

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 30 June 2019

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short-term funds	11	626,399	105,746	622,156	105,426
Financial assets at fair value through profit or loss ("FVTPL")	12	11	11	11	11
Financial investments at fair value through other comprehensive income ("FVOCI")	13	1,329,574	925,774	1,329,574	925,774
Financial investments at amortised cost	14	2,747,139	2,785,096	2,747,139	2,785,096
Loans, advances and financing	15	487,257	483,864	487,257	483,864
Other assets	16	132,783	108,306	137,006	108,561
Statutory deposits with Bank Negara Malaysia		128,575	127,220	128,575	127,220
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		788	931	788	931
Intangible assets		1,826	2,384	1,826	2,384
Deferred tax assets		6,513	9,017	6,513	9,017
Total assets		5,460,865	4,548,349	5,460,845	4,548,284
Liabilities					
Deposits from customers	17	3,473,374	2,340,035	3,473,374	2,340,035
Deposits and placements of banks and other financial institutions	18	1,082,971	1,346,075	1,082,971	1,346,075
Derivative liabilities	19	769	117	769	117
Other liabilities	20	110,905	85,458	110,899	85,457
Provision for zakat		340	7	335	-
Total liabilities		4,668,359	3,771,692	4,668,348	3,771,684
Equity					
Share capital		369,111	369,111	369,111	369,111
Reserves		423,395	407,546	423,386	407,489
Total equity		792,506	776,657	792,497	776,600
Total liabilities and equity		5,460,865	4,548,349	5,460,845	4,548,284
Commitments and contingencies	29	389,040	386,004	389,040	386,004

* Denotes RM4

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

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the six months ended 30 June 2019

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Operating revenue		60,470	61,984	114,331	122,501
Interest income	21	22,939	27,954	45,559	54,526
Interest expense	22	(18,620)	(21,394)	(36,827)	(41,936)
Net interest income		4,319	6,560	8,732	12,590
Net income from Islamic Banking operation	34	9,527	9,987	18,962	21,832
Non-interest income	23	6,219	7,200	10,631	13,574
Operating expenses	24	20,065	23,747	38,325	47,996
Operating profit before allowances		(16,201)	(13,501)	(30,698)	(28,099)
Impairment loss (made)/written back on:		3,864	10,246	7,627	19,897
- loans, advances and financing	25	403	1,787	159	1,350
- securities	26	(147)	(7,647)	13	(7,776)
- other assets	27	154	(13)	(74)	(130)
Profit before taxation and zakat		4,274	4,373	7,725	13,341
Taxation		(55)	283	111	(2,797)
Zakat		(176)	(162)	(335)	(358)
Profit for the period attributable to equity holder of the Bank		4,043	4,494	7,501	10,186
Earnings per ordinary share (sen) - Basic and diluted	28	2.61	2.90	4.84	6.57

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

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the six months ended 30 June 2019

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period attributable to equity holder of the Bank	4,043	4,494	7,501	10,186
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL")	(4)	12	3	53
Net gain/(loss) on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(3,300)	(430)	(4,487)	(2,511)
- Fair value changes	4,583	(8,236)	12,812	(6,359)
	1,283	(8,666)	8,325	(8,870)
Other comprehensive income/(loss) for the period, net of tax	1,279	(8,654)	8,328	(8,817)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on defined benefit plans	-	-	20	112
Other comprehensive loss for the period, net of tax	-	-	20	112
Total comprehensive income for the period attributable to equity holder of Bank	5,322	(4,160)	15,849	1,481

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

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the six months ended 30 June 2019

Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Operating revenue		60,446	61,960	114,298	122,456
Interest income	21	22,939	27,954	45,559	54,526
Interest expense	22	(18,620)	(21,394)	(36,827)	(41,936)
Net interest income		4,319	6,560	8,732	12,590
Net income from Islamic					
Banking operation	34	9,527	9,987	18,962	21,832
Non-interest income	23	6,266	7,176	10,669	13,529
		20,112	23,723	38,363	47,951
Operating expenses	24	(16,199)	(13,499)	(30,694)	(28,095)
Operating profit before allowances		3,913	10,224	7,669	19,856
Impairment loss (made)/written back on:					
- loans, advances and financing	25	403	1,787	159	1,350
- securities	26	(147)	(7,647)	13	(7,776)
- other assets	27	154	(13)	(74)	(130)
Profit before taxation and zakat		4,323	4,351	7,767	13,300
Taxation		(51)	288	117	(2,787)
Zakat		(176)	(162)	(335)	(358)
Profit for the period attributable to equity holder of the Bank		4,096	4,477	7,549	10,155

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

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the six months ended 30 June 2019

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period attributable to equity holder of the Bank	4,096	4,477	7,549	10,155
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL")	(4)	12	3	53
Net gain/(loss) on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(3,300)	(430)	(4,487)	(2,511)
- Fair value changes	4,583	(8,236)	12,812	(6,359)
	1,283	(8,666)	8,325	(8,870)
Other comprehensive income/(loss) for the period, net of tax	1,279	(8,654)	8,328	(8,817)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on defined benefit plans	-	-	20	112
Other comprehensive loss for the period, net of tax	-	-	20	112
Total comprehensive income for the period attributable to equity holder of Bank	5,375	(4,177)	15,897	1,450

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

Unaudited Interim Financial Statements

Consolidated statements of changes in equity
For the six months ended 30 June 2019

Group	←----- Non-distributable ----->				Distributable		Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	Securities available- for-sale reserve^ RM'000	FVOCI reserve^ RM'000	Retained profits RM'000		
At 1 January 2018	369,111	2,573	(18,576)	-	427,593	780,701	
Effects of adoption of MFRS 9	-	19,055	18,576	681	(20,007)	18,305	
At 1 January 2018, restated	369,111	21,628	-	681	407,586	799,006	
Profit for the financial period	-	-	-	-	10,186	10,186	
Other comprehensive (loss)/ income for the period	-	-	-	(8,817)	112	(8,705)	
Total comprehensive (loss)/ income for the period	-	-	-	(8,817)	10,298	1,481	
Transactions with owner							
Transfer to regulatory reserve	-	618	-	-	(618)	-	
At 30 June 2018	369,111	22,246	-	(8,136)	417,266	800,487	
At 1 January 2019	369,111	19,389	-	(2,114)	390,271	776,657	
Profit for the financial period	-	-	-	-	7,501	7,501	
Other comprehensive income for the period	-	-	-	8,328	20	8,348	
Total comprehensive income for the period	-	-	-	8,328	7,521	15,849	
Transactions with owner							
Transfer to regulatory reserve	-	2,233	-	-	(2,233)	-	
At 30 June 2019	369,111	21,622	-	6,214	395,559	792,506	

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI/securities available-for-sale reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

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

Unaudited Interim Financial Statements

Consolidated statements of changes in equity For the six months ended 30 June 2019 (cont'd.)

