

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position As at 31 March 2019

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short-term funds	11	164,318	105,746	164,234	105,426
Financial assets at fair value through profit or loss ("FVTPL")	12	10,205	11	10,205	11
Financial investments at fair value through other comprehensive income ("FVOCI")	13	1,228,719	925,774	1,228,719	925,774
Financial investments at amortised cost	14	2,749,700	2,785,096	2,749,700	2,785,096
Loans, advances and financing	15	479,203	483,864	479,203	483,864
Other assets	16	199,047	108,306	199,064	108,561
Statutory deposits with Bank Negara Malaysia		126,809	127,220	126,809	127,220
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		899	931	899	931
Intangible assets		2,319	2,384	2,319	2,384
Deferred tax assets		6,969	9,017	6,969	9,017
Total assets		4,968,188	4,548,349	4,968,121	4,548,284
Liabilities					
Deposits from customers	17	2,830,336	2,340,035	2,830,336	2,340,035
Deposits and placements of banks and other financial institutions	18	1,181,623	1,346,075	1,181,623	1,346,075
Derivative liabilities	19	496	117	496	117
Other liabilities	20	168,386	85,458	168,385	85,457
Provision for zakat		163	7	159	-
Total liabilities		4,181,004	3,771,692	4,180,999	3,771,684
Equity					
Share capital		369,111	369,111	369,111	369,111
Reserves		418,073	407,546	418,011	407,489
Total equity		787,184	776,657	787,122	776,600
Total liabilities and equity		4,968,188	4,548,349	4,968,121	4,548,284
Commitments and contingencies					
	29	415,926	386,004	415,926	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 three months ended 31 March 2019

	Note	Group Individual / Cumulative Quarter 3 Months Ended		Bank Individual / Cumulative Quarter 3 Months Ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Operating revenue		54,474	60,750	54,465	60,729
Interest income	21	22,620	26,572	22,620	26,572
Interest expense	22	(18,207)	(20,542)	(18,207)	(20,542)
Net interest income		4,413	6,030	4,413	6,030
Net income from Islamic Banking operation	34	9,435	11,845	9,435	11,845
Non-interest income	23	4,412	6,374	4,403	6,353
		18,260	24,249	18,251	24,228
Operating expenses	24	(14,497)	(14,598)	(14,495)	(14,596)
Operating profit before allowances		3,763	9,651	3,756	9,632
Impairment loss (made)/written back on:					
- loans, advances and financing	25	(244)	(437)	(244)	(437)
- financial investments	26	160	(129)	160	(129)
- other assets	27	(228)	(117)	(228)	(117)
Profit before taxation and zakat		3,451	8,968	3,444	8,949
Taxation		166	(3,080)	168	(3,075)
Zakat		(159)	(196)	(159)	(196)
Profit for the period attributable to equity holder of the Bank		3,458	5,692	3,453	5,678
Earnings per ordinary share (sen) - Basic and diluted	28	2.23	3.67		

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 three months ended 31 March 2019

	Group Individual / Cumulative Quarter 3 Months Ended		Bank Individual / Cumulative Quarter 3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Profit for the period attributable to equity holder of the Bank	3,458	5,692	3,453	5,678
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")	7	41	7	41
Net gain/(loss) on financial investments at FVOCI				
- Transfer of gain to profit or loss upon disposal	(1,187)	(2,081)	(1,187)	(2,081)
- Fair value changes	8,229	1,877	8,229	1,877
Other comprehensive income/(loss) for the period, net of tax	7,049	(163)	7,049	(163)
Other comprehensive gain not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain on defined benefit plans	20	112	20	112
Other comprehensive gain for the period, net of tax	20	112	20	112
Total comprehensive income for the period attributable to equity holder of Bank	10,527	5,641	10,522	5,627

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 three months ended 31 March 2019

Group	Non-distributable				Distributable			Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve 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	-	-	-	-	-	-	5,692	5,692
Other comprehensive (loss)/ income for the period	-	-	-	-	-	(163)	112	(51)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(163)	5,804	5,641
Transactions with owner								
Transfer from regulatory reserve	-	-	-	(772)	-	-	772	-
At 31 March 2018	369,111	-	-	20,856	-	518	414,162	804,647
At 1 January 2019	369,111	-	-	19,389	-	(2,114)	390,271	776,657
Profit for the financial period	-	-	-	-	-	-	3,458	3,458
Other comprehensive income for the period	-	-	-	-	-	7,049	20	7,069
Total comprehensive income for the period	-	-	-	-	-	7,049	3,478	10,527
Transactions with owner								
Transfer to regulatory reserve	-	-	-	1,862	-	-	(1,862)	-
At 31 March 2019	369,111	-	-	21,251	-	4,935	391,887	787,184

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 three months ended 31 March 2019 (cont'd.)

