,609,661	1,937,358	1,556,843	1,868,535
Istisna'	121,534	140,998	111,653	131,640
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	362,421	357,413	302,310	292,838
Bai' Dayn	6,559	8,424	6,559	8,424
Tawarruq	5,208,768	3,768,903	5,208,763	3,768,898
Bai' Inah	23,533	48,037	22,262	46,759
Gross advances and financing	<u>7,334,069</u>	<u>6,262,726</u>	<u>7,208,390</u>	<u>6,117,094</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 21(b)(x))	(67,685)	(47,627)	(67,685)	(47,627)
- Stage 2 (Note 21(b)(x))	(18,294)	(30,559)	(18,294)	(30,559)
- Stage 3 (Note 21(b)(x))	(493,244)	(629,945)	(367,565)	(484,313)
Net advances and financing	<u>6,754,846</u>	<u>5,554,595</u>	<u>6,754,846</u>	<u>5,554,595</u>
Gross impaired advances and financing (Note 21(b)(vii))	<u>1,200,035</u>	<u>1,276,942</u>	<u>1,074,357</u>	<u>1,131,310</u>
Net impaired advances and financing	<u>706,791</u>	<u>646,997</u>	<u>706,792</u>	<u>646,997</u>

Included in advances and financing are gross advances and financing amounting to RM71,440,000 (2019: RM65,538,000) financed by the Government funds.

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(i) The maturity profile of the gross advances and financing are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	1,393,973	1,089,603	1,290,840	971,539
More than one year to three years	538,001	783,841	523,932	763,712
More than three years to five years	1,213,797	946,895	1,212,086	945,706
More than five years	4,188,298	3,442,387	4,181,532	3,436,137
	7,334,069	6,262,726	7,208,390	6,117,094

(ii) Gross advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic business enterprise	7,320,968	6,247,863	7,195,289	6,102,231
Individual	13,101	14,863	13,101	14,863
	7,334,069	6,262,726	7,208,390	6,117,094

(iii) Gross advances and financing analysed by industry are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Constructions	1,260,560	1,245,497	1,259,078	1,243,983
Education, health and others	620,887	579,777	586,327	543,801
Electricity, gas and water supply	92,441	34,525	92,441	34,525
Financial, insurance, real estate and business services	1,153,018	1,045,021	1,151,222	1,043,192
Manufacturing	1,265,098	1,105,905	1,223,432	1,046,143
Mining and quarrying	125,242	75,887	125,242	75,887
Primary agriculture	8,058	5,729	8,058	5,729
Transportation, storage and communication	890,689	766,109	858,755	734,033
Wholesale, retail trade, restaurants and hotels	1,904,975	1,389,413	1,890,734	1,374,938
Others	13,101	14,863	13,101	14,863
	7,334,069	6,262,726	7,208,390	6,117,094

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	688,130	39,139	234,213	40,684	74,672	183,722	1,260,560
Education, health and others	409,474	26,344	61,478	80,857	27,256	15,478	620,887
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance, real estate and business services	743,434	63,473	141,421	28,919	78,292	97,479	1,153,018
Manufacturing	650,698	215,958	182,008	120,380	49,725	46,329	1,265,098
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	476,542	150,243	56,055	82,730	46,167	78,952	890,689
Wholesale, retail trade, restaurants and hotels	887,755	285,887	89,316	244,617	244,486	152,914	1,904,975
Others	13,101	-	-	-	-	-	13,101
At 31 December 2020	4,044,393	783,323	787,290	610,866	530,449	577,748	7,334,069