Bank	Non-distributable				Distributable	
	Share capital RM'000	Regulatory reserve# RM'000	Securities available-for-sale reserve^ RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	Total RM'000
At 1 January 2018	369,111	2,573	(18,576)	-	427,563	780,671
Effects of adoption of MFRS 9	-	19,055	18,576	681	(20,007)	18,305
At 1 January 2018, restated	369,111	21,628	-	681	407,556	798,976
Profit for the financial period	-	-	-	-	10,155	10,155
Other comprehensive (loss)/ income for the period	-	-	-	(8,817)	112	(8,705)
Total comprehensive (loss)/ income for the period	-	-	-	(8,817)	10,267	1,450
Transactions with owner						
Transfer to regulatory reserve	-	618	-	-	(618)	-
At 30 June 2018	369,111	22,246	-	(8,136)	417,205	800,426
At 1 January 2019	369,111	19,389	-	(2,114)	390,214	776,600
Profit for the financial period	-	-	-	-	7,549	7,549
Other comprehensive income for the period	-	-	-	8,328	20	8,348
Total comprehensive income for the period	-	-	-	8,328	7,569	15,897
Transactions with owner						
Transfer to regulatory reserve	-	2,233	-	-	(2,233)	-
At 30 June 2019	369,111	21,622	-	6,214	395,550	792,497

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI/securities available-for-sale reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

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

Unaudited Interim Financial Statements

Consolidated statements of cash flows
For the six months ended 30 June 2019

	Note	Group		Bank	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation and zakat		7,725	13,341	7,767	13,300
Adjustments for:		(4,215)	(4,323)	(4,286)	(4,323)
Operating profit before changes in working capital		3,510	9,018	3,481	8,977
Changes in working capital:					
Net changes in operating assets		(378,846)	(288,135)	(382,808)	(287,427)
Net changes in operating liabilities		896,255	375,159	896,252	375,153
Net cash generated from operating activities		520,919	96,042	516,925	96,703
Net cash (used in)/generated from investing activities		(266)	536	(195)	536
Net change in cash and cash equivalents		520,653	96,578	516,730	97,239
Cash and cash equivalents at beginning of the period		105,746	141,441	105,426	140,690
Cash and cash equivalents at end of the period	11	626,399	238,019	622,156	237,929
Cash and cash equivalents comprise of:					
Cash and short-term funds		626,399	238,019	622,156	237,929

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

Unaudited Interim Financial Statements

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"), IAS 34, Guidelines on Financial Reporting and Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and Bank Negara Malaysia ("BNM") Guidelines. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2018.

The explanatory notes attached to the unaudited 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 the Bank since the financial year ended 31 December 2018.

2. Significant accounting policies

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements for the year ended 31 December 2018.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group and the Bank have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2019.

Description

MFRS 16 Leases

IC Int.23 Uncertainty over Income Tax Treatments

Amendments to MFRS 3 - Business Combinations (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 11 - Joint Arrangements (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 112 - Income Taxes (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Amendments to MFRS 123 - Borrowing Costs (*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*)

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

2.1 Adoption of Amendments and Annual Improvements to Standards (cont'd.)

The above adoption did not result in any material impact to the financial statements of the Group and the Bank except as described below:

(a) MFRS 16 *Leases*

In these interim financial statements, the Group and the Bank has applied MFRS 16 which supersedes MFRS 117, effective for annual periods beginning on or after 1 January 2019.

A lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The following summarises how the adoption will impact the accounting treatment for leases.

(i) Lessee

At the commencement date of a lease, a lease liability will be recognised based on the present value of the remaining lease payments and a "right-of-use" will be recognised. Subsequently, the "right-of-use" asset will be depreciated using straight-line method over the remaining tenure while the lease liability is reduced over time with interest expense recognised in the profit or loss using the effective interest rate method.

(ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117.

(iii) Practical expedients adopted

The Group and the Bank has elected not to apply MFRS 16 requirements for the following transactions as allowed by MFRS 16, where the lease payments will be expensed in the income statement:

(a) Short term leases with tenure of 12 months or less;

(b) Leases where the underlying asset is of low value are exempted from accounted under MFRS 16.

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

2.1 Adoption of Amendments and Annual Improvements to Standards (cont'd.)

(a) MFRS 16 *Leases* (cont'd.)

(iv) Transitional provisions

The Group and the Bank has elected the modified retrospective approach as allowed by the transitional provisions of the Standard, which do not require a restatement of the comparative information. Therefore, the comparative information for 2018 is reported under MFRS 117.

The Group and the Bank elected for the following practical expedients:

- (a) No reassessment is performed whether a contract is, or contains, a lease at the date of initial application.
- (b) Leases for which the lease term ends within 12 months of the date of initial application, these are accounted for as short-term leases and the lease payments will be recognised as an expense.

Based on management's assessment, there are no financial impact to the opening retained earnings arising from the adoption of MFRS 16.

2.2 Standards issued but not yet effective

At the date of authorisation of the unaudited condensed interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group and the Bank.

	Effective for financial periods beginning on or after
Amendments to MFRS MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Acccounting Estimates & Errors</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

Unaudited Interim Financial Statements

3. Comments about seasonal or cyclical factors

The Group's and the Banks's performance is not materially affected by any seasonal or cyclical factors but is affected by the level of activities in the debt instruments and derivatives markets.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2019.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 2019.

6. Debt and equity instruments

There were no changes to the debt and equity instruments for the quarter ended 30 June 2019.

7. Dividend paid/payable

There were no dividends declared or paid during the quarter ended 30 June 2019.

8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2018 was not qualified.

9. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM4.3 million for the second quarter ended 30 June 2019, a decrease of RM0.1 million or 2% as compared to pre-tax profit of RM4.4 million recorded in the corresponding quarter ended 31 June 2019. The lower profit for the current period were mainly due to lower operating income, mitigated by lower impairment made.

The pre-tax profit for the six month ended 30 June 2019 amounted to RM7.7 million, a decrease of RM5.6 million or 42% as compared to pre-tax profit of RM13.3 million recorded in the previous corresponding quarter ended 30 June 2018. The lower profit for the period were mainly due to lower operating income, mitigated by lower impairment made.

Unaudited Interim Financial Statements**10. Review for 2019**

In 2nd Quarter of 2019, activities in the equities market continued to be slower than in the previous year. Concerns over the weakness of commodity prices, especially Crude Palm Oil, potential regulatory changes on regulated asset based sectors such as power and airports, and the possible downgrade of Malaysia from the World Bond Index affected the domestic market sentiment. Average daily traded value went down 26.0% to RM2.03 billion shares from RM2.73 billion shares seen in 2nd Quarter of 2018. The heightened geopolitical tension along with the expected bearish concerns as the US-China trade war escalated continue to cast shadow on global economic growth prospects. Meanwhile, average daily volume traded was also down 3.7% to 2.52 billion from 2.62 billion over the same period. There were 8 IPOs listed in the quarter, with 2 listing in the Main Market, 2 for ACE Market and 4 for the LEAP Market.

BNM has cut its overnight policy rate (OPR) by 25bps from 3.25% to 3.00% in May 2019 and maintained this rate in July 2019 at its Monetary Policy Committee (MPC) meeting, citing concerns over moderating global economic growth. Inflation is expected to remain subdued, with the continuation of RON95 and diesel price caps. Headline inflation rate is forecast to average at 0.6% y-o-y this year, lower than 1% y-o-y in 2018. No further rate cut is anticipated from BNM with GDP growth target at 4.9% for the year 2019.

Following the OPR cut, the benchmark KLIBORs dropped in tandem by 21 to 24 basis points across the curve, with 1-month, 3-months, 6-months and 1-year KLIBOR closed the 2nd Quarter of 2019 at 3.19%, 3.46%, 3.56% and 3.67% respectively.