Bank	Non-distributable					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve 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)	-	427,563	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	-	-	-	-	-	-	5,678	5,678
Other comprehensive (loss)/ income for the period	-	-	-	-	-	(163)	112	(51)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(163)	5,790	5,627
Transactions with owner								
Transfer from regulatory reserve	-	-	-	(772)	-	-	772	-
At 31 March 2018	369,111	-	-	20,856	-	518	414,118	804,603
At 1 January 2019	369,111	-	-	19,389	-	(2,114)	390,214	776,600
Profit for the financial period	-	-	-	-	-	-	3,453	3,453
Other comprehensive income for the period	-	-	-	-	-	7,049	20	7,069
Total comprehensive income for the period	-	-	-	-	-	7,049	3,473	10,522
Transactions with owner								
Transfer to regulatory reserve	-	-	-	1,862	-	-	(1,862)	-
At 31 March 2019	369,111	-	-	21,251	-	4,935	391,825	787,122

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 three months ended 31 March 2019

	Note	Group		Bank	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Profit before taxation and zakat		3,451	8,968	3,444	8,949
Adjustments for:		(119)	(5,626)	(119)	(5,626)
Operating profit before changes in working capital		3,332	3,342	3,325	3,323
Changes in working capital:					
Net changes in operating assets		(353,538)	(297,935)	(353,298)	(299,101)
Net changes in operating liabilities		409,173	280,474	409,176	280,471
Net cash generated from/(used in) operating activities		58,967	(14,119)	59,203	(15,307)
Net cash (used in)/generated from investing activities		(395)	391	(395)	391
Net change in cash and cash equivalents		58,572	(13,728)	58,808	(14,916)
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	164,318	127,713	164,234	125,774
Cash and cash equivalents comprise of:					
Cash and short-term funds		164,318	127,713	164,234	125,774

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.

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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.

MFRS 17 *Insurance Contracts*

Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

**Effective for financial
periods beginning on or
after**

1 January 2021

Deferred

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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 31 March 2019.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2019.

6. Debt and equity instruments

There were no changes to the debt and equity instruments for the quarter ended 31 March 2019.

7. Dividend paid/payable

There were no dividends declared or paid during the quarter ended 31 March 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 RM3.4 million for the first quarter ended 31 March 2019, a decrease of RM5.5 million or 61% as compared to pre-tax profit of RM8.9 million recorded in the corresponding quarter ended 31 March 2018. The lower profit for the current period were mainly due to lower income from loans/ financing, financial investments and fee income.

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

FBMKLCI's index has registered a decline of nearly 3.0% in the 1st Quarter of 2019. It is noteworthy that the local bourse has peaked at 1,730 points on 21 February 2019 before settling at 1,644 points on 29 March 2019.

In 1st Quarter 2019, activities in the equities market were less active compared to the same period in the previous year. Average daily traded value went down 24.0% to RM2.07 billion shares from RM2.72 billion shares in 1st Quarter 2018, due to the decline in prices of stocks with big market capitalization, as exhibited by the decline in FBMKLCI index.

Bank Negara Malaysia ("BNM") continued to keep the Overnight Policy Rate ("OPR") unchanged at 3.25% throughout the 1st Quarter 2019. Likewise, the benchmark KLIBORs also remained the same in the 1st Quarter 2019 across the board, with 1-month, 3-months, 6-months and 1-year KLIBOR remained at 3.43%, 3.69%, 3.80% and 3.90% respectively. Liquidity condition remained flush in the domestic financial system, reflecting BNM's accommodative monetary policy stance to ensure orderly functioning of money and foreign exchange market activities.

In the fixed income market, yields of the local sovereign bonds had dropped around 25 to 40 basis points across the board in the first 3 months this year, in tandem with the declining trend in the US. The benchmark 3-years, 5-years, 7-years and 10-years Malaysian Government Securities ("MGS") closed the 1st Quarter 2019 at 3.38%, 3.53%, 3.72% and 3.76% respectively. Meanwhile, the benchmark 3-years, 5-years, 7-years and 10-years Government Investment Issues-i ("GII-i") closed at 3.49%, 3.63%, 3.75% and 3.82% respectively.

Given the current sentiment in the market, the local bond yields are expected to drop further in the near term in view of lower inflation and the need for a continued low interest/profit rate environment to support and sustain 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.

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11. Cash and short-term funds

	Group		Bank	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	31,518	56,746	31,434	56,426
Money at call and deposits placements maturing within one month	132,800	49,000	132,800	49,000
	<u>164,318</u>	<u>105,746</u>	<u>164,234</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 RM3,209,000 and RM3,144,000 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	2018
	RM'000	RM'000
Money market instruments:		
Government Investment Issues	10,194	-
Unquoted instruments in Malaysia:		
Loan Stocks	11	11
	<u>10,205</u>	<u>11</u>

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13. Financial investments at FVOCI

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	254,614	287,748
Government Investment Issues	553,583	432,327
Negotiable Instruments of Deposit	198,087	-
	<u>1,006,284</u>	<u>720,075</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	217,349	200,618
Loan Stocks	4,329	4,324
Shares	757	757
	<u>222,435</u>	<u>205,699</u>
	<u>1,228,719</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/(written back) during the financial period	7	(4)	3
At 31 March 2019	<u>51</u>	<u>110,159</u>	<u>110,210</u>