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	649,259	34,213	266,827	70,984	75,609	148,605	1,245,497
Education, health and others	381,792	24,755	58,388	72,439	21,005	21,398	579,777
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525
Financial, insurance, real estate and business services	734,589	89,628	83,578	15,557	75,866	45,803	1,045,021
Manufacturing	574,390	149,326	162,169	137,567	43,340	39,113	1,105,905
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	477	-	502	22	4,650	78	5,729
Transportation, storage and communication	390,737	94,781	57,255	107,320	38,321	77,695	766,109
Wholesale, retail trade, restaurants and hotels	645,603	172,639	107,575	152,689	184,245	126,662	1,389,413
Others	14,863	-	-	-	-	-	14,863
At 31 December 2019	3,454,862	565,342	743,722	573,495	462,825	462,480	6,262,726

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	686,648	39,139	234,213	40,684	74,672	183,722	1,259,078
Education, health and others	374,914	26,344	61,478	80,857	27,256	15,478	586,327
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance, real estate and business services	741,638	63,473	141,421	28,919	78,292	97,479	1,151,222
Manufacturing	609,032	215,958	182,008	120,380	49,725	46,329	1,223,432
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	-	351	728	-	4,882	2,097	8,058
Transportation, storage and communication	444,608	150,243	56,055	82,730	46,167	78,952	858,755
Wholesale, retail trade, restaurants and hotels	873,514	285,887	89,316	244,617	244,486	152,914	1,890,734
Others	13,101	-	-	-	-	-	13,101
At 31 December 2020	3,918,714	783,323	787,290	610,866	530,449	577,748	7,208,390

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	647,745	34,213	266,827	70,984	75,609	148,605	1,243,983
Education, health and others	345,816	24,755	58,388	72,439	21,005	21,398	543,801
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525
Financial, insurance, real estate and business services	732,760	89,628	83,578	15,557	75,866	45,803	1,043,192
Manufacturing	514,628	149,326	162,169	137,567	43,340	39,113	1,046,143
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887
Primary agriculture	477	-	502	22	4,650	78	5,729
Transportation, storage and communication	358,661	94,781	57,255	107,320	38,321	77,695	734,033
Wholesale, retail trade, restaurants and hotels	631,128	172,639	107,575	152,689	184,245	126,662	1,374,938
Others	14,863	-	-	-	-	-	14,863
At 31 December 2019	3,309,230	565,342	743,722	573,495	462,825	462,480	6,117,094

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(v) Gross advances and financing by types and Shariah contracts are as follows:

Group	Hire purchase RM'000	Leasing RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Ajil	-	-	388	1,121	-	1,509
Murabahah	-	-	1,528,110	68,450	13,101	1,609,661
Istisna'	-	-	121,534	-	-	121,534
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	335,883	-	26,538	-	-	362,421
Bai' Dayn	-	-	-	6,559	-	6,559
Tawarruq	5	-	3,926,136	1,282,627	-	5,208,768
Bai' Inah	-	-	23,533	-	-	23,533
At 31 December 2020	335,888	84	5,626,239	1,358,757	13,101	7,334,069
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,831,617	90,878	14,863	1,937,358
Istisna'	-	-	140,998	-	-	140,998
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	311,796	-	28,857	16,760	-	357,413
Bai' Dayn	-	-	-	8,424	-	8,424
Tawarruq	-	-	2,461,417	1,307,486	-	3,768,903
Bai' Inah	-	-	48,037	-	-	48,037
At 31 December 2019	311,796	84	4,511,315	1,424,668	14,863	6,262,726

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(v) Gross advances and financing by types and Shariah contracts are as follows:

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Murabahah	-	1,488,639	55,103	13,101	1,556,843
Istisna'	-	111,653	-	-	111,653
Ijarah Thumma Al-Bai	301,006	1,304	-	-	302,310
Bai' Dayn	-	-	6,559	-	6,559
Tawarruq	-	3,926,136	1,282,627	-	5,208,763
Bai' Inah	-	22,262	-	-	22,262
At 31 December 2020	301,006	5,549,994	1,344,289	13,101	7,208,390
Murabahah	-	1,776,270	77,402	14,863	1,868,535
Istisna'	-	131,640	-	-	131,640
Ijarah Thumma Al-Bai	275,897	181	16,760	-	292,838
Bai' Dayn	-	-	8,424	-	8,424
Tawarruq	-	2,461,412	1,307,486	-	3,768,898
Bai' Inah	-	46,759	-	-	46,759
At 31 December 2019	275,897	4,416,262	1,410,072	14,863	6,117,094