Meanwhile, excess liquidity remained both in the conventional and Islamic banking system, reflecting BNM's accommodative monetary policy stance to ensure orderly functioning of money and foreign exchange market activities as well as supportive of the domestic economic growth moving forward.

In the fixed income market, yields of the local sovereign bonds had dropped around 35 to 45 basis points across the board in the first 6 months this year, in tandem with the declining trend in the US Treasury yields due to growing appetite for safe-haven assets amid anticipation of weakening global growth prospects. The benchmark 3-years, 5-years, 7-years and 10-years Malaysian Government Securities (MGS) closed the 2nd Quarter of 2019 at 3.29%, 3.42%, 3.55% and 3.64% respectively.

Given the current development in the market, the local bond yields are expected to be well-supported in the near term in view of benign inflation and the need for a low interest rate environment to support and stimulate the domestic economic growth for this year.

The Bank expects to face a challenging operating landscape, with tighter regulatory compliance, technology innovation to potentially transform the financial services industry and uncertainty in the advanced economies weighing on the domestic sentiment. The Bank will continue focusing its effort on managing the Bank's balance sheet as well as enhancing efforts for business activity. Cognisant of the prevailing market conditions, the Bank will remain focused on its efforts to improve revenue streams.

Unaudited Interim Financial Statements

11. Cash and short-term funds

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	46,699	56,746	42,456	56,426
Money at call and deposits placements maturing within one month	579,700	49,000	579,700	49,000
	<u>626,399</u>	<u>105,746</u>	<u>622,156</u>	<u>105,426</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM2,016,000 and RM1,864,000 respectively (2018: RM3,804,000 and RM3,749,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

12. Financial assets at FVTPL

	Group and Bank	
	2019 RM'000	2018 RM'000
Unquoted instruments in Malaysia:		
Loan Stocks	11	11
	<u>11</u>	<u>11</u>

Unaudited Interim Financial Statements

13. Financial investments at FVOCI

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	134,196	287,748
Government Investment Issues	708,128	432,327
Negotiable Instruments of Deposit	248,781	-
	<u>1,091,105</u>	<u>720,075</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	233,382	200,618
Loan Stocks	4,330	4,324
Shares	757	757
	<u>238,469</u>	<u>205,699</u>
	<u>1,329,574</u>	<u>925,774</u>

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2018	-	-	-
Effects of adoption of MFRS 9			
- Transfer from individual impairment allowance	-	143,543	143,543
At 1 January 2018, restated	-	143,543	143,543
Impairment made during the financial year	44	14,435	14,479
Written off	-	(47,815)	(47,815)
At 31 December 2018	<u>44</u>	<u>110,163</u>	<u>110,207</u>
At 1 January 2019	44	110,163	110,207
Impairment made during the financial period [Note 26]	3	-	3
Written back [Note 26]	-	(6)	(6)
At 30 June 2019	<u>47</u>	<u>110,157</u>	<u>110,204</u>

There were no Stage 2 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

14. Financial investments at amortised cost

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Money market instruments:		
Malaysian Government Securities	194,045	194,282
Government Investment Issues	479,909	480,228
	<u>673,954</u>	<u>674,510</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	2,069,520	2,106,998
Loan stocks	9,508	9,462
	<u>2,079,028</u>	<u>2,116,460</u>
Less: ECL allowance	(5,843)	(5,874)
	<u>2,747,139</u>	<u>2,785,096</u>

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Off balance sheet RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effects of adopting of MFRS 9				
- Transfer from individual impairment allowance	-	629	-	629
- Remeasurement under ECL	428	-	-	428
At 1 January 2018, restated	<u>428</u>	<u>629</u>	<u>-</u>	<u>1,057</u>
Transfer	4	-	(4)	-
Impairment made during the financial year	-	4,910	9	4,919
Written back	(102)	-	-	(102)
At 31 December 2018	<u>330</u>	<u>5,539</u>	<u>5</u>	<u>5,874</u>
At 1 January 2019	330	5,539	5	5,874
Impairment made during the financial period	131	-	43	174
Written back	-	(159)	-	(159)
Discount unwind	-	(46)	-	(46)
At 30 June 2019	<u>461</u>	<u>5,334</u>	<u>48</u>	<u>5,843</u>

There were no Stage 2 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

15. Loans, advances and financing

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Term loans/financing		
Syndicated term loans	61,169	61,169
Other term loans	11,848	11,848
Islamic financing	156,653	163,238
	<u>229,670</u>	<u>236,255</u>
Margin accounts	359,130	349,388
Staff loans	450	373
Gross loans, advances and financing	<u>589,250</u>	<u>586,016</u>
Less: ECL allowance	(101,993)	(102,152)
Net loans, advances and financing	<u>487,257</u>	<u>483,864</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Domestic business enterprises		
- Small medium enterprises	296,472	293,779
Foreign business enterprises	86,200	86,200
Individuals	206,578	206,037
Gross loans, advances and financing	<u>589,250</u>	<u>586,016</u>

Unaudited Interim Financial Statements

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

(a) Gross loans, advances and financing (cont'd.)

(ii) By interest rate sensitivity

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Fixed rate		
Staff loans	450	373
Margin accounts	359,130	349,388
Variable rate		
Cost-plus	73,017	73,017
Cost-plus (Islamic financing)	156,653	163,238
Gross loans, advances and financing	<u>589,250</u>	<u>586,016</u>

(iii) By economic sector

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Household	206,577	206,037
Finance, insurance and business services	138,525	138,661
Mining and quarrying	98,048	98,048
Manufacturing	54,965	54,756
Construction	44,791	43,222
Wholesale & retail trade and restaurants & hotels	25,737	25,741
Others	20,607	19,551
Gross loans, advances and financing	<u>589,250</u>	<u>586,016</u>

(iv) By maturity profile

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Within one year	535,798	526,042
One year to five years	8,758	17,293
After five years	44,694	42,681
Gross loans, advances and financing	<u>589,250</u>	<u>586,016</u>

Unaudited Interim Financial Statements

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

(b) Impaired loans, advances and financing ("ILs")

(i) Movements in ILs are as follows:

	Group and Bank	
	30 June 2019	31 December 2018
	RM'000	RM'000
At 1 January	159,240	166,799
Classified as impaired during the period/year	20	-
Recovered	-	(59)
Written off	-	(7,500)
	<u>159,260</u>	<u>159,240</u>
Less: ECL allowance	(101,027)	(100,721)
Net ILs	<u>58,233</u>	<u>58,519</u>
Ratio of net ILs to gross loans, advances and financing less ECL allowance	<u>11.92%</u>	<u>12.06%</u>

(ii) ILs by economic sector:

	Group and Bank	
	30 June 2019	31 December 2018
	RM'000	RM'000
Mining and quarrying	98,048	98,048
Manufacturing	50,399	50,399
Wholesale & retail trade and restaurants & hotels	10,769	10,769
Household	44	24
	<u>159,260</u>	<u>159,240</u>