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

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14. Financial investments at amortised cost

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	194,161	194,282
Government Investment Issues	480,085	480,228
	<u>674,246</u>	<u>674,510</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	2,071,658	2,106,998
Loan stocks	9,462	9,462
	<u>2,081,120</u>	<u>2,116,460</u>
Less: ECL allowance	(5,666)	(5,874)
	<u>2,749,700</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>
Impairment made during the financial year	-	4,910	9	4,919
Written back	(102)	-	-	(102)
Transfers	4	-	(4)	-
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
Written back	(9)	(154)	-	(163)
Discount unwind	-	(45)	-	(45)
At 31 March 2019	<u>321</u>	<u>5,340</u>	<u>5</u>	<u>5,666</u>

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

Unaudited Interim Financial Statements

15. Loans, advances and financing

	Group and Bank	
	31 March 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	160,394	163,238
	<u>233,411</u>	<u>236,255</u>
Margin accounts	347,780	349,388
Staff loans	408	373
Gross loans, advances and financing	<u>581,599</u>	<u>586,016</u>
Less: ECL allowance	(102,396)	(102,152)
Net loans, advances and financing	<u>479,203</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	
	31 March 2019 RM'000	31 December 2018 RM'000
Domestic business enterprises		
- Small medium enterprises	378,150	379,979
Individuals	203,449	206,037
Gross loans, advances and financing	<u>581,599</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	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Fixed rate		
Staff loans	408	373
Margin accounts	347,780	349,388
Variable rate		
Cost-plus	73,017	73,017
Cost-plus (Islamic financing)	160,394	163,238
Gross loans, advances and financing	<u>581,599</u>	<u>586,016</u>

(iii) By economic sector

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Household	203,449	206,037
Finance, insurance and business services	134,832	138,661
Mining and quarrying	98,048	98,048
Manufacturing	54,859	54,756
Construction	44,247	43,222
Wholesale & retail trade and restaurants & hotels	25,740	25,741
Others	20,424	19,551
Gross loans, advances and financing	<u>581,599</u>	<u>586,016</u>

(iv) By maturity profile

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Within one year	507,419	509,008
One year to five years	74,141	76,987
After five years	39	21
Gross loans, advances and financing	<u>581,599</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	
	31 March 2019 RM'000	31 December 2018 RM'000
At 1 January	159,240	166,799
Recovered	-	(59)
Written off	-	(7,500)
	159,240	159,240
Less: ECL allowance	(100,996)	(100,721)
Net ILs	58,244	58,519
Ratio of net ILs to gross loans, advances and financing less ECL allowance (stage 3)	12.11%	12.06%

(ii) ILs by economic sector:

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Mining and quarrying	98,047	98,048
Manufacturing	50,400	50,399
Wholesale & retail trade and restaurants & hotels	10,769	10,769
Household	24	24
	159,240	159,240

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

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

Corporate loan, advances and financing

An analysis of changes in the corresponding ECL allowances in relation to corporate loan, 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	19	-	(19)	-
Impairment made during the financial period [Note 25]	-	316	-	316
Written back [Note 25]	(31)	(41)	-	(72)
At 31 March 2019	929	100,996	471	102,396

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

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16. Other assets

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Interest/profit receivables		42,654	33,117	42,654	33,117
Amounts due from brokers and clients	(a)	125,252	45,733	125,252	45,733
Deposits, prepayments and other receivables		12,642	12,054	12,642	12,054
Less: ECL allowance	(b)	(4,661)	(4,330)	(4,661)	(4,330)
		<u>7,981</u>	<u>7,724</u>	<u>7,981</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)	324	172	324	172
Amount due from subsidiaries	(c)	-	-	17	255
Tax recoverable		22,836	21,560	22,836	21,560
		<u>199,047</u>	<u>108,306</u>	<u>199,064</u>	<u>108,561</u>

(a) Amounts due from brokers and clients

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Brokers	-	33,865
Clients	125,252	11,868
	<u>125,252</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.

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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	<u>(128)</u>
	4,098
Impairment made	1,409
Written back	(695)
Written off	<u>(482)</u>
At 31 December 2018	<u>4,330</u>
At 1 January 2019	4,330
Impairment made during the financial period [Note 27]	336
Written back [Note 27]	<u>(5)</u>
At 31 March 2019	<u>4,661</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	
	31 March 2019 RM'000	31 December 2018 RM'000
(a) By types of deposit		
Call deposits	18,441	15,578
Fixed deposits	2,811,895	2,324,457
	<u>2,830,336</u>	<u>2,340,035</u>
(b) By types of customer		
Business enterprises	1,730,420	1,745,620
Government and statutory bodies	1,097,325	591,782
Individual	2,591	2,633
	<u>2,830,336</u>	<u>2,340,035</u>

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17. Deposits from customers (cont'd.)