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(vi) Gross advances and financing analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Staff financing	13,101	14,863	13,101	14,863
- Hire purchase	187,198	210,736	153,186	175,707
- Leasing	84	84	-	-
- Other term financing	1,503,623	1,041,552	1,433,049	952,210
- Revolving financing	176,773	208,028	162,364	193,490
Variable rate				
- Hire purchase	148,690	101,060	147,820	100,190
- Other term financing	4,122,616	3,469,763	4,116,945	3,464,052
- Revolving financing	1,181,984	1,216,640	1,181,925	1,216,582
	7,334,069	6,262,726	7,208,390	6,117,094

(vii) Gross impaired advances and financing analysed by industry are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Constructions	156,343	159,711	154,861	158,197
Education, health and others	157,137	142,093	122,577	106,117
Electricity, gas and water supply	41	-	41	-
Financial, insurance, real estate and business services	213,419	230,333	211,623	228,504
Manufacturing	258,947	301,471	217,281	241,709
Mining and quarrying	8,146	2,144	8,146	2,144
Primary agriculture	279	272	279	272
Transportation, storage and communication	108,446	136,286	76,512	104,210
Wholesale, retail trade, restaurants and hotels	297,277	304,632	283,037	290,157
	1,200,035	1,276,942	1,074,357	1,131,310

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21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows:

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	135,016	1,907	6,690	2,731	7,637	2,362	156,343
Education, health and others	94,749	3,024	19,243	31,009	8,232	880	157,137
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance, real estate and business services	157,930	8,227	8,562	10,292	2,788	25,620	213,419
Manufacturing	152,449	11,738	33,440	51,476	3,628	6,216	258,947
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	62,243	5,162	5,497	18,637	9,110	7,797	108,446
Wholesale, retail trade, restaurants and hotels	168,207	16,968	21,060	44,847	42,366	3,829	297,277
At 31 December 2020	771,311	47,067	101,632	159,347	73,974	46,704	1,200,035

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21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.) :

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	101,929	2,084	13,100	9,310	8,441	24,847	159,711
Education, health and others	93,512	3,150	17,947	19,628	7,001	855	142,093
Financial, insurance, real estate and business services	205,121	7,487	8,859	3,291	5,426	149	230,333
Manufacturing	193,102	13,537	44,255	39,182	6,294	5,101	301,471
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	87,020	6,490	11,342	12,471	9,657	9,306	136,286
Wholesale, retail trade, restaurants and hotels	-	-	-	-	-	-	-
	148,559	29,579	27,342	36,575	57,111	5,466	304,632
At 31 December 2019	<u>831,093</u>	<u>62,327</u>	<u>122,910</u>	<u>120,751</u>	<u>94,137</u>	<u>45,724</u>	<u>1,276,942</u>

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21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.) :

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	133,534	1,907	6,690	2,731	7,637	2,362	154,861
Education, health and others	60,189	3,024	19,243	31,009	8,232	880	122,577
Electricity, gas and water supply	-	41	-	-	-	-	41
Financial, insurance, real estate and business services	156,134	8,227	8,562	10,292	2,788	25,620	211,623
Manufacturing	110,783	11,738	33,440	51,476	3,628	6,216	217,281
Mining and quarrying	717	-	7,074	355	-	-	8,146
Primary agriculture	-	-	66	-	213	-	279
Transportation, storage and communication	30,309	5,162	5,497	18,637	9,110	7,797	76,512
Wholesale, retail trade, restaurants and hotels	153,967	16,968	21,060	44,847	42,366	3,829	283,037
At 31 December 2020	645,633	47,067	101,632	159,347	73,974	46,704	1,074,357

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21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.) :