Unaudited Interim Financial Statements

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

(c) Movements in impairment allowances by class of financial assets

An analysis of changes in the corresponding ECL allowances in relation to loans, advances and financing is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Off balance sheet RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effects of adoption of MFRS 9				
- Transfer from individual/ collective impairment allowance	3,515	60,759	-	64,274
- Remeasurement under ECL	(1,797)	-	2,449	652
At 1 January 2018, restated	1,718	60,759	2,449	64,926
Transfer	1,959	-	(1,959)	-
Impairment made during the financial year	-	47,548	-	47,548
Written back	(2,736)	(86)	-	(2,822)
Written off	-	(7,500)	-	(7,500)
At 31 December 2018	941	100,721	490	102,152
At 1 January 2019	941	100,721	490	102,152
Transfer	320	-	(320)	-
Impairment made during the financial period [Note 25]	-	362	80	442
Written back [Note 25]	(545)	(56)	-	(601)
At 30 June 2019	716	101,027	250	101,993

There were no Stage 2 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

16. Other assets

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Interest/profit receivables		32,126	33,117	32,126	33,117
Amounts due from brokers and clients	(a)	67,467	45,733	67,467	45,733
Deposits, prepayments and other receivables		12,717	12,054	12,717	12,054
Less: ECL allowance	(b)	(4,587)	(4,330)	(4,587)	(4,330)
		<u>8,130</u>	<u>7,724</u>	<u>8,130</u>	<u>7,724</u>
Amount recoverable from Danaharta		96,973	96,973	96,973	96,973
Less: ECL allowance		(96,973)	(96,973)	(96,973)	(96,973)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related companies	(c)	312	172	312	172
Amount due from subsidiaries	(c)	-	-	4,223	255
Tax recoverable		24,748	21,560	24,748	21,560
		<u>132,783</u>	<u>108,306</u>	<u>137,006</u>	<u>108,561</u>

(a) Amounts due from brokers and clients

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Brokers	27,782	33,865
Clients	39,685	11,868
	<u>67,467</u>	<u>45,733</u>

Clients' and brokers' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

Unaudited Interim Financial Statements

16. Other assets (cont'd.)

(b) Deposits, prepayments and other receivables

(i) Movement in ECL allowance

Group and Bank	Total RM'000
At 1 January 2018	-
Effects of adoption of MFRS 9	
- Transfer from individual impairment allowance	4,226
- Remeasurement under ECL	(128)
	<u>4,098</u>
Impairment made during the financial year	1,409
Written back	(695)
Written off	(482)
At 31 December 2018	<u>4,330</u>
At 1 January 2019	4,330
Impairment made during the financial period [Note 27]	344
Written back [Note 27]	(167)
Adjustment	80
At 30 June 2019	<u>4,587</u>

(c) The amounts due from related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

17. Deposits from customers

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
(a) By types of deposit		
Call deposits	16,451	15,578
Fixed deposits	3,456,923	2,324,457
	<u>3,473,374</u>	<u>2,340,035</u>
(b) By types of customer		
Business enterprises	2,070,313	1,745,620
Government and statutory bodies	1,400,470	591,782
Individual	2,591	2,633
	<u>3,473,374</u>	<u>2,340,035</u>

Unaudited Interim Financial Statements

17. Deposits from customers (cont'd.)

Group and Bank
30 June 31 December
2019 2018
RM'000 RM'000

(c) The maturity structure of term deposits is as follows:

Due within six months	2,860,227	2,253,045
Six months to one year	588,974	70,990
One year to two years	24,173	16,000
	<u>3,473,374</u>	<u>2,340,035</u>

18. Deposits and placements of banks and other financial institutions

Group and Bank
30 June 31 December
2019 2018
RM'000 RM'000

(a) Call deposits

- Other financial institutions

<u>3,442</u>	<u>5,724</u>
--------------	--------------

(b) Fixed deposits

- Licensed banks

- Other financial institutions

-	194,100
<u>1,079,529</u>	<u>1,146,251</u>
<u>1,079,529</u>	<u>1,340,351</u>

<u>1,082,971</u>	<u>1,346,075</u>
------------------	------------------

19. Derivative liabilities

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
30 June 2019			
Interest rate related derivatives:			
- Interest rate swaps	<u>100,000</u>	-	<u>(769)</u>
31 December 2018			
Interest rate related derivatives:			
- Interest rate swaps	<u>100,000</u>	-	<u>(117)</u>

Unaudited Interim Financial Statements

20. Other liabilities

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Amounts due to brokers and clients	(a)	74,467	51,571	74,467	51,571
Interest/profit payables		25,168	22,539	25,168	22,539
Accrued liabilities and other payables		7,929	8,323	7,929	8,323
Employee benefits		1,829	1,946	1,829	1,946
Amount due to immediate holding company	(b)	1,506	1,075	1,506	1,075
Amount due to related company	(b)	6	4	-	3
		<u>110,905</u>	<u>85,458</u>	<u>110,899</u>	<u>85,457</u>

(a) Amount due to brokers and clients

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Brokers	2,754	-
Clients	71,713	51,571
	<u>74,467</u>	<u>51,571</u>

Clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

(b) The amounts due to immediate holding company and related company are non-trade in nature, unsecured, interest-free and are repayable on demand.

Unaudited Interim Financial Statements

21. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Loans and advances				
- Interest income on non-impaired loans	6,823	8,888	13,413	16,422
- Interest income on impaired loans ("ILs")	-	106	-	208
Money at call and deposit placements with financial institutions	1,856	476	2,869	1,531
Financial assets at FVTPL	3	-	68	-
- Interest income on non-impaired instruments	2,463	4,088	5,607	8,025
- Interest income on impaired instruments	25	(596)	25	119
Financial investments at amortised cost				
- Interest income on non-impaired instruments	11,869	13,929	23,731	27,103
- Interest income on impaired instruments	46	1,116	142	1,116
Derivative instruments	-	46	-	108
	<u>23,085</u>	<u>28,053</u>	<u>45,855</u>	<u>54,632</u>
Accretion of discount less amortisation of premium	(146)	(99)	(296)	(106)
	<u>22,939</u>	<u>27,954</u>	<u>45,559</u>	<u>54,526</u>

22. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Deposits from customers	13,252	14,114	26,425	26,834
Deposits and placements of bank and other financial institutions	5,336	7,280	10,357	15,102
Derivative instruments	32	-	45	-
	<u>18,620</u>	<u>21,394</u>	<u>36,827</u>	<u>41,936</u>

Unaudited Interim Financial Statements

23. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Fee income:				
Fees on loans and advances	28	44	55	65
Corporate advisory fees	640	449	1,030	2,762
Brokerage commission	2,893	4,867	5,596	9,701
Rollover charges	805	684	1,598	1,165
Facility fee	-	290	113	328
Redemption fee	38	190	38	195
Placement fees	-	86	22	86
Other fee income	17	17	25	29
	<u>4,421</u>	<u>6,627</u>	<u>8,477</u>	<u>14,331</u>
Investment (loss)/income:				
Net gain on sale of financial assets at FVTPL	16	-	45	-
Net gain on sale of financial investments at FVOCI	1,336	35	1,418	736
Net gain on sale of financial investments at amortised cost	-	-	97	-
Net unrealised loss on revaluation of financial assets at FVTPL	-	(247)	-	(2,961)
Net unrealised loss on revaluation of derivative instruments	(273)	(44)	(653)	(78)
	<u>1,079</u>	<u>(256)</u>	<u>907</u>	<u>(2,303)</u>
Gross dividends from:				
Financial assets at FVTPL	-	493	-	987
	<u>-</u>	<u>493</u>	<u>-</u>	<u>987</u>
Other income:				
Intercompany management fee	613	233	1,022	350
Others	106	103	225	209
	<u>719</u>	<u>336</u>	<u>1,247</u>	<u>559</u>
	<u>6,219</u>	<u>7,200</u>	<u>10,631</u>	<u>13,574</u>