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
(c) The maturity structure of term deposits is as follows:		
Due within six months	2,301,328	2,253,045
Six months to one year	477,818	70,990
One year to two years	51,190	16,000
	<u>2,830,336</u>	<u>2,340,035</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
(a) Call deposits		
- Other financial institutions	3,892	5,724
(b) Fixed deposits		
- Licensed banks	-	194,100
- Other financial institutions	1,177,731	1,146,251
	<u>1,177,731</u>	<u>1,340,351</u>
	<u>1,181,623</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
31 March 2019			
Interest rate related derivatives:			
- Interest rate swaps	100,000	-	(496)
	<u>100,000</u>	<u>-</u>	<u>(496)</u>
31 December 2018			
Interest rate related derivatives:			
- Interest rate swaps	100,000	-	(117)
	<u>100,000</u>	<u>-</u>	<u>(117)</u>

Unaudited Interim Financial Statements

20. Other liabilities

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Amounts due to brokers and clients	(a)	132,706	51,571	132,706	51,571
Interest/profit payables		23,529	22,539	23,529	22,539
Accrued liabilities and other payables		9,336	8,323	9,336	8,323
Employee benefits		1,902	1,946	1,902	1,946
Amount due to immediate holding company	(b)	912	1,075	912	1,075
Amount due to related company	(b)	1	4	-	3
		<u>168,386</u>	<u>85,458</u>	<u>168,385</u>	<u>85,457</u>

(a) Amount due to brokers and clients

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Brokers	94,481	-
Clients	38,225	51,571
	<u>132,706</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 / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Loans and financing		
- Interest income on non-impaired loans	6,590	7,534
- Interest income on ILs	-	102
Money at call and deposit placements with financial institutions	1,013	1,055
Financial assets at FVTPL	65	-
Financial investments at FVOCI		
- Interest income on non-impaired investments	3,144	3,937
- Interest income on impaired investments	-	715
Financial investments at amortised cost		
- Interest income on non-impaired investments	11,862	13,174
- Interest income on impaired investments	96	-
Derivative instruments	-	62
	<u>22,770</u>	<u>26,579</u>
Accretion of discount less amortisation of premium	(150)	(7)
	<u>22,620</u>	<u>26,572</u>

22. Interest expense

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Deposits from customers	13,173	12,720
Deposits and placements of bank and other financial institutions	5,021	7,822
Derivative instruments	13	-
	<u>18,207</u>	<u>20,542</u>

Unaudited Interim Financial Statements

23. Non-interest income

	Group		Bank	
	Individual / Cumulative		Individual / Cumulative	
	Quarter		Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	27	21	27	21
Corporate advisory fees	390	2,313	390	2,313
Brokerage commission	2,703	4,834	2,703	4,834
Other fee income	936	536	930	524
	<u>4,056</u>	<u>7,704</u>	<u>4,050</u>	<u>7,692</u>
Investment loss:				
Net gain on sale of financial assets at FVTPL	29	-	29	-
Net gain on sale of financial investments at FVOCI	82	701	82	701
Net gain on sale of financial investments at amortised cost	97	-	97	-
Net unrealised loss on revaluation of financial assets at FVTPL	-	(2,714)	-	(2,714)
Net unrealised loss on revaluation of derivative instruments	(380)	(34)	(380)	(34)
	<u>(172)</u>	<u>(2,047)</u>	<u>(172)</u>	<u>(2,047)</u>
Gross dividends from:				
Financial assets at FVTPL	-	494	-	494
	<u>-</u>	<u>494</u>	<u>-</u>	<u>494</u>
Other income:				
Intercompany management fee	409	117	409	117
Others	119	106	116	97
	<u>528</u>	<u>223</u>	<u>525</u>	<u>214</u>
	<u>4,412</u>	<u>6,374</u>	<u>4,403</u>	<u>6,353</u>

Unaudited Interim Financial Statements

24. Operating expenses

	Group		Bank	
	Individual / Cumulative		Individual / Cumulative	
	Quarter		Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,069	6,611	7,069	6,611
Executive Director/Chief Executive Officer				
- Fees	60	30	60	30
Employees' benefits	49	32	49	32
Defined contribution plans	1,095	1,050	1,095	1,050
Social security costs	36	37	36	37
Other staff related expenses	217	579	217	579
	<u>8,526</u>	<u>8,339</u>	<u>8,526</u>	<u>8,339</u>
(ii) Establishment costs:				
Depreciation and amortisation	492	491	492	491
Rental of:				
- office equipment	11	6	11	6
- premises	571	568	571	568
General repairs and maintenance	9	10	9	10
Insurance	38	30	38	30
Electricity	15	15	15	15
IT expenses	1,280	1,257	1,280	1,257
	<u>2,416</u>	<u>2,377</u>	<u>2,416</u>	<u>2,377</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	237	189	237	189
Entertainment	96	111	96	111
	<u>333</u>	<u>300</u>	<u>333</u>	<u>300</u>