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	100,415	2,084	13,100	9,310	8,441	24,847	158,197
Education, health and others	57,536	3,150	17,947	19,628	7,001	855	106,117
Financial, insurance, real estate and business services	203,292	7,487	8,859	3,291	5,426	149	228,504
Manufacturing	133,340	13,537	44,255	39,182	6,294	5,101	241,709
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	54,944	6,490	11,342	12,471	9,657	9,306	104,210
Wholesale, retail trade, restaurants and hotels	134,084	29,579	27,342	36,575	57,111	5,466	290,157
At 31 December 2019	<u>685,461</u>	<u>62,327</u>	<u>122,910</u>	<u>120,751</u>	<u>94,137</u>	<u>45,724</u>	<u>1,131,310</u>

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(ix) Movements in impaired advances and financing are as follows:

	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,276,942	1,492,925	1,131,310	1,344,872
-Transfers to Stage 1	(130,461)	(68,261)	(130,461)	(68,261)
-Transfers to Stage 2	(342)	(27,161)	(342)	(27,161)
-Transfers to Stage 3	238,732	184,757	238,732	184,757
	1,384,871	1,582,260	1,239,239	1,434,207
Changes due to change in credit risk	6,619	104,208	26,573	106,629
New financial assets originated	10,099	88,913	10,099	88,913
Financial assets derecognised	(59,625)	(227,379)	(59,625)	(227,379)
Amount written-off	(141,929)	(271,060)	(141,929)	(271,060)
At 31 December	1,200,035	1,276,942	1,074,357	1,131,310

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	47,627	30,559	629,945	708,131
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	(40,043)	(23,648)	63,691	-
Changes due to change in credit risk (Note 21(h))	49,200	11,949	(41,093)	20,056
Net financial assets originated (Note 21(h))	19,898	135	4,781	24,814
Financial assets derecognised (Note 21(h))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,685	18,294	493,244	579,223
At 1 January 2019	42,207	51,522	826,154	919,883
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	37,127	(18,590)	(18,537)	-
Changes due to change in credit risk (Note 21(h))	(38,733)	1,708	103,039	66,014
Net financial assets originated (Note 21(h))	15,522	2,441	63,635	81,598
Financial assets derecognised (Note 21(h))	(8,496)	(6,522)	(73,286)	(88,304)
Amount written-off	-	-	(271,060)	(271,060)
At 31 December 2019	47,627	30,559	629,945	708,131

21. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	47,627	30,559	484,313	562,499
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	(40,043)	(23,648)	63,691	-
Changes due to change in credit risk (Note 21(h))	49,200	11,949	(21,140)	40,009
Net financial assets originated (Note 21(h))	19,898	135	4,781	24,814
Financial assets derecognised (Note 21(h))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,685	18,294	367,565	453,544
At 1 January 2019	42,207	51,522	678,101	771,830
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	37,127	(18,590)	(18,537)	-
Changes due to change in credit risk (Note 21(h))	(38,733)	1,708	105,460	68,435
Net financial assets originated (Note 21(h))	15,522	2,441	63,635	81,598
Financial assets derecognised (Note 21(h))	(8,496)	(6,522)	(73,286)	(88,304)
Amount written-off	-	-	(271,060)	(271,060)
At 31 December 2019	47,627	30,559	484,313	562,499

(xi) Net impaired advances and financing as percentage of net advances and financing:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net impaired advances and financing as a percentage	10.35%	11.52%	10.35%	11.52%

21. Islamic banking business (cont'd.)

(c) Term financing

	Group and Bank	
	2020	2019
	RM'000	RM'000
Unsecured term financing	660,180	246,867

(i) The maturity structure of the term financing is as follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Within one year	25,372	23,295
More than one year to five years	522,533	129,253
More than five years	112,275	94,319
	<u>660,180</u>	<u>246,867</u>

(ii) The unsecured term financing denominated in RM are sourced from the following:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Financing from:		
- Government of Malaysia	156,543	157,562
- Bank Negara Malaysia ("BNM")	503,637	89,305
	<u>660,180</u>	<u>246,867</u>

The profit rates on the financing from the Government of Malaysia is 0% - 2.75% (2019: 0% - 4%) per annum. The rate for financing from BNM ranges from 0% - 1.50% (2019: 4% - 5.23%) per annum.