Unaudited Interim Financial Statements

23. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Fee income:				
Fees on loans and advances	28	44	55	65
Corporate advisory fees	640	449	1,030	2,762
Brokerage commission	2,893	4,867	5,596	9,701
Rollover charges	805	684	1,598	1,165
Facility fee	-	290	113	328
Redemption fee	38	190	38	195
Placement fees	-	86	22	86
Other fee income	1	4	3	4
	<u>4,405</u>	<u>6,614</u>	<u>8,455</u>	<u>14,306</u>
Investment (loss)/income:				
Net gain on sale of financial assets at FVTPL	16	-	45	-
Net gain on sale of financial investments at FVOCI	1,336	35	1,418	736
Net gain on sale of financial investments at amortised cost	-	-	97	-
Net unrealised loss on revaluation of financial assets at FVTPL	-	(247)	-	(2,961)
Net unrealised loss on revaluation of derivative instruments	(273)	(44)	(653)	(78)
	<u>1,079</u>	<u>(256)</u>	<u>907</u>	<u>(2,303)</u>
Gross dividends from:				
Financial assets at FVTPL	-	493	-	987
Subsidiary	71	-	71	-
	<u>71</u>	<u>493</u>	<u>71</u>	<u>987</u>
Other income:				
Intercompany management fee	613	233	1,022	350
Others	98	92	214	189
	<u>711</u>	<u>325</u>	<u>1,236</u>	<u>539</u>
	<u>6,266</u>	<u>7,176</u>	<u>10,669</u>	<u>13,529</u>

Unaudited Interim Financial Statements

24. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(i) Staff costs:				
Wages, salaries and bonuses Executive Director/Chief Executive Officer	7,522	6,063	14,591	12,674
- Fees	60	30	120	60
Employees' benefits	48	65	97	97
Defined contribution plans	1,134	813	2,229	1,863
Social security costs	36	36	72	73
Other staff related expenses	728	645	945	1,224
	<u>9,528</u>	<u>7,652</u>	<u>18,054</u>	<u>15,991</u>
(ii) Establishment costs:				
Depreciation and amortisation	475	466	967	957
Rental				
- office equipment	5	10	16	16
- premises	573	562	1,144	1,130
General repairs and maintenance	6	6	15	16
Insurance	70	28	108	58
Electricity	16	14	31	29
IT expenses	1,106	1,076	2,386	2,333
	<u>2,251</u>	<u>2,162</u>	<u>4,667</u>	<u>4,539</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	649	836	886	1,025
Entertainment	94	93	190	204
	<u>743</u>	<u>929</u>	<u>1,076</u>	<u>1,229</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

Group	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	54	55	107	108
Non-Executive Directors' remuneration	198	215	380	421
Communication expenses	41	42	60	79
Management fees	2,359	1,655	4,568	3,503
Professional fees	277	(170)	310	74
Securities commission's levy	194	406	380	802
Brokerage fee	252	297	409	609
Bursa fee	45	65	115	120
License fee and stamp duty	104	-	294	165
Corporate dealers' and remisier' commissions	13	15	39	41
Others	142	178	239	418
	<u>3,679</u>	<u>2,758</u>	<u>6,901</u>	<u>6,340</u>
	<u>16,201</u>	<u>13,501</u>	<u>30,698</u>	<u>28,099</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,522	6,063	14,591	12,674
Executive Director/Chief Executive Officer				
- Fees	60	30	120	60
Employees' benefits	48	65	97	97
Defined contribution plans	1,134	813	2,229	1,863
Social security costs	36	36	72	73
Other staff related expenses	728	645	945	1,224
	<u>9,528</u>	<u>7,652</u>	<u>18,054</u>	<u>15,991</u>
(ii) Establishment costs:				
Depreciation and amortisation	475	466	967	957
Rental of:				
- office equipment	5	10	16	16
- premises	573	562	1,144	1,130
General repairs and maintenance	6	6	15	16
Insurance	70	28	108	58
Electricity	16	14	31	29
IT expenses	1,106	1,076	2,386	2,333
	<u>2,251</u>	<u>2,162</u>	<u>4,667</u>	<u>4,539</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	649	836	886	1,025
Entertainment	94	93	190	204
	<u>743</u>	<u>929</u>	<u>1,076</u>	<u>1,229</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	54	55	107	108
Non-Executive Directors' remuneration	198	215	380	421
Communication expenses	41	42	60	79
Management fees	2,357	1,653	4,564	3,499
Professional fees	277	(170)	310	74
Securities commission's levy	194	406	380	802
Brokerage fee	252	297	409	609
Bursa fees	45	65	115	120
License fee and stamp duty	104	-	294	165
Corporate dealers' and remisiers' commissions	13	15	39	41
Others	142	178	239	418
	<u>3,677</u>	<u>2,756</u>	<u>6,897</u>	<u>6,336</u>
	<u>16,199</u>	<u>13,499</u>	<u>30,694</u>	<u>28,095</u>

Unaudited Interim Financial Statements

25. Impairment loss written back on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Net written back [Note 15(c)]	403	1,787	159	1,350
	<u>403</u>	<u>1,787</u>	<u>159</u>	<u>1,350</u>

26. Impairment loss written back/(made) on financial investments

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 13]	6	(7,710)	3	(7,834)
Financial investments at amortised cost	(153)	63	10	58
	<u>(147)</u>	<u>(7,647)</u>	<u>13</u>	<u>(7,776)</u>

Unaudited Interim Financial Statements

27. Impairment loss written back/(made) on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Other debtors				
- Net written back/(made) during the financial period [Note 16(b)(i)]	154	(13)	(177)	(130)
Bad debts written off	-	-	103	-
	<u>154</u>	<u>(13)</u>	<u>(74)</u>	<u>(130)</u>

28. Basic earnings per ordinary shares

	Group Individual / Cumulative Quarter Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period	<u>7,501</u>	<u>10,186</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>
Basic and diluted earnings per ordinary share (sen)	<u>4.84</u>	<u>6.57</u>

Unaudited Interim Financial Statements

29. Commitments and contingencies

Group and Bank	<----- 30 June 2019 ----->			<----- 31 December 2018 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount* RM'000
Interest rate related contract with an original maturity of:						
- not exceeding one year	100,000	2,000	400	100,000	2,000	400
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	135,720	27,144	27,144	133,664	26,733	26,733
- exceeding one year	153,320	76,660	76,660	152,340	76,170	76,170
Total	389,040	105,804	104,204	386,004	104,903	103,303

* The credit equivalent and risk weighted amount are arrived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

30. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
(i) Outstanding credit exposures with connected parties	241,818	173,832
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7.24%	5.05%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

Unaudited Interim Financial Statements

31. Related party disclosures

(a) Significant related party transactions and balances

The following significant transactions between the Group and the Bank and related parties took place at arm's length during the financial period/year.