Unaudited Interim Financial Statements

24. Operating expenses (cont'd.)

	Group		Bank	
	Individual / Cumulative		Individual / Cumulative	
	Quarter		Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	53	53	53	53
Non-Executive Directors' remuneration	182	206	182	206
Communication expenses	19	37	19	37
Management fees	2,209	1,848	2,207	1,846
Professional fees	33	244	33	244
Securities commission's levy	186	396	186	396
Brokerage fee	157	312	157	312
Bursa fees	70	55	70	55
License fee and stamp duty	190	165	190	165
Corporate dealers' and remisiers' commissions	26	26	26	26
Others	97	240	97	240
	<u>3,222</u>	<u>3,582</u>	<u>3,220</u>	<u>3,580</u>
	<u>14,497</u>	<u>14,598</u>	<u>14,495</u>	<u>14,596</u>

Unaudited Interim Financial Statements

25. Impairment loss made on loans, advances and financing

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
ECL allowance		
- Made during the financial period [Note 15(c)]	(244)	(437)
	<u>(244)</u>	<u>(437)</u>

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

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Financial investments at FVOCI [Note 13]	(3)	(124)
Financial investments at amortised cost [Note 14]	163	(5)
	<u>160</u>	<u>(129)</u>

Unaudited Interim Financial Statements

27. Impairment loss made on other assets

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Other debtors [Note 16(b)(i)]		
- Made during the financial period	(336)	(117)
- Written back	5	-
Bad debts written off	103	-
	<u>(228)</u>	<u>(117)</u>

28. Basic earnings per ordinary shares

	Group Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Profit for the period	<u>3,458</u>	<u>5,692</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>
Basic and diluted earnings per ordinary share (sen)	<u>2.23</u>	<u>3.67</u>

Unaudited Interim Financial Statements

29. Commitments and contingencies

	<----- 31 March 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
Group and Bank						
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	139,070	27,814	27,814	133,664	26,733	26,733
- exceeding one year	176,856	88,428	88,428	152,340	76,170	76,170
Total	415,926	118,242	116,642	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	
	31 March 2019	31 December 2018
	RM'000	RM'000
(i) Outstanding credit exposures with connected parties	225,268	173,832
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.71%	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	
	31 March	31 March
	2019	2018
	RM'000	RM'000
Penultimate holding company		
Income:		
Interest income on financial investments	1,995	489
Brokerage fees earned	668	1,513
Fee income	38	38
	<hr/>	<hr/>
Immediate holding company		
Expenditure:		
Rental of premises	565	560
Management fees	2,207	1,846
	<hr/>	<hr/>
Other related companies		
Income:		
Interest income on financial investments	1,410	348
Brokerage fees earned	846	1,009
Fee income	111	20
	<hr/>	<hr/>
Expenditure:		
Interest expense on deposits	7,771	2,678
	<hr/>	<hr/>

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	
	31 March 2019	31 December 2018
	RM'000	RM'000
Penultimate holding company		
Amount due from:		
Financial investments	35,000	35,000
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	32,541	21,908
Other payables	762	1,365
Amount due from:		
Sundry deposits	553	553
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
31 March 2019				
Assets measured at fair value				
Financial assets at FVTPL				
- Money market instruments	-	10,194	-	10,194
- Unquoted instruments	-	-	11	11
Financial investments at FVOCI				
- Money market instruments	-	1,006,284	-	1,006,284
- Unquoted instruments	-	218,106	4,329	222,435
Assets for which fair values are disclosed:				
Loans, advances and financing				
- staff loans	-	431	-	431
Liability measured at fair value				
Derivative liabilities	-	496	-	496

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	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Financial investments at FVOCI		
Unquoted instruments		
At 1 January	4,324	136,692
Total loss recognised in profit or loss		
Included within impairment loss made on instruments	(3)	(14,479)
	(3)	(14,479)
Settlements	8	(117,889)
At 31 March 2019/31 December 2018	<u>4,329</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	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	21,251	19,389	21,251	19,389
FVOCI reserve	4,935	(2,114)	4,935	(2,114)
Retained profits	388,429	390,271	388,372	390,214
	<u>783,726</u>	<u>776,657</u>	<u>783,669</u>	<u>776,600</u>
Less: Regulatory adjustments	(33,253)	(30,790)	(33,253)	(30,790)
<i>Total CET1 Capital</i>	<u>750,473</u>	<u>745,867</u>	<u>750,416</u>	<u>745,810</u>
Total Tier 1 Capital	750,473	745,867	750,416	745,810
Tier 2 Capital				
Loss provision/loss provision and regulatory reserve*	16,286	14,314	16,286	14,314
Total Tier 2 capital	16,286	14,314	16,286	14,314
Total Capital	766,759	760,181	766,702	760,124
CET1 Capital Ratio	49.948%	55.454%	49.944%	55.442%
Tier 1 Capital Ratio	49.948%	55.454%	49.944%	55.442%
Total Capital Ratio	51.032%	56.518%	51.028%	56.506%