21. Islamic banking business (cont'd.)

(d) Income from Islamic banking business

Group and Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Income from advances and financing				
- Murabahah	16,945	24,969	90,822	126,581
- Istisna'	2,239	908	6,969	8,020
- Ijarah Thumma Al-Bai	(4,054)	6,577	12,731	21,651
- Bai' Dayn	55	38	435	564
- Tawarruq	75,656	61,556	261,800	235,361
- Bai' Inah	817	5,273	2,999	7,547
Total income from advances and financing	91,658	99,321	375,756	399,724
Tawarruq deposit placements	6,145	10,514	33,354	35,821
Derivative financial investment at FVTPL	-	-	-	(1,754)
Derivative forex	181	-	418	-
Financial investments at FVOCI	11,549	14,140	47,765	67,626
Financial investments at AC	5,190	7,889	28,253	28,272
Total income from Islamic banking business	114,723	131,864	485,546	529,689

(e) Profit expense attributable to Islamic banking business

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	22,291	30,404	100,715	110,675
Islamic medium-term notes	17,574	15,492	67,930	71,090
Term financing	6,579	323	7,404	1,450
Deposits from banks and other financial institutions	80	653	748	6,262
Others	1,968	1,655	6,765	4,105
	48,492	48,527	183,562	193,582

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	22,507	29,586	101,108	110,980
Islamic medium-term notes	17,574	15,492	67,930	71,090
Term financing	6,579	323	7,404	1,450
Deposits from banks and other financial institutions	80	653	748	6,262
Others	1,968	1,655	6,765	4,105
	48,708	47,709	183,955	193,887

21. Islamic banking business (cont'd.)

(f) Other operating income

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee income	2,925	2,234	8,075	8,975
Commission fee income	949	671	1,730	2,317
Rental income	1,338	2,661	4,183	10,529
Government fund released	7,472	(503)	9,937	2,133
Government compensation	1,097	524	5,036	2,256
Fair value adjustment on investment properties	-	19,848	-	19,848
Recovery income	4,732	(361)	6,911	4,513
Compensation on late payment charges	751	2,514	4,133	6,119
Others	6,499	12,921	9,996	19,095
	<u>25,763</u>	<u>40,509</u>	<u>50,001</u>	<u>75,785</u>

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee income	2,596	1,794	6,349	7,683
Commission fee income	949	671	1,730	2,317
Rental income	1,338	2,661	4,183	10,529
Government fund released	7,472	(503)	9,937	2,133
Government compensation	1,097	524	5,036	2,256
Management fees	44	45	178	179
Fair value adjustment on investment properties	-	19,848	-	19,848
Profit income on amount owing by subsidiary company	4,114	15,382	13,772	15,382
Compensation on late payment charges	751	2,514	4,133	6,119
Others	6,451	12,897	9,862	19,023
	<u>24,812</u>	<u>55,833</u>	<u>55,180</u>	<u>85,469</u>

21. Islamic banking business (cont'd.)

(g) Other operating expenses

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	27,344	33,791	152,641	119,123
Establishment related expenses	10,270	8,636	40,609	38,098
Promotion and marketing expenses	285	477	2,719	3,092
Administration and general expenses	4,027	983	24,830	15,000
	<u>41,926</u>	<u>43,887</u>	<u>220,799</u>	<u>175,313</u>

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	26,531	33,798	149,627	116,771
Establishment related expenses	10,258	8,615	40,561	38,018
Promotion and marketing expenses	145	543	2,718	3,358
Administration and general expenses	2,353	1,191	23,184	15,442
	<u>39,287</u>	<u>44,147</u>	<u>216,090</u>	<u>173,589</u>