	Group and Bank	
	30 June	30 June
	2019	2018
	RM'000	RM'000
Penultimate holding company		
Income:		
Interest income on financial investments	1,995	989
Brokerage fees earned	1,691	3,331
Fee income	38	75
	<u>38</u>	<u>75</u>
Immediate holding company		
Expenditure:		
Rental of premises	1,135	1,119
Management fees	4,564	3,499
	<u>4,564</u>	<u>3,499</u>
Other related companies		
Income:		
Interest income on financial investments	1,410	699
Interest income on loans, advances and financing	1,328	-
Brokerage fees earned	1,521	2,034
Fee income	111	1,232
	<u>111</u>	<u>1,232</u>
Expenditure:		
Interest expense on deposits	10,109	3,526
	<u>10,109</u>	<u>3,526</u>

Unaudited Interim Financial Statements

31. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with their related parties are as follows:

	Group and Bank	
	30 June 2019	31 December 2018
	RM'000	RM'000
Penultimate holding company		
Amount due from:		
Financial investments	58,000	35,000
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	36,717	21,908
Other payables	637	1,365
Amount due from:		
Sundry deposits	553	553
Loans, advances and financing	44,612	42,660
Financial investments	30,000	30,000

Other related companies include companies within the Yayasan Perlaburan Bumiputra Group and companies related to the Directors of the Bank.

Unaudited Interim Financial Statements

32. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2019				
Assets measured at fair value				
Financial assets at FVTPL				
- Unquoted instruments	-	-	11	11
Financial investments at FVOCI				
- Money market instruments	-	1,091,105	-	1,091,105
- Unquoted instruments	-	234,139	4,330	238,469
Assets for which fair values are disclosed:				
Loans, advances and financing				
- staff loans	-	365	-	365
Liability measured at fair value				
Derivative liabilities	-	769	-	769

Unaudited Interim Financial Statements

32. Fair value hierarchy (cont'd.)

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2018				
Assets measured at fair value				
Financial assets at FVTPL				
- Unquoted instruments	-	-	11	11
Financial investments at FVOCI				
- Money market instruments	-	720,075	-	720,075
- Unquoted instruments	-	201,375	4,324	205,699
Assets for which fair values are disclosed:				
Loans, advances and financing				
- staff loans	-	387	-	387
Liability measured at fair value				
Derivative liabilities	-	117	-	117

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period/year.

Unaudited Interim Financial Statements

32. Fair value hierarchy (cont'd.)

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Financial investments at FVOCI		
Unquoted instruments		
At 1 January	4,324	136,692
Total loss recognised in profit or loss		
Included within interest income	25	-
Included within impairment loss made on instruments	3	(14,479)
	<u>28</u>	<u>(14,479)</u>
Settlements	(22)	(117,889)
At 30 June 2019/31 December 2018	<u>4,330</u>	<u>4,324</u>

Changing one or more of the unobservable inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Unaudited Interim Financial Statements

33. Capital management

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	21,622	19,389	21,622	19,389
FVOCI reserve	6,214	(2,114)	6,214	(2,114)
Retained profits	388,058	390,271	388,001	390,214
	<u>785,005</u>	<u>776,657</u>	<u>784,948</u>	<u>776,600</u>
Less: Regulatory adjustments	(33,379)	(30,790)	(33,379)	(30,790)
<i>Total CET1 Capital</i>	<u>751,626</u>	<u>745,867</u>	<u>751,569</u>	<u>745,810</u>
Total Tier 1 Capital	751,626	745,867	751,569	745,810
Tier 2 Capital				
Loss provision and regulatory reserve*	16,107	14,314	16,149	14,314
Total Tier 2 capital	16,107	14,314	16,149	14,314
Total Capital	767,733	760,181	767,718	760,124
CET1 Capital Ratio	50.739%	55.454%	50.620%	55.442%
Tier 1 Capital Ratio	50.739%	55.454%	50.620%	55.442%
Total Capital Ratio	51.826%	56.518%	51.707%	56.506%

* The loss provisions is computed based on Para 13.1(d)(ii) of Capital Adequacy Framework (Capital Components) issued by BNM on 2 February 2018.

Unaudited Interim Financial Statements

33. Capital management (cont'd.)

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets for credit risk	1,288,573	1,144,906	1,291,947	1,145,097
Total risk-weighted assets equivalent for market risk	22,517	22,359	22,517	22,359
Total risk-weighted assets equivalent for operational risk	170,274	177,761	170,274	177,761
	<u>1,481,364</u>	<u>1,345,026</u>	<u>1,484,738</u>	<u>1,345,217</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 30 June 2019

	Note	Group and Bank	
		30 June 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short-term funds	(a)	335,443	49,711
Financial investments at FVOCI	(b)	1,108,559	562,844
Financial investments at amortised cost	(c)	1,582,859	1,595,508
Financing and advances	(d)	120,077	126,558
Other assets	(e)	23,028	23,153
Intangible assets		303	491
Deferred tax assets		-	1,529
Total assets		3,170,269	2,359,794
Liabilities			
Deposits from customers	(f)	1,955,333	1,118,904
Deposits and placements of banks and other financial institutions	(g)	553,351	603,055
Other liabilities	(h)	63,772	58,387
Deferred tax liabilities		1,378	-
Provision for taxation and zakat		1,287	-
Total liabilities		2,575,121	1,780,346
Islamic banking capital funds			
Islamic banking funds		396,600	396,600
Reserves		198,548	182,848
Total Islamic banking capital funds		595,148	579,448
Total liabilities and Islamic banking capital funds		3,170,269	2,359,794

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

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of profit or loss
For the six months ended 30 June 2019

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income derived from investment of depositors' and others	(i)	31,312	27,323	59,163	55,738
Income attributable to depositors	(j)	(21,785)	(17,336)	(40,201)	(33,906)
Net income attributable to reporting institution		9,527	9,987	18,962	21,832
Operating expenses	(k)	(1,518)	(1,083)	(2,466)	(2,208)
Operating profit before allowances		8,009	8,904	16,496	19,624
Impairment loss written back/(made) on:					
- financing and advances	(l)	389	2,372	104	2,356
- financial investments	(m)	22	(4,259)	23	(4,301)
- other assets	(n)	33	(14)	(156)	(21)
Profit before taxation and zakat		8,453	7,003	16,467	17,658
Taxation		(1,593)	(739)	(3,491)	(3,801)
Zakat		(176)	(162)	(335)	(358)
Profit for the period		6,684	6,102	12,641	13,499

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

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of comprehensive income
For the six months ended 30 June 2019

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period attributable to equity holder of the Bank	6,684	6,102	12,641	13,499
Other comprehensive income/ (loss):				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for ECL	(3)	(13)	4	24
Net gain/(loss) on financial investments at FVOCI:				
- Transfer of gain to profit or loss	(1,964)	(395)	(3,069)	(1,775)
- Fair value changes	3,211	(1,783)	6,124	(409)
	<u>1,247</u>	<u>(2,178)</u>	<u>3,055</u>	<u>(2,184)</u>
Other comprehensive income/ (loss) for the period, net of tax	<u>1,244</u>	<u>(2,191)</u>	<u>3,059</u>	<u>(2,160)</u>
Total comprehensive income for the period attributable to equity holder of the Bank	<u>7,928</u>	<u>3,911</u>	<u>15,700</u>	<u>11,339</u>