* The loss provisions for 2018 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	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets for credit risk	1,302,856	1,144,906	1,302,856	1,145,097
Total risk-weighted assets equivalent for market risk	25,889	22,359	25,889	22,359
Total risk-weighted assets equivalent for operational risk	173,765	177,761	173,765	177,761
	1,502,510	1,345,026	1,502,510	1,345,217

Unaudited Interim Financial Statements

34. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 31 March 2019

	Note	Group and Bank	
		31 March 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short-term funds	(a)	106,908	49,711
Financial assets at FVTPL	(b)	10,194	-
Financial investments at FVOCI	(c)	938,794	562,844
Financial investments at amortised cost	(d)	1,570,165	1,595,508
Financing and advances	(e)	123,429	126,558
Other assets	(f)	29,476	23,153
Intangible assets		399	491
Deferred tax assets		12	1,529
Total assets		2,779,377	2,359,794
Liabilities			
Deposits from customers	(g)	1,465,799	1,118,904
Deposits and placements of banks and other financial institutions	(h)	662,304	603,055
Other liabilities	(i)	62,943	58,387
Provision for taxation and zakat		1,111	-
Total liabilities		2,192,157	1,780,346
Islamic banking capital funds			
Islamic banking funds		396,600	396,600
Reserves		190,620	182,848
Total Islamic banking capital funds		587,220	579,448
Total liabilities and Islamic banking capital funds		2,779,377	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.

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

Condensed consolidated statements of profit or loss
For the three months ended 31 March 2019

	Note	Group and Bank Individual / Cumulative Quarter 3 Months Ended	
		31 March 2019	31 March 2018
		RM'000	RM'000
Income derived from investment of depositors' and others	(j)	27,851	28,415
Income attributable to depositors	(k)	<u>(18,416)</u>	<u>(16,570)</u>
Net income attributable to reporting institution		9,435	11,845
Operating expenses	(l)	<u>(948)</u>	<u>(1,125)</u>
Operating profit before allowances		8,487	10,720
Impairment loss (made)/written back on:			
- financing and advances	(m)	(285)	(16)
- financial investments	(n)	1	(42)
- other assets	(o)	<u>(189)</u>	<u>(7)</u>
Profit before taxation and zakat		8,014	10,655
Taxation		(1,898)	(3,062)
Zakat		<u>(159)</u>	<u>(196)</u>
Profit for the period		<u>5,957</u>	<u>7,397</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 comprehensive income
For the three months ended 31 March 2019

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Profit for the period attributable to equity holder of the Bank	5,957	7,397
Other comprehensive (loss)/income:		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Changes in allowance for ECL	7	37
Net gain/(loss) on financial investments at FVOCI		
Transfer of gain to profit or loss upon disposal	(1,105)	(1,380)
Fair value changes	2,913	1,374
Other comprehensive income for the period, net of tax	1,815	31
Total comprehensive income for the period attributable to equity holder of the Bank	7,772	7,428

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 three months ended 31 March 2019**

Group and Bank	<----- Non-distributable ----->			Distributable		Total RM'000
	Islamic banking funds 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	396,600	-	(5,506)	-	186,879	577,973
Effects of adoption of MFRS 9	-	8,327	5,506	938	(10,118)	4,653
At 1 January 2018, restated	396,600	8,327	-	938	176,761	582,626
Profit for the period	-	-	-	-	7,397	7,397
Other comprehensive loss for the period	-	-	-	31	-	31
Total comprehensive (loss)/ income for the period	-	-	-	31	7,397	7,428
Transactions with owner						
Transfer to regulatory reserves	-	1,112	-	-	(1,112)	-
At 31 March 2018	396,600	9,439	-	969	183,046	590,054
At 1 January 2019	396,600	9,982	-	1,198	171,668	579,448
Profit for the period	-	-	-	-	5,957	5,957
Other comprehensive income for the period	-	-	-	1,815	-	1,815
Total comprehensive income for the period	-	-	-	1,815	5,957	7,772
Transactions with owner						
Transfer to regulatory reserve	-	1,173	-	-	(1,173)	-
At 31 March 2019	396,600	11,155	-	3,013	176,452	587,220

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 three months ended 31 March 2019

	Note	Group and Bank	
		31 March 2019 RM'000	31 March 2018 RM'000
Profit before taxation and zakat		8,014	10,655
Adjustments for:		(612)	(8,202)
Operating profit before changes in working capital		<u>7,402</u>	<u>2,453</u>
Changes in working capital:			
Net changes in operating assets		(361,857)	(273,472)
Net changes in operating liabilities		<u>411,652</u>	<u>317,539</u>
Net cash generated from operating activities		<u>57,197</u>	<u>46,520</u>
Net change in cash and cash equivalents		57,197	46,520
Cash and cash equivalents at beginning of the period		<u>49,711</u>	<u>38,852</u>
Cash and cash equivalents at end of the period	34(a)	<u>106,908</u>	<u>85,372</u>
Cash and cash equivalents comprises of:			
Cash and short-term funds		<u>106,908</u>	<u>85,372</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.)