(h) (Writeback)/Allowance for impairment loss on advances and financing

Group	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 21(b)(x))	41,885	(32,181)	60,101	(31,707)
- Stage 2 (Note 21(b)(x))	(3,247)	3,204	11,383	(2,373)
- Stage 3 (Note 21(b)(x))	(60,680)	19,732	(58,463)	93,388
	<u>(22,042)</u>	<u>(9,245)</u>	<u>13,021</u>	<u>59,308</u>
Impaired advances and financing recovered	<u>(6,403)</u>	<u>(8,421)</u>	<u>(18,430)</u>	<u>(13,589)</u>
Total allowances for impairment on advances and financing	<u>(28,445)</u>	<u>(17,666)</u>	<u>(5,409)</u>	<u>45,719</u>

22. Islamic banking business (cont'd.)

(h) (Writeback)/Allowance for impairment loss on advances and financing

Bank	Fourth Quarter Ended		Twelve Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 21(b)(x))	41,885	(32,181)	60,101	(31,707)
- Stage 2 (Note 21(b)(x))	(3,247)	3,204	11,383	(2,373)
- Stage 3 (Note 21(b)(x))	(47,928)	7,839	(38,510)	95,809
	<u>(9,290)</u>	<u>(21,138)</u>	<u>32,974</u>	<u>61,729</u>
Impaired advances and financing recovered	(6,401)	(8,421)	(18,429)	(13,589)
Total allowances for impairment on advances and financing	<u>(15,691)</u>	<u>(29,559)</u>	<u>14,545</u>	<u>48,140</u>

(i) Commitments

	Group and Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Direct credit substitutes	178,973	160,753
Transaction-related-contingent items	133,572	106,581
Undrawn financing		
- original maturity up to one year	129,531	-
- original maturity more than one year	1,792,148	1,660,101
	<u>2,234,224</u>	<u>1,927,435</u>

(j) Capital adequacy

Capital management

The following table set forth capital resources and capital adequacy for the Bank's Islamic banking business as at reporting date:

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Tier I Capital				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earning	430,789	328,914	243,816	83,404
General provision for advances and financing*	6,326	-	6,326	-
Less: Deferred tax assets	(99,278)	(104,456)	(99,278)	(104,456)
Less: Property revaluation reserves	(232,382)	(232,382)	(232,382)	(232,382)
Total Tier I capital	<u>1,156,019</u>	<u>1,042,640</u>	<u>969,046</u>	<u>797,130</u>

22. Islamic banking business (cont'd.)

(j) Capital adequacy (cont'd.)

Capital management (cont'd.)

The following table set forth capital resources and capital adequacy for the Bank's Islamic banking business as at reporting date (cont'd.):

	Group		Bank	
	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Tier II Capital				
General provision for advances and financing*	84,565	84,565	84,565	84,565
Property revaluation reserve^	116,191	116,191	116,191	116,191
Government funds#	406,108	267,147	406,108	267,147
Total Tier II capital	606,864	467,903	606,864	467,903
Total capital	1,762,883	1,510,543	1,575,910	1,265,033
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,762,883	1,510,543	1,575,910	1,265,033

* General provision for advances and financing refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

^ The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

An amount of RM36,452,000 (2019: RM38,927,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
20%	278,867	238,285	278,867	238,285
50%	6,127	422,273	6,127	422,273
100%	9,281,014	7,405,514	9,404,803	7,504,398
	9,566,008	8,066,072	9,689,797	8,164,956

Before deducting dividends:

Core capital ratio	12.085%	12.926%	10.001%	9.763%
Risk-weighted capital ratio	18.429%	18.727%	16.264%	15.493%

After deducting dividends:

Core capital ratio	11.947%	12.468%	9.864%	9.310%
Risk-weighted capital ratio	18.291%	18.268%	16.127%	15.040%

22. Analysis of financial performance

Analysis of Current Year-to-date vs Previous Year-to-date

Key Profit or Loss item:	GROUP Twelve months ended			
	31 December 2020 RM'000	31 December 2019 RM'000	Variances	
			RM'000	%
Profit before tax expense and zakat	122,900	206,644	(83,744)	(40.5%)
Ratio of profit before tax to average shareholders' funds	7.92%	15.47%	-	(7.6%)
Ratio of profit before tax to average total assets	1.19%	2.10%	-	(0.9%)
Profit after tax expense and zakat	119,964	198,930	(78,966)	(39.7%)

SME Bank Group (the "Group") reported profit before taxation and zakat of RM122.90 million for financial year ended 31 December 2020. It was lower by RM83.74 million or 40.5% mainly due to lower income generated from loans, advances and financing as well as financial investment securities.

Income from loans, advances and financing dropped by 7.9% to RM382.07 million against the corresponding period last year of RM414.89 million. The lower earnings from loans, advances and financing was due to lower average profit rate of 6.46% in the FY2020, as compared to average of 7.20% in the previous year corresponding period. Furthermore higher interest expenses in FY2020 was due to penalty paid on early settlement on EPF amounting RM38.34 million.

In addition, income from financial investment securities was lower at RM76.02 million in comparison to RM99.12 million Y-o-Y, consistent with the lower portfolio which stood at RM1.89 billion as at 31 December 2020 (31 December 2019: RM2.17 billion).

Besides, the Group posted significant increase of 24.0% or RM44.12 million in other operating expenses to RM227.90 million as compared to RM183.80 million in the same period last year. This was mainly contributed from higher personnel expenses of RM157.48 million from RM124.74 million Y-o-Y due to reversal of bonus provision performed in last year and higher administration and general expenses by RM10.56 million (66.0%) as compared to the same period last year.

Nevertheless, writeback for impairment on loans, advances and financing has increased significantly to RM63.37 million from RM10.10 million in the same corresponding period last year. This was mainly attributable from writeback of RM105.94 million for Stage 3 financing in comparison to allowances of RM54.84 million as compared to the same period last year due to payment received of impaired client during the FY2020.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets as at 31 December 2020 was calculated at 7.92% and 1.19% respectively.

22. Analysis of financial performance (cont.d')

SME BANK GROUP TOTAL ASSETS

	GROUP As at		Variances	
	31 December 2020 RM'000	31 December 2019 RM'000	RM'000	%
Total Assets	10,820,127	9,785,237	1,034,890	10.6%
Key Balance Sheet				
Gross loans, advances and financing	7,711,089	6,841,815	869,274	12.7%
Gross impaired loans, advances and financing (%)	20.51%	28.15%	-	7.6%
Deposits from customers	4,255,632	3,434,660	820,972	23.9%

The Group's total assets strengthened to RM10.82 billion as at 31 December 2020 as compared to RM9.79 billion as at 31 December 2019. This was linked with higher portfolio for loans, advances and financing by RM0.87 billion coupled with cash and short term fund of RM1.41 billion as compared to RM1.12 billion respectively.

Gross loans, advances and financing recorded stronger at RM7.71 billion as of 31 December 2020 compared to RM6.84 billion at 31 December 2019 mainly driven by higher disbursement made during the year. Higher cash and short term fund was mainly contributed by proceeds from higher borrowings received on Special Relief Fund (SRF) amounting RM460.00 million from Bank Negara Malaysia to assist borrowers/customers affected during this COVID-19 outbreak besides higher deposit received from customers by RM1.087 billion.

However this was further offset by lesser portfolio of financial investment held at amortised cost and FVOCI amounting to RM569.35 million and RM1.32 billion respectively due to disposal and maturities of commercial papers and financial investment during financial year 2020.

The Group's gross impaired ratio was lower at 20.51% as at 31 December 2020 from 28.15% as at 31 December 2019. As at 31 December 2020, the Group's Risk-Weighted Capital Ratio stood at 18.88% while its Core Capital Ratio stood at 12.63%.