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

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of changes in equity
For the six months ended 30 June 2019

Group and Bank	<----- Non-distributable ----->			Distributable	
	Islamic banking funds RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	Total RM'000
At 1 January 2018	396,600	-	-	186,879	577,973
Effects of adoption of MFRS 9	-	8,327	938	(10,118)	4,653
At 1 January 2018, restated	396,600	8,327	938	176,761	582,626
Profit for the period	-	-	-	13,499	13,499
Other comprehensive loss for the period	-	-	(2,160)	-	(2,160)
Total comprehensive (loss)/ income for the period	-	-	(2,160)	13,499	11,339
Transactions with owner					
Transfer to regulatory reserve	-	2,703	-	(2,703)	-
At 30 June 2018	396,600	11,030	(1,222)	187,557	593,965
At 1 January 2019	396,600	9,982	1,198	171,668	579,448
Profit for the period	-	-	-	12,641	12,641
Other comprehensive income for the period	-	-	3,059	-	3,059
Total comprehensive income for the period	-	-	3,059	12,641	15,700
Transactions with owner					
Transfer to regulatory reserve	-	2,592	-	(2,592)	-
At 30 June 2019	396,600	12,574	4,257	181,717	595,148

The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Bank is required to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total exposures, net of loss allowance for credit-impaired exposures.

^ The financial investments at FVOCI/securities available-for-sale reserve arises from the change in the fair value of the underlying instruments and it is not distributable as cash dividends.

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

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of cash flows

For the six months ended 30 June 2019

	Note	Group and Bank	
		30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation and zakat		16,467	17,658
Adjustments for:		(4,269)	(11,204)
Operating profit before changes in working capital		12,198	6,454
Changes in working capital:			
Net changes in operating assets		(519,528)	(202,989)
Net changes in operating liabilities		793,062	158,085
Net cash generated from operating activities		285,732	(38,450)
Net change in cash and cash equivalents		285,732	(38,450)
Cash and cash equivalents at beginning of the period		49,711	38,852
Cash and cash equivalents at end of the period	34(a)	335,443	402
Cash and cash equivalents comprise of:			
Cash and short-term funds		335,443	402

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

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(a) Cash and short-term funds

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	443	711
Money at call and deposit placements maturing within one month	335,000	49,000
	335,443	49,711

(b) Financial investments at FVOCI

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Money market instruments:		
Government Investment Issues	656,632	432,327
Islamic Negotiable Instruments	248,782	-
	905,414	432,327
Corporate Sukuk	203,145	130,517
	1,108,559	562,844

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

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

An analysis of changes in the corresponding ECL allowances in relation to FVOCI is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2018	-	-	-
Effects of adoption of MFRS 9			
- Transfer from individual impairment allowance	-	8,839	8,839
At 1 January, restated	-	8,839	8,839
Impairment made during the financial year	40	8,112	8,152
Written off	-	(8,839)	(8,839)
At 31 December 2018	40	8,112	8,152
At 1 January 2019	40	8,112	8,152
Impairment made during the financial period [Note 34(m)]	4	-	4
At 30 June 2019	44	8,112	8,156

There were no Stage 2 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(c) Financial investments at amortised costs

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Money market instruments:		
Government Investment Issues	473,979	474,299
Corporate Sukuk	1,109,104	1,121,460
Less: ECL allowance	(224)	(251)
	<u>1,582,859</u>	<u>1,595,508</u>

An analysis of changes in the corresponding ECL allowances in relation to amortised cost is, as follows:

Group and Bank	Stage 1 Collective RM'000	Off balance sheet RM'000	Total RM'000
At 1 January 2018	-	-	-
Effects of adoption of MFRS 9			
- Remeasurement under ECL	290	-	290
At 1 January, restated	<u>290</u>	<u>-</u>	<u>290</u>
Written back	(39)	-	(39)
At 31 December 2018	<u>251</u>	<u>-</u>	<u>251</u>
At 1 January 2019	251	-	251
Impairment made during the financial period		6	6
Written back [Note 34(m)]	(33)	-	(33)
At 30 June 2019	<u>218</u>	<u>6</u>	<u>224</u>

There were no Stage 2 and Stage 3 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances

	Group and Bank	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Term financing		
- Syndicated term financing	156,653	163,238
Gross financing and advances	<u>156,653</u>	<u>163,238</u>
Less: ECL allowance	(36,576)	(36,680)
Net financing and advances	<u>120,077</u>	<u>126,558</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross financing and advances

(i) By type of customer

	Group and Bank	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Domestic business enterprises	70,453	77,038
Foreign business enterprises	86,200	86,200
Gross financing and advances	<u>156,653</u>	<u>163,238</u>

(ii) By profit rate sensitivity

	Group and Bank	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Variable rate		
Cost-plus	156,653	163,238
Gross financing and advances	<u>156,653</u>	<u>163,238</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(iii) By economic sector

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Mining and quarrying	86,200	86,200
Construction	44,791	42,816
Finance, insurance and business services	25,662	34,222
Gross financing and advances	<u>156,653</u>	<u>163,238</u>

(iv) By maturity profile

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Within one year	103,524	103,544
One year to five years	8,517	17,034
After five years	44,612	42,660
Gross financing and advances	<u>156,653</u>	<u>163,238</u>

(v) By classification of Shariah contracts

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Syndicated term financing		
Commodity Murabahah	156,653	163,238
Gross financing and advances	<u>156,653</u>	<u>163,238</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(b) Impaired financing and advances ("IFs")

(i) Movements in IFs are as follows:

	Group and Bank	
	30 June	31 December
	2019	2018
	RM'000	RM'000
At 1 January	86,200	86,200
Less: ECL allowance	(35,610)	(35,249)
Net IFs	<u>50,590</u>	<u>50,951</u>
Ratio of net IFs to gross financing and advances less ECL allowance	<u>41.80%</u>	<u>39.81%</u>

(ii) IFs by economic sector:

	Group and Bank	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Mining and quarrying	<u>86,200</u>	<u>86,200</u>
	<u>86,200</u>	<u>86,200</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(c) Movement in impairment allowances by class of financial assets

(i) ECL allowance

An analysis of changes in the corresponding ECL allowances in relation to financing and advances is, as follows:

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Off balance sheet RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effects of adoption of MFRS 9				
- Transfer from collective impairment allowance	2,589	-	-	2,589
- Remeasurement under ECL	(871)	-	2,371	1,500
As 1 January 2018, restated	1,718	-	2,371	4,089
Transfer	1,881		(1,881)	-
Impairment made during the financial year	-	35,249	-	35,249
Written back	(2,658)	-	-	(2,658)
At 31 December 2018	941	35,249	490	36,680
At 1 January 2019	941	35,249	490	36,680
Transfer	320	-	(320)	-
Impairment made during the financial period [Note 34(l)]	-	361	80	441
Written back [Note 34(l)]	(545)	-	-	(545)
At 30 June 2019	716	35,610	250	36,576

There were no Stage 2 exposure as at 30 June 2019 and 31 December 2018.