(a) Cash and short-term funds

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	908	711
Money at call and deposit placements maturing within one month	106,000	49,000
	<u>106,908</u>	<u>49,711</u>

(b) Financial assets at FVTPL

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Money market instruments: Government Investment Issue	10,194	-
	<u>10,194</u>	<u>-</u>

Unaudited Interim Financial Statements

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

(c) Financial investments at FVOCI

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Money market instruments:		
Government Investment Issues	553,583	432,327
Islamic Negotiable Instruments	198,087	-
	<u>751,670</u>	<u>432,327</u>
Corporate Sukuk	<u>187,124</u>	<u>130,517</u>
	<u>938,794</u>	<u>562,844</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	-	8,839	8,839
As 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	<u>40</u>	<u>8,112</u>	<u>8,152</u>
At 1 January 2019	40	8,112	8,152
Impairment made during the financial period [Note 34(n)]	7	-	7
At 31 March 2019	<u>47</u>	<u>8,112</u>	<u>8,159</u>

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

Unaudited Interim Financial Statements

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

(d) Financial investments at amortised costs

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Money market instruments:		
Government Investment Issues	474,155	474,299
Corporate Sukuk	1,096,253	1,121,460
Less: ECL allowance	(243)	(251)
	<u>1,570,165</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 3 Individual RM'000	Total RM'000
At 1 January 2018	-	-
Effects of adoption of MFRS 9		
- Remeasurement under ECL	290	290
As at 1 January, restated	290	290
Impairment written back during the financial year	(39)	(39)
At 31 December 2018	251	251
At 1 January 2019	251	251
Impairment written back during the financial period [Note 34(n)]	(8)	(8)
At 31 March 2019	243	243

There were no Stage 1 and Stage 2 exposure as at 31 March 2019 and 31 December 2018.

Unaudited Interim Financial Statements

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

(e) Financing and advances

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Term financing		
- Syndicated term financing	160,394	163,238
Gross financing and advances	160,394	163,238
Less: ECL allowance	(36,965)	(36,680)
Net financing and advances	123,429	126,558

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	
	31 March 2019	31 December 2018
	RM'000	RM'000
Domestic business enterprises	160,394	163,238
Gross financing and advances	160,394	163,238

(ii) By profit rate sensitivity

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Variable rate		
Cost-plus	160,394	163,238
Gross financing and advances	160,394	163,238

Unaudited Interim Financial Statements

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

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

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

(iii) By economic sector

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Mining and quarrying	86,200	86,200
Construction	44,248	42,816
Finance, insurance and business services	29,946	34,222
Gross financing and advances	<u>160,394</u>	<u>163,238</u>

(iv) By maturity profile

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Within one year	86,520	86,510
One year to five years	73,874	76,728
Gross financing and advances	<u>160,394</u>	<u>163,238</u>

(v) By classification of Shariah contracts

	Group and Bank	
	31 March 2019	31 December 2018
	RM'000	RM'000
Syndicated term financing		
Commodity Murabahah	160,394	163,238
Gross financing and advances	<u>160,394</u>	<u>163,238</u>

Unaudited Interim Financial Statements

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

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

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

(i) Movements in IFs are as follows:

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
At 1 January	86,200	86,200
Less: ECL allowance	(35,565)	(35,249)
Net IFs	<u>50,635</u>	<u>50,951</u>
Ratio of net IFs to gross financing and advances less ECL allowance	<u>40.56%</u>	<u>39.81%</u>

(ii) IFs by economic sector:

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 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.)

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

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

(i) ECL allowance

Corporate financing and advances

An analysis of changes in the corresponding ECL allowances in relation to corporate 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 at 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	19		(19)	-
Impairment made during the financial period [Note 34(m)]	-	316	-	316
Written back [Note 34(m)]	(31)	-	-	(31)
At 31 March 2019	941	35,565	471	36,965

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

Unaudited Interim Financial Statements

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

(f) Other assets

	Note	Group and Bank	
		31 March 2019 RM'000	31 December 2018 RM'000
Other debtors, deposits and prepayments		851	813
Less: ECL allowance	(a)	(742)	(553)
Profit receivables		109	260
		29,367	22,893
		29,476	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)
Made from unearned fee income	1
Write off	(481)
At 31 December 2018	553
At 1 January 2019	553
Made during the financial period [Note 34(o)]	189
At 31 March 2019	742

Unaudited Interim Financial Statements

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

(g) Deposits from customers

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
(i) By type of deposit		
◦ Commodity Murabahah fund		
Term deposits	1,465,799	1,118,904
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	665,566	738,187
Government and statutory bodies	800,233	380,717
	<u>1,465,799</u>	<u>1,118,904</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	1,130,615	1,068,904
Six months to one year	310,184	50,000
One year to two years	25,000	-
	<u>1,465,799</u>	<u>1,118,904</u>

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

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	662,304	603,055
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	662,304	603,055

Unaudited Interim Financial Statements

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

(i) Other liabilities

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Profit payables to depositors	15,935	11,407
Sundry creditors and accruals	3,734	3,772
Due to immediate holding company	20	23
Due to Head Office	43,254	43,185
	<u>62,943</u>	<u>58,387</u>

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

	Group and Bank	
	Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Income derived from investment of:		
(i) General investment deposits	26,214	26,581
(ii) Other deposits	1,637	1,834
	<u>27,851</u>	<u>28,415</u>

Unaudited Interim Financial Statements

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

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

(i) General investment deposits

	Group and Bank Individual / Cumulative Quarter	
	31 March 2019 RM'000	31 March 2018 RM'000
Income derived from investment of general investment deposits:		
Finance income and hibah		
Money at call and deposit placements with financial institutions	1,715	1,442
Financial assets at FVTPL	28	-
Financial investments at FVOCI	6,390	1,777
Financial investments at amortised cost	16,807	15,002
	<u>24,940</u>	<u>18,221</u>
Accretion of discount less amortisation of premium	33	4,748
Total finance income and hibah	<u>24,973</u>	<u>22,969</u>
Other operating income		
Net gain on sale of financial investments at FVOCI	1,105	1,380
Net gain on sale of financial investments at amortised cost	97	-
Net realised gain on sale of financial assets at FVTPL	-	2,232
Net unrealised gain on revaluation of financial assets at FVTPL	39	-
	<u>1,241</u>	<u>3,612</u>
	<u>26,214</u>	<u>26,581</u>

Unaudited Interim Financial Statements

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

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

(ii) Income derived from investment of other deposits:

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Finance income and hibah		
Financing and advances	1,182	1,537
Other operating income		
Fee income		
- Fees on financing and advances	98	95
- Corporate advisory fees	50	50
- Management fees	285	-
- Participation fees	21	33
	<u>454</u>	<u>178</u>
Other income	1	119
	<u>455</u>	<u>297</u>
	<u>1,637</u>	<u>1,834</u>

(k) Income attributable to depositors

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Commodity Murabahah fund		
Deposits from customers	12,226	7,882
Deposits and placements of banks and other financial institutions	6,190	8,688
	<u>18,416</u>	<u>16,570</u>

Unaudited Interim Financial Statements

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

(I) Operating expenses

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
(i) Staff costs:		
Wages, salaries and bonuses	373	450
Social security costs	5	3
Defined contribution plan	75	92
Other staff related expenses	16	38
	<u>469</u>	<u>583</u>
(ii) Establishment costs:		
Amortisation	92	93
Rental	37	36
IT expenses	54	57
Others	8	7
	<u>191</u>	<u>193</u>
(iii) Promotion and marketing related expenses:		
Entertainment	3	4
	<u>3</u>	<u>4</u>
(iv) Administrative and general expenses:		
Audit fees	4	4
Non-Executive Directors' remuneration	14	15
Communication expenses	2	1
Management fees	133	134
Professional fees	17	19
Brokerage fees	91	109
Others	24	63
	<u>285</u>	<u>345</u>
	<u>948</u>	<u>1,125</u>

Unaudited Interim Financial Statements

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

(m) Impairment loss made on financing and advances

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
ECL allowance		
- Made during the financial period [Note 34(e)(c)(i)]	(285)	(16)
	<u>(285)</u>	<u>(16)</u>

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

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Financial investment at FVOCI [Note 34(c)]	(7)	(37)
Financial investments at amortised cost [Note 34(d)]	8	(5)
	<u>1</u>	<u>(42)</u>

(o) Impairment loss made on other assets

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000
Other assets		
- Made during the financial period [Note 34(f)(a)]	(189)	(7)
	<u>(189)</u>	<u>(7)</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	
	31 March 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	11,155	9,982
FVOCI reserve	3,013	1,198
Retained profits	170,495	171,668
	<u>581,263</u>	<u>579,448</u>
Less: Regulatory adjustments	(13,223)	(12,661)
Total CET 1 Capital, representing Total Tier 1 Capital	<u>568,040</u>	<u>566,787</u>
<u>Tier 2 Capital</u>		
Loss provision/loss provision and regulatory reserve*	7,473	6,708
Total Tier 2 capital	<u>7,473</u>	<u>6,708</u>
Total Capital	<u>575,513</u>	<u>573,495</u>
CET1 Capital Ratio	83.558%	91.859%
Tier 1 Capital Ratio	83.558%	91.859%
Total Capital Ratio	84.658%	92.946%

* The loss provisions for 2018 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	
	31 March 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets for credit risk	597,862	536,676
Total risk-weighted assets equivalent for market risk	3,440	-
Total risk-weighted assets equivalent for operational risk	78,509	80,345
	<u>679,811</u>	<u>617,021</u>

Unaudited Interim Financial Statements

I, Dato' Charon Wardini Mokhzani being the Director and 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 three months ended 31 March 2019, as set out on pages 1 to 56 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 31 March 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.



DATO' CHARON WARDINI MOKHZANI
DIRECTOR AND CHIEF EXECUTIVE OFFICER

Date: 26 April 2019