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(e) Other assets

	Note	Group and Bank	
		30 June	31 December
		2019	2018
		RM'000	RM'000
Other debtors, deposits and prepayments		956	813
Less: ECL allowance	(a)	(789)	(553)
		167	260
Profit receivables		22,861	22,893
		23,028	23,153

(a) Other debtors, deposits and prepayments

Movement in ECL allowance

Group and Bank

**Total
RM'000**

At 1 January 2018	-
Effects of adoption of MFRS 9	
- Transfer from individual impairment allowance	1,327
- Remeasurement under ECL	1
At 1 January 2018, restated	1,328
Written back	(295)
Adjustment	1
Write off	(481)
At 31 December 2018	553
At 1 January 2019	553
Made during the financial period (Note 34(n))	156
Adjustment	80
At 30 June 2019	789

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(f) Deposits from customers

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	1,955,333	1,118,904
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	785,833	738,187
Government and statutory bodies	1,169,500	380,717
	<u>1,955,333</u>	<u>1,118,904</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	1,617,146	1,068,904
Six months to one year	314,014	50,000
One year to two years	24,173	-
	<u>1,955,333</u>	<u>1,118,904</u>

(g) Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	553,351	603,055
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	553,351	603,055

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(h) Other liabilities

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Profit payables to depositors	15,091	11,407
Sundry creditors and accruals	3,330	3,772
Due to immediate holding company	36	23
Due to Head Office	45,315	43,185
	<u>63,772</u>	<u>58,387</u>

(i) Income derived from investment of depositors' funds and others

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income derived from investment of:				
(i) General investment deposits	29,975	24,457	56,189	51,038
(ii) Other deposits	1,337	2,866	2,974	4,700
	<u>31,312</u>	<u>27,323</u>	<u>59,163</u>	<u>55,738</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(i) Income derived from investment of depositors' funds and others (cont'd.)

(i) General investment deposits

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income derived from investment of general investment deposits:				
Finance income and hibah				
Money at call and deposit placements with financial institutions	2,117	841	3,832	2,283
Financial assets at FVTPL	60	-	88	-
Financial investments at FVOCI	7,727	3,139	14,117	4,916
Financial investments at amortised costs	16,775	15,482	33,582	30,484
	<u>26,679</u>	<u>19,462</u>	<u>51,619</u>	<u>37,683</u>
Accretion of discount less amortisation of premium	1,319	4,600	1,352	9,348
Total finance income and hibah	<u>27,998</u>	<u>24,062</u>	<u>52,971</u>	<u>47,031</u>
Other operating income				
Net gain on sale of financial assets at FVTPL	52	-	52	2,232
Net gain on sale of financial investments at FVOCI	1,964	395	3,069	1,775
Net gain on sale of financial investments at amortised cost	-	-	97	-
	<u>1,977</u>	<u>395</u>	<u>3,218</u>	<u>4,007</u>
	<u>29,975</u>	<u>24,457</u>	<u>56,189</u>	<u>51,038</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(i) Income derived from investment of depositors' funds and others (cont'd.)

(ii) Income derived from investment of other deposits:

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Finance income and hibah				
Financing and advances	1,157	1,526	2,339	3,063
Other operating income				
Fee income				
- Fees on financing and advances	84	95	182	190
- Corporate advisory fees	75	1,210	125	1,260
- Management fees	-	-	285	-
- Participation fees	21	34	42	67
	180	1,339	634	1,517
	-	1	1	120
Other income	180	1,340	635	1,637
	1,337	2,866	2,974	4,700
Total income derived from investment	31,312	27,323	59,163	55,738

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Commodity Murabahah fund				
Deposits from customers	16,522	8,851	28,748	16,733
Deposits and placements of banks and other financial institutions	5,263	8,485	11,453	17,173
	<u>21,785</u>	<u>17,336</u>	<u>40,201</u>	<u>33,906</u>

(k) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
(i) Staff costs:				
Wages, salaries and bonuses	471	428	844	878
Social security costs	-	2	5	5
Defined contribution plan	92	77	167	169
Other staff related expenses	19	59	35	97
	<u>582</u>	<u>566</u>	<u>1,051</u>	<u>1,149</u>
(ii) Establishment costs:				
Amortisation	83	92	175	185
Rental	36	35	73	71
IT expenses	56	61	110	118
Others	8	8	16	15
	<u>183</u>	<u>196</u>	<u>374</u>	<u>389</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(k) Operating expenses (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
(iii) Promotion and marketing				
Business promotion and advertisement	1	-	1	-
Entertainment	-	3	3	7
	<u>1</u>	<u>3</u>	<u>4</u>	<u>7</u>
(iv) Administrative and general expenses:				
Audit fees	4	4	8	8
Non-Executive Directors' remuneration	14	15	28	30
Management fees	496	137	629	271
Professional fees	174	13	191	32
Brokerage fees	57	122	148	231
Others	7	27	33	91
	<u>752</u>	<u>318</u>	<u>1,037</u>	<u>663</u>
	<u>1,518</u>	<u>1,083</u>	<u>2,466</u>	<u>2,208</u>

(l) Impairment loss written back on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Written back [Note 34(d)(c)(i)]	389	2,372	104	2,356
	<u>389</u>	<u>2,372</u>	<u>104</u>	<u>2,356</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(m) Impairment loss written back/(made) on financial investments

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Financial investments at FVOCI [Note 34(b)]	3	(4,308)	(4)	(4,345)
Financial investments at amortised cost [Note 34(c)]	19	49	27	44
	<u>22</u>	<u>(4,259)</u>	<u>23</u>	<u>(4,301)</u>

(n) Impairment loss made on other assets

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Other assets				
- Made during the financial period [Note 34(e)(a)]	33	(14)	(156)	(21)
	<u>33</u>	<u>(14)</u>	<u>(156)</u>	<u>(21)</u>

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(p) Capital adequacy

- (i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
<u>Tier 1 Capital</u>		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	396,600	396,600
Regulatory reserve	12,574	9,982
FVOCI reserve	4,257	1,198
Retained profits	169,076	171,668
	<u>582,507</u>	<u>579,448</u>
Less: Regulatory adjustments	(15,218)	(12,661)
<i>Total CET1 Capital</i>	<u>567,289</u>	<u>566,787</u>
Total Tier 1 Capital	<u>567,289</u>	<u>566,787</u>
<u>Tier 2 Capital</u>		
Loss provision and regulatory reserve*	7,625	6,708
Total Tier 2 capital	<u>7,625</u>	<u>6,708</u>
Total Capital	<u>574,914</u>	<u>573,495</u>
CET1 Capital Ratio	82.655%	91.859%
Tier 1 Capital Ratio	82.655%	91.859%
Total Capital Ratio	83.766%	92.946%

* The loss provisions is computed based on Para 13.1(d)(ii) of Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM on 2 February 2018.

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets for credit risk	610,025	536,676
Total risk-weighted assets equivalent for market risk	-	-
Total risk-weighted assets equivalent for operational risk	76,306	80,345
	<u>686,331</u>	<u>617,021</u>

Unaudited Interim Financial Statements

I, Datuk Joseph Dominic Silva being the Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the six months ended 30 June 2019, as set out on pages 1 to 62 have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 June 2019. The financial performance and cash flows of the Group and the Bank for the period ended on that date are prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirement of the Companies Act, 2016 in Malaysia.



DATUK JOSEPH DOMINIC SILVA
CHIEF EXECUTIVE OFFICER

Date: