

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 30 June 2020

	Note	Group		Bank	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Assets					
Cash and short-term funds	11	839,664	573,537	837,397	571,264
Financial investments at fair value through other comprehensive income ("FVOCI")	12	2,088,217	1,416,930	2,088,217	1,416,930
Financial investments at amortised cost	13	2,496,629	2,590,828	2,496,629	2,590,828
Loans, advances and financing	14	876,673	555,145	876,673	555,145
Other assets	15	79,729	78,518	81,906	80,746
Statutory deposits with Bank Negara Malaysia		86,796	108,016	86,796	108,016
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		807	773	807	773
Intangible assets		2,068	2,294	2,068	2,294
Deferred tax assets		2,288	4,056	2,288	4,056
Total assets		6,472,871	5,330,097	6,472,781	5,330,052
Liabilities					
Deposits from customers	16	4,235,214	3,469,155	4,235,214	3,469,155
Deposits and placements of bank and other financial institutions	17	1,302,513	953,916	1,302,513	953,916
Derivative liabilities	18	1,926	786	1,926	786
Other liabilities	19	89,130	85,345	89,126	85,344
Provision for taxation and zakat		1,782	1,305	1,773	1,302
Total liabilities		5,630,565	4,510,507	5,630,552	4,510,503
Equity					
Share capital		369,111	369,111	369,111	369,111
Reserves		473,195	450,479	473,118	450,438
Total equity		842,306	819,590	842,229	819,549
Total liabilities and equity		6,472,871	5,330,097	6,472,781	5,330,052
Commitments and contingencies	28	1,072,363	694,574	1,072,363	694,574

* 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 2019.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the six months ended 30 June 2020

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Operating revenue		62,315	60,913	139,678	114,331
Interest income	20	13,018	22,939	26,640	45,559
Interest expense	21	(7,859)	(18,620)	(16,740)	(36,827)
Net interest income		5,159	4,319	9,900	8,732
Net income from Islamic Banking operation	33(p)	22,237	9,527	43,191	18,962
Non-interest income	22	5,635	6,219	9,237	10,631
		33,031	20,065	62,328	38,325
Operating expenses	23	(14,720)	(16,201)	(32,600)	(30,698)
Operating profit before allowances		18,311	3,864	29,728	7,627
Impairment loss (made)/ written back on:					
- loans, advances and financing	24	(7,630)	403	(11,430)	159
- financial investments	25	299	(147)	(776)	13
- other assets	26	101	154	95	(74)
Profit before taxation and zakat		11,081	4,274	17,617	7,725
Taxation		(2,906)	(55)	(4,702)	111
Zakat		(203)	(176)	(471)	(335)
Profit for the period attributable to equity holder of the Bank		7,972	4,043	12,444	7,501
Earnings per ordinary share (sen)					
- Basic and diluted	27			8.03	4.84

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 2019.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the six months ended 30 June 2020

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Profit for the period attributable to equity holder of the Bank	7,972	4,043	12,444	7,501
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL")	(53)	(4)	116	3
Net gain on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(7,413)	(3,300)	(14,244)	(4,487)
- Fair value changes	16,282	4,583	24,400	12,812
Other comprehensive income for the period, net of tax	8,816	1,279	10,272	8,328
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain on defined benefit plans	-	-	-	20
Other comprehensive income for the period, net of tax	-	-	-	20
Total comprehensive income for the period attributable to equity holder of Bank	16,788	5,322	22,716	15,849

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 2019.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the six months ended 30 June 2020

Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Operating revenue		62,274	60,889	139,620	114,298
Interest income	20	13,018	22,939	26,640	45,559
Interest expense	21	(7,859)	(18,620)	(16,740)	(36,827)
Net interest income		5,159	4,319	9,900	8,732
Net income from Islamic Banking operation	33(p)	22,237	9,527	43,191	18,962
Non-interest income	22	5,594	6,266	9,179	10,669
		32,990	20,112	62,270	38,363
Operating expenses	23	(14,715)	(16,199)	(32,590)	(30,694)
Operating profit before allowances		18,275	3,913	29,680	7,669
Impairment loss (made)/ written back on:					
- loans, advances and financing	24	(7,630)	403	(11,430)	159
- financial investments	25	299	(147)	(776)	13
- other assets	26	101	154	95	(74)
Profit before taxation and zakat		11,045	4,323	17,569	7,767
Taxation		(2,898)	(51)	(4,690)	117
Zakat		(203)	(176)	(471)	(335)
Profit for the period attributable to equity holder of the Bank		7,944	4,096	12,408	7,549

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 2019.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the six months ended 30 June 2020

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
Bank	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to equity holder of the Bank	7,944	4,096	12,408	7,549
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for expected credit loss ("ECL")	(53)	(4)	116	3
Net gain on financial investments at FVOCI:				
- Transfer of gain to profit or loss upon disposal	(7,413)	(3,300)	(14,244)	(4,487)
- Fair value changes	16,282	4,583	24,400	12,812
Other comprehensive income for the period, net of tax	8,816	1,279	10,272	8,328
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain on defined benefit plans	-	-	-	20
Other comprehensive income for the period, net of tax	-	-	-	20
Total comprehensive income for the period attributable to equity holder of Bank	16,760	5,375	22,680	15,897

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 2019.

Unaudited Interim Financial Statements

Consolidated statements of changes in equity
For the six months ended 30 June 2020

Group	<----- Non-distributable ----->			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2020	369,111	17,430	3,687	429,362	819,590
Profit for the financial period	-	-	-	12,444	12,444
Other comprehensive income for the period	-	-	10,272	-	10,272
Total comprehensive income for the period	-	-	10,272	12,444	22,716
Transactions with owner					
Transfer from regulatory reserve	-	(470)	-	470	-
At 30 June 2020	369,111	16,960	13,959	442,276	842,306
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 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 2019.

Unaudited Interim Financial Statements

Consolidated statements of changes in equity
For the six months ended 30 June 2020 (cont'd.)

Bank	Non-distributable			Distributable	Total RM'000
	Share capital RM'000	Regulatory reserve# RM'000	FVOCI reserve^ RM'000	Retained profits RM'000	
At 1 January 2020	369,111	17,430	3,687	429,321	819,549
Profit for the financial period	-	-	-	12,408	12,408
Other comprehensive income for the period	-	-	10,272	-	10,272
Total comprehensive income for the period	-	-	10,272	12,408	22,680
Transactions with owner					
Transfer from regulatory reserve	-	(470)	-	470	-
At 30 June 2020	369,111	16,960	13,959	442,199	842,229
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 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 2019.

Unaudited Interim Financial Statements

Consolidated statements of cash flows
For the six months ended 30 June 2020

	Note	Group		Bank	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Profit before taxation and zakat		17,617	7,725	17,569	7,767
Adjustments for non-cash items		1,409	(3,403)	1,409	(3,474)
Operating profit before changes in working capital		19,026	4,322	18,978	4,293
Changes in working capital:					
Net changes in operating assets		(871,870)	(379,755)	(871,807)	(383,717)
Net changes in operating liabilities		1,119,587	896,352	1,119,578	896,349
Net cash generated from operating activities		266,743	520,919	266,749	516,925
Net cash generated from operating activities		(616)	(266)	(616)	(195)
Net change in cash and cash equivalents		266,127	520,653	266,133	516,730
Cash and cash equivalents at beginning of the period		573,537	105,746	571,264	105,426
Cash and cash equivalents at end of the period	11	839,664	626,399	837,397	622,156
Cash and cash equivalents comprise of:					
Cash and short-term funds		839,664	626,399	837,397	622,156

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 2019.

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 2019.

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 2019.

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 2019.

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 2020.

Description

- Revised Conceptual Framework For Financial Reporting (the Conceptual Framework)
- Amendments to MFRS 3: *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108: *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*
- Amendments to MFRS 16: *Covid-19 Related Rent Concessions*

The above adoption did not result in any material impact to the financial statements of the Group and the Bank.

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

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
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9 and MFRS 141: <i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 are significant uncertainties surrounding the growth outlook emanating from (i) novel coronavirus (Covid-19) pandemic; (ii) the sudden drop in oil prices; and (iii) the global supply and demand shocks reverberating as a result. Following this, the Bank has implemented measures such as the granting of six (6) months moratorium on qualifying loans, advances and financing to assist borrowers with short term relief in line with Bank Negara Malaysia's guideline.

At the date of this report, the Bank continues to monitor and assess the developments and its economic impact for significant credit, market, liquidity and operational risks.

Unaudited Interim Financial Statements

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 2020.

6. Debt and equity instruments

There were no changes to the debt and equity instruments for the quarter ended 30 June 2020.

7. Dividend paid/payable

There were no dividends declared or paid during the quarter ended 30 June 2020.

8. Auditors' Report on Preceding Annual Financial Statements

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

9. Performance review

The Group and the Bank recorded a higher pre-tax profit of RM11.1 million for the second quarter ended 30 June 2020, as compared to the pre-tax profit of RM4.3 million recorded in the corresponding quarter ended 30 June 2019. The higher profit for the current period is mainly due to higher finance income and higher net gain from sale of investments for the Islamic banking operations. This is partially offset with higher collective impairment provision, set aside for potential increase in credit costs expected following the Covid-19 pandemic.

The pre-tax profit for the six months ended 30 June 2020 amounted to RM17.6 million, an increase of RM9.9 million or 128.1% as compared to pre-tax profit of RM7.7 million recorded in the previous corresponding quarter ended 30 June 2019. The higher profit for the period is mainly due to higher finance income and higher net gain from sale of investments for the Islamic banking operations. This is partially offset with higher collective impairment provision, set aside for potential increase in credit costs expected following the Covid-19 pandemic.

Unaudited Interim Financial Statements

10. Review for 2020

Malaysia's gross domestic product ("GDP") registered a subdued growth of +0.7% year-on-year ("yoy") in first quarter of 2020. However, GDP contraction in second quarter is inevitable as Malaysia had a full month of Movement Control Order ("MCO") followed by a conditional MCO phase until June 20. Recovery is anticipated to start as early as in third quarter of 2020 in line with easing restrictions both domestically and globally.

In the equity market, FBMKLCI recovered strongly in the second quarter of 2020 posting a gain of +13.5%, closing at 1,500.97 on 30 June 2020. The main driver for the market performance was driven by ample liquidity in the market.

The performance of the equity market was also influenced by retail investors. The trade volume and value for Bursa Malaysia increased in the second quarter of 2020 by +88.7% quarter-on-quarter ("qoq") and +42.1% qoq respectively with volume and value from combined local retail and local nominee (as proxy for retail participation) rising +97.0% qoq and +95.2% qoq respectively.

In anticipation of severe impact of Covid-19 pandemic to the global economy as well as our domestic front, Bank Negara Malaysia ("BNM") had decided to cut the Overnight Policy Rate ("OPR") by 50 basis points to 2.00% during its Monetary Policy Meeting ("MPC") held on 5th May 2020. The OPR was cut further by another 25 basis points to 1.75% on 7th July 2020.

Given the reduction in the OPR, the Kuala Lumpur Interbank Offered Rates ("KLIBORs") declined in tandem across the board. The 1-month, 3-month, 6-month and 1-year KLIBOR closed the second quarter of 2020 at 2.19%, 2.28%, 2.44% and 2.55% respectively, as compared to 2.70%, 2.80%, 2.95% and 3.05% closing levels as at end of the first quarter.

Driven by ample liquidity in the market coupled with low interest rate environment, the 10-year MGS yield which had spiked to as high as 3.59% during the sell-off closed at 2.85% as at end of June 2020.

The local bond market is expected to remain volatile in the near term in view of persistent downside risks emanating from domestic and external factors.

In light of this, the Bank expects to face a challenging operating landscape, with external uncertainties especially on the impact of Covid-19 pandemic playing a key factor. 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 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	50,164	38,637	47,897	36,364
Money at call and deposits placements maturing within one month	789,500	534,900	789,500	534,900
	<u>839,664</u>	<u>573,537</u>	<u>837,397</u>	<u>571,264</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM15,456,000 and RM13,841,000 respectively (2019: RM2,813,000 and RM2,684,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

12. Financial investments at FVOCI

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
At fair value		
Money market instruments:		
Government Investment Issues	1,012,856	848,578
Malaysian Treasury Bills	326,949	-
Negotiable Instruments of Deposit	199,211	199,724
	<u>1,539,016</u>	<u>1,048,302</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	544,184	363,611
Loan Stocks	4,260	4,260
Shares	757	757
	<u>549,201</u>	<u>368,628</u>
	<u>2,088,217</u>	<u>1,416,930</u>

Unaudited Interim Financial Statements

12. 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	Stage 3	Total
	Collective	Individual	
	RM'000	RM'000	RM'000
At 1 January 2020	79	110,228	110,307
Impairment made during the financial period [Note 25]	116	-	116
Written back [Note 25]	-	(1,609)	(1,609)
At 30 June 2020	<u>195</u>	<u>108,619</u>	<u>108,814</u>
At 1 January 2019	44	110,163	110,207
Impairment made during the financial year	35	65	100
At 31 December 2019	<u>79</u>	<u>110,228</u>	<u>110,307</u>

There were no Stage 2 exposure as at 30 June 2020 and 31 December 2019.

13. Financial investments at amortised cost

	Group and Bank	
	30 June 2020	31 December 2019
	RM'000	RM'000
Money market instruments:		
Government Investment Issues	<u>613,865</u>	<u>670,663</u>
	<u>613,865</u>	<u>670,663</u>
Unquoted instruments in Malaysia:		
Corporate Bonds/Sukuk	1,881,876	1,917,185
Loan stocks	9,697	9,606
	<u>1,891,573</u>	<u>1,926,791</u>
Less: ECL allowance	(8,809)	(6,626)
	<u>2,496,629</u>	<u>2,590,828</u>

Unaudited Interim Financial Statements

13. Financial investments at amortised cost

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 2 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2020	207	887	5,532	6,626
Impairment made during the financial period	589	1,539	91	2,219
Written back	-	-	(36)	(36)
At 30 June 2020	<u>796</u>	<u>2,426</u>	<u>5,587</u>	<u>8,809</u>
At 1 January 2019	330	-	5,539	5,869
Transfer	(14)	14	-	-
Impairment made during the financial year	-	873	149	1,022
Written back	(109)	-	(110)	(219)
Discount unwind	-	-	(46)	(46)
At 31 December 2019	<u>207</u>	<u>887</u>	<u>5,532</u>	<u>6,626</u>

14. Loans, advances and financing

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Term loans/financing		
Syndicated term loans	61,170	61,169
Other term loans	10,019	-
Islamic financing	497,564	170,037
	<u>568,753</u>	<u>231,206</u>
Margin accounts	372,140	378,632
Staff loans	380	403
Gross loans, advances and financing	<u>941,273</u>	<u>610,241</u>
Less: ECL allowance	(64,600)	(55,096)
Net loans, advances and financing	<u>876,673</u>	<u>555,145</u>

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

Unaudited Interim Financial Statements

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

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprises	712,293	406,738
Individuals	228,980	203,503
Gross loans, advances and financing	941,273	610,241

(ii) By interest rate sensitivity

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Fixed rate		
Staff loans	380	403
Margin accounts	372,140	378,632
Variable rate		
Cost-plus	71,189	61,169
Cost-plus (Islamic financing)	497,564	170,037
Gross loans, advances and financing	941,273	610,241

Unaudited Interim Financial Statements

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

(a) Gross loans, advances and financing

(iii) By economic sector

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Finance, insurance and business services	312,737	232,754
Household	228,980	203,503
Electricity, gas and water supply	122,547	-
Construction	77,116	59,422
Manufacturing	71,067	68,457
Mining and quarrying	55,737	-
Transport, storage and communications	38,475	-
Wholesale & retail trade and restaurants & hotels	24,902	25,753
Others	9,712	20,352
Gross loans, advances and financing	<u>941,273</u>	<u>610,241</u>

(iv) By maturity profile

	Group and Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Within one year	663,110	505,608
One year to five years	193,871	32,141
After five years	84,292	72,492
Gross loans, advances and financing	<u>941,273</u>	<u>610,241</u>

Unaudited Interim Financial Statements

14. 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 2020 RM'000	31 December 2019 RM'000
At 1 January	61,189	159,240
Classified as impaired during the period/year	472	19
Recovered	(150)	(73,262)
Written off	-	(24,808)
	<u>61,511</u>	<u>61,189</u>
Less: ECL allowance	(53,746)	(53,669)
Net ILs	<u>7,765</u>	<u>7,520</u>
Ratio of net ILs to gross loans, advances and financing less ECL allowance	<u>0.87%</u>	<u>1.35%</u>

(ii) ILs by economic sector:

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Household	341	19
Manufacturing	50,400	50,400
Wholesale & retail trade and restaurants & hotels	10,770	10,770
	<u>61,511</u>	<u>61,189</u>

Unaudited Interim Financial Statements

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

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

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

Group and Bank	Stage 1 Collective RM'000	Stage 3 Individual RM'000	Total RM'000
At 1 January 2020	1,427	53,669	55,096
Transfer	458	-	458
Impairment made during the financial period	8,969	77	9,046
At 30 June 2020	<u>10,854</u>	<u>53,746</u>	<u>64,600</u>
At 1 January 2019	941	100,721	101,662
Transfer	362	-	362
Impairment made during the financial year	124	67	191
Written back	-	(22,311)	(22,311)
Written off	-	(24,808)	(24,808)
At 31 December 2019	<u>1,427</u>	<u>53,669</u>	<u>55,096</u>

There were no Stage 2 ECL provision as at 30 June 2020 and 31 December 2019.

Unaudited Interim Financial Statements

15. Other assets

	Note	Group		Bank	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Interest/profit receivables		35,073	34,342	35,073	34,342
Amounts due from brokers and clients	(a)	21,941	22,762	21,941	22,762
Deposits, prepayments and other receivables		13,755	13,159	13,755	13,159
Less: ECL allowance	(b)	(3,977)	(4,072)	(3,977)	(4,072)
		<u>9,778</u>	<u>9,087</u>	<u>9,778</u>	<u>9,087</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)	158	221	158	221
Amount due from subsidiaries	(c)	-	-	2,177	2,228
Tax recoverable		12,779	12,106	12,779	12,106
		<u>79,729</u>	<u>78,518</u>	<u>81,906</u>	<u>80,746</u>

Unaudited Interim Financial Statements

15. Other assets (cont'd.)

- (a) Amounts due from brokers and clients

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Brokers	3,183	-
Clients	18,758	22,762
	<u>21,941</u>	<u>22,762</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.

- (b) Deposits, prepayments and other receivables

- (i) Movement in ECL allowance

Group and Bank	Total RM'000
At 1 January 2020	4,072
Impairment made during the financial period	155
Written back	(250)
At 30 June 2020	<u>3,977</u>
At 1 January 2019	4,330
Impairment made during the financial year	1,618
Written back	(279)
Written off	(1,597)
At 31 December 2019	<u>4,072</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.

Unaudited Interim Financial Statements

16. Deposits from customers

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
(a) By types of deposit		
Call deposits	14,452	4,774
Fixed deposits	4,220,762	3,464,381
	<u>4,235,214</u>	<u>3,469,155</u>
(b) By types of customer		
Business enterprises	1,656,744	1,685,339
Government and statutory bodies	2,575,771	1,781,225
Individual	2,699	2,591
	<u>4,235,214</u>	<u>3,469,155</u>
(c) The maturity structure of term deposits is as follows:		
Due within six months	3,548,815	3,154,336
Six months to one year	686,399	280,819
One year to two years	-	34,000
	<u>4,235,214</u>	<u>3,469,155</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
(a) Call deposits		
- Other financial institutions	2,228	2,169
(b) Fixed deposits		
- Other financial institutions	1,300,285	951,747
	<u>1,300,285</u>	<u>951,747</u>
	<u>1,302,513</u>	<u>953,916</u>

Unaudited Interim Financial Statements

18. Derivative liabilities

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
30 June 2020			
Interest rate related derivatives:			
- Interest rate swaps	100,000	-	(1,926)
31 December 2019			
Interest rate related derivatives:			
- Interest rate swaps	100,000	-	(786)

19. Other liabilities

Note	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Amounts due to brokers and clients (a)	21,112	24,452	21,112	24,452
Interest/profit payables	26,562	33,537	26,562	33,537
Accrued liabilities and other payables	33,395	21,352	33,395	21,352
Employee benefits	2,123	2,020	2,123	2,020
Amount due to immediate immediate holding company (b)	2,767	2,828	2,767	2,828
Amount due from subsidiaries	1	-	-	-
Amount due to related company (b)	3	1	-	-
ECL allowances on loans, advances and financing commitments and financial investments (c)	3,167	1,155	3,167	1,155
	<u>89,130</u>	<u>85,345</u>	<u>89,126</u>	<u>85,344</u>

Unaudited Interim Financial Statements

19. Other liabilities (cont'd.)

(a) Amount due to brokers and clients

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Brokers	4,221	15,126
Clients	16,891	9,326
	<u>21,112</u>	<u>24,452</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.

(c) Movements in the ECL allowances on loans, financing and advances commitments and financial investments are as follows:

Group and Bank	Loans, advances and financing commitments RM'000	Financial investments RM'000	Total RM'000
At 1 January 2020	1,149	6	1,155
Transfer	(458)	-	(458)
Made during the financial period	2,495	89	2,584
Written back	(111)	(3)	(114)
At 30 June 2020	<u>3,075</u>	<u>92</u>	<u>3,167</u>
At 1 January 2019	490	5	495
Transfer	(362)	-	(362)
Made during the financial period	1,021	1	1,022
At 31 December 2019	<u>1,149</u>	<u>6</u>	<u>1,155</u>

Unaudited Interim Financial Statements

20. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Loans and advances				
- Interest income on non-impaired loans	6,673	6,823	13,995	13,413
Money at call and deposit placements with financial institutions	1,486	1,855	2,448	2,868
Financial assets at FVTPL	-	3	15	68
Financial investments at FVOCI				
- Interest income on non-impaired instruments	846	2,488	2,256	5,632
Financial investments at amortised cost				
- Interest income on non-impaired instruments	4,031	11,869	8,072	23,731
- Interest income on impaired instruments	70	46	116	142
Others	5	-	5	-
	<u>13,111</u>	<u>23,084</u>	<u>26,907</u>	<u>45,854</u>
Accretion of discount less amortisation of premium	(93)	(145)	(267)	(295)
	<u>13,018</u>	<u>22,939</u>	<u>26,640</u>	<u>45,559</u>

21. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Deposits from customers	6,050	13,252	13,784	26,425
Deposits and placements of bank and other financial institutions	1,645	5,336	2,729	10,357
Derivative instruments	164	32	227	45
	<u>7,859</u>	<u>18,620</u>	<u>16,740</u>	<u>36,827</u>

Unaudited Interim Financial Statements

22. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Fee income:				
Fees on loans and advances	13	28	40	55
Corporate advisory fees	115	640	1,105	1,030
Underwriting fees	527	-	594	-
Brokerage commission	2,250	2,893	4,609	5,596
Rollover charges	601	805	1,341	1,598
Facility fee	360	-	535	113
Redemption fee	191	38	191	38
Placement fees	-	-	84	22
Other fee income	16	17	23	25
	<u>4,073</u>	<u>4,421</u>	<u>8,522</u>	<u>8,477</u>
Investment income/(loss):				
Net gain on sale of financial assets at FVTPL	-	16	120	45
Net gain on sale of financial investments at FVOCI	1,521	1,336	1,547	1,418
Net gain on sale of financial investments at amortised cost	-	-	-	97
Net unrealised loss on revaluation of derivative instruments	(65)	(273)	(1,140)	(653)
	<u>1,456</u>	<u>1,079</u>	<u>527</u>	<u>907</u>
Other income:				
Intercompany management fee	6	613	12	1,022
Others	100	106	176	225
	<u>106</u>	<u>719</u>	<u>188</u>	<u>1,247</u>
	<u>5,635</u>	<u>6,219</u>	<u>9,237</u>	<u>10,631</u>

Unaudited Interim Financial Statements

22. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Fee income:				
Fees on loans and advances	13	28	40	55
Corporate advisory fees	115	640	1,105	1,030
Underwriting fees	527	-	594	-
Brokerage commission	2,250	2,893	4,609	5,596
Rollover charges	601	805	1,341	1,598
Facility fee	360	-	535	113
Redemption fee	191	38	191	38
Placement fees	-	-	84	22
Other fee income	1	1	3	3
	<u>4,058</u>	<u>4,405</u>	<u>8,502</u>	<u>8,455</u>
Investment income/(loss):				
Net gain on sale of financial assets at FVTPL	-	16	120	45
Net gain on sale of financial investments at FVOCI	1,521	1,336	1,547	1,418
Net gain on sale of financial investments at amortised cost	-	-	-	97
Net unrealised loss on revaluation of derivative instruments	(65)	(273)	(1,140)	(653)
	<u>1,456</u>	<u>1,079</u>	<u>527</u>	<u>907</u>
Gross dividends from:				
Subsidiary	-	71	-	71
	<u>-</u>	<u>71</u>	<u>-</u>	<u>71</u>
Other income:				
Intercompany management fee	6	613	12	1,022
Others	74	98	138	214
	<u>80</u>	<u>711</u>	<u>150</u>	<u>1,236</u>
	<u>5,594</u>	<u>6,266</u>	<u>9,179</u>	<u>10,669</u>

Unaudited Interim Financial Statements

23. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,506	7,582	17,304	14,711
Employees' benefits	52	48	103	97
Defined contribution plans	1,084	1,134	2,599	2,229
Social security costs	38	36	77	72
Other staff related expenses	423	728	913	945
	<u>9,103</u>	<u>9,528</u>	<u>20,996</u>	<u>18,054</u>
(ii) Establishment costs:				
Depreciation and amortisation	318	475	808	967
Rental				
- office equipment	4	5	9	16
- premises	548	573	1,103	1,144
General repairs and maintenance	10	6	22	15
Insurance	66	70	79	108
Electricity	8	16	16	31
IT expenses	1,389	1,106	2,637	2,386
	<u>2,343</u>	<u>2,251</u>	<u>4,674</u>	<u>4,667</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	195	649	464	886
Entertainment	21	94	109	190
	<u>216</u>	<u>743</u>	<u>573</u>	<u>1,076</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	66	54	133	107
Non-Executive Directors' remuneration	212	198	453	380
Communication expenses	48	41	98	60
Management fees	1,969	2,359	4,072	4,568
Professional fees	32	277	32	310
Securities commission's levy	128	194	271	380
Brokerage fee	377	252	562	409
Bursa fee	58	45	123	115
License fee and stamp duty	-	104	165	294
Corporate dealers' and remisier' commissions	27	13	52	39
Regulatory expenses	90	54	294	54
Others	51	88	102	185
	<u>3,058</u>	<u>3,679</u>	<u>6,357</u>	<u>6,901</u>
	<u>14,720</u>	<u>16,201</u>	<u>32,600</u>	<u>30,698</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,506	7,582	17,304	14,711
Employees' benefits	52	48	103	97
Defined contribution plans	1,084	1,134	2,599	2,229
Social security costs	38	36	77	72
Other staff related expenses	423	728	913	945
	<u>9,103</u>	<u>9,528</u>	<u>20,996</u>	<u>18,054</u>
(ii) Establishment costs:				
Depreciation and amortisation	318	475	808	967
Rental of:				
- office equipment	4	5	9	16
- premises	548	573	1,103	1,144
General repairs and maintenance	10	6	22	15
Insurance	66	70	79	108
Electricity	8	16	16	31
IT expenses	1,389	1,106	2,637	2,386
	<u>2,343</u>	<u>2,251</u>	<u>4,674</u>	<u>4,667</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	195	649	464	886
Entertainment	21	94	109	190
	<u>216</u>	<u>743</u>	<u>573</u>	<u>1,076</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	66	54	133	107
Non-Executive Directors' remuneration	212	198	453	380
Communication expenses	48	41	98	60
Management fees	1,964	2,357	4,062	4,564
Professional fees	32	277	32	310
Securities commission's levy	128	194	271	380
Brokerage fee	377	252	562	409
Bursa fees	58	45	123	115
License fee and stamp duty	-	104	165	294
Corporate dealers' and remisiers' commissions	27	13	52	39
Regulatory expenses	90	54	294	54
Others	51	88	102	185
	<u>3,053</u>	<u>3,677</u>	<u>6,347</u>	<u>6,897</u>
	<u>14,715</u>	<u>16,199</u>	<u>32,590</u>	<u>30,694</u>

Unaudited Interim Financial Statements

24. Impairment loss (made)/written back on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Net (made)/written back	(7,630)	403	(11,430)	159
	<u>(7,630)</u>	<u>403</u>	<u>(11,430)</u>	<u>159</u>

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 12]	1,662	6	1,493	3
Financial investments at amortised cost	(1,363)	(153)	(2,269)	10
	<u>299</u>	<u>(147)</u>	<u>(776)</u>	<u>13</u>

Unaudited Interim Financial Statements

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Other debtors				
- Net written back/(made) during the financial period	101	154	95	(177)
Bad debts written off recovered	-	-	-	103
	<u>101</u>	<u>154</u>	<u>95</u>	<u>(74)</u>

27. Basic earnings per ordinary shares

	Group Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000
Profit for the period	<u>12,444</u>	<u>7,501</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>
Basic and diluted earnings per ordinary share (sen)	<u>8.03</u>	<u>4.84</u>

Unaudited Interim Financial Statements

28. Commitments and contingencies

Group and Bank	<----- 30 June 2020 ----->			<----- 31 December 2019 ----->		
	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
Obligations under an on-going underwriting agreement	21,080	10,540	10,540	-	-	-
Interest rate related contract with an original maturity of:						
- not exceeding one year	100,000	1,000	200	100,000	1,000	200
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	734,308	146,862	146,862	441,992	88,399	88,399
- exceeding one year	216,975	108,487	108,487	152,582	76,291	76,291
Total	1,072,363	266,889	266,089	694,574	165,690	164,890

* 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.

29. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
(i) Outstanding credit exposures with connected parties	294,162	260,102
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	6.81%	7.24%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

Unaudited Interim Financial Statements

30. 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
	2020	2019
	RM'000	RM'000
Penultimate holding company		
Income:		
Interest income on financial investments	2,097	1,995
Brokerage fees earned	485	1,691
	<u>2,582</u>	<u>3,686</u>
Immediate holding company		
Income		
Fee income	1,200	-
	<u>1,200</u>	<u>-</u>
Expenditure:		
Rental of premises	1,102	1,138
Management fees	4,062	4,564
	<u>5,164</u>	<u>5,702</u>
Other related companies		
Income:		
Interest income on financial investments	1,134	1,410
Interest income on loans, advances and financing	1,985	1,328
Brokerage fees earned	1,084	1,521
Fee income	162	111
	<u>4,365</u>	<u>4,370</u>
Expenditure:		
Interest expense on deposits	4,583	10,109
	<u>4,583</u>	<u>10,109</u>

Unaudited Interim Financial Statements

30. 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	31 December
	2020	2019
	RM'000	RM'000
Penultimate holding company		
Amount due from:		
Fee receivable	63	138
Financial investments	81,000	81,000
	<u>81,000</u>	<u>81,000</u>
Other related companies		
Amount due to:		
Deposits from customers	97,207	184,742
Deposits from placements of banks and other financial institutions	8,527	13,216
Other payables	311	379
Amount due from:		
Fee receivable	1,000	1,001
Sundry deposits	553	553
Loans, advances and financing	76,879	59,204
Financial investments	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

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

Unaudited Interim Financial Statements

31. 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 2020				
Assets measured at fair value				
Financial investments at FVOCI				
- Money market instruments	-	1,539,016	-	1,539,016
- Unquoted instruments	-	544,941	4,260	549,201
Assets for which fair values are disclosed:				
Loans, advances and financing				
- staff loans	-	294	-	294
Liability measured at fair value				
Derivative liabilities	-	1,926	-	1,926

Unaudited Interim Financial Statements

31. 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 2019				
Assets measured at fair value				
Financial investments at FVOCI				
- Money market instruments	-	1,048,302	-	1,048,302
- Unquoted instruments	-	364,368	4,260	368,628
Assets for which fair values are disclosed:				
Loans, advances and financing				
- staff loans	-	317	-	317
Liability measured at fair value				
Derivative liabilities	-	786	-	786

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

Unaudited Interim Financial Statements

31. 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	31 December
	2020	2019
	RM'000	RM'000
Financial investments at FVOCI		
Unquoted instruments		
At 1 January	4,260	4,324
Total loss recognised in profit or loss		
Included within impairment loss made on instruments	-	(64)
At 30 June 2020 / 31 December 2019	4,260	4,260

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

32. Capital management

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

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	369,111	369,111	369,111	369,111
Regulatory reserve	16,960	17,430	16,960	17,430
FVOCI reserve	13,959	3,687	13,959	3,687
Retained profits	429,832	429,362	429,791	429,321
	<u>829,862</u>	<u>819,590</u>	<u>829,821</u>	<u>819,549</u>
Less: Regulatory adjustments	(28,993)	(25,808)	(28,993)	(25,808)
<i>Total CET1 Capital</i>	<u>800,869</u>	<u>793,782</u>	<u>800,828</u>	<u>793,741</u>
Total Tier 1 Capital	<u>800,869</u>	<u>793,782</u>	<u>800,828</u>	<u>793,741</u>
Tier 2 Capital				
Loss provision and regulatory reserve	22,497	16,767	22,518	16,767
Total Tier 2 capital	<u>22,497</u>	<u>16,767</u>	<u>22,518</u>	<u>16,767</u>
Total Capital	<u>823,366</u>	<u>810,549</u>	<u>823,346</u>	<u>810,508</u>
CET1 Capital Ratio	40.382%	52.180%	40.345%	52.116%
Tier 1 Capital Ratio	40.382%	52.180%	40.345%	52.116%
Total Capital Ratio	41.516%	53.282%	41.479%	53.217%

Unaudited Interim Financial Statements

32. 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 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Total risk-weighted assets for credit risk	1,799,750	1,339,585	1,801,473	1,341,358
Total risk-weighted assets equivalent for market risk	15,114	14,927	15,114	14,927
Total risk-weighted assets equivalent for operational risk	168,378	166,741	168,378	166,741
	<u>1,983,242</u>	<u>1,521,253</u>	<u>1,984,965</u>	<u>1,523,026</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 30 June 2020

	Note	Group and Bank	
		30 June 2020 RM'000	31 December 2019 RM'000
Assets			
Cash and short-term funds	(a)	566,524	416,493
Financial investments at FVOCI	(b)	1,961,452	1,268,607
Financial investments at amortised cost	(c)	2,133,149	2,220,744
Financing and advances	(d)	486,826	168,610
Other assets	(e)	32,657	31,640
Intangible assets		-	121
Deferred tax assets		-	18
Total assets		5,180,608	4,106,233
Liabilities			
Deposits from customers	(f)	3,358,834	2,595,861
Deposits and placements of banks and other financial institutions	(g)	1,019,462	795,614
Other liabilities	(h)	103,074	73,612
Provision for taxation and zakat		11,121	10,566
Deferred tax liabilities		135	-
Total liabilities		4,492,626	3,475,653
Islamic banking capital funds			
Islamic banking funds		426,600	396,600
Reserves		261,382	233,980
Total Islamic banking capital funds		687,982	630,580
Total liabilities and Islamic banking capital funds		5,180,608	4,106,233

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 2019.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of profit or loss
For the six months ended 30 June 2020

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of depositors' funds	(i)	45,060	24,910	89,680	46,830
Income derived from investment of Islamic Banking funds	(j)	6,431	6,402	14,133	12,333
Impairment loss (made)/written back on financing and advances	(k)	(7,305)	388	(11,028)	103
Impairment loss (made)/written back on financial investments	(l)	(632)	22	(1,533)	23
Impairment loss written back/(made) on other assets	(m)	108	33	135	(156)
Total distributable income		43,662	31,755	91,387	59,133
Income attributable to depositors	(n)	(29,254)	(21,785)	(60,622)	(40,201)
Total net income		14,408	9,970	30,765	18,932
Operating expenses	(o)	(1,228)	(1,517)	(3,012)	(2,465)
Profit before taxation and zakat		13,180	8,453	27,753	16,467
Taxation		(5,271)	(1,593)	(9,501)	(3,491)
Zakat		(203)	(176)	(471)	(335)
Profit for the period		7,706	6,684	17,781	12,641

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 2019.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of comprehensive income
For the six months ended 30 June 2020

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to equity holder of the Bank	7,706	6,684	17,781	12,641
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Changes in allowance for ECL	(53)	(3)	116	4
Net gain on financial investments at FVOCI				
- Transfer of gain to profit or loss	(5,892)	(1,964)	(12,697)	(3,069)
- Fair value changes	14,973	3,211	22,202	6,124
Other comprehensive income for the period, net of tax	9,028	1,244	9,621	3,059
Total comprehensive income for the period attributable to equity holder of the Bank	16,734	7,928	27,402	15,700

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 2019.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of changes in equity
For the six months ended 30 June 2020

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 2020	396,600	7,603	3,139	223,238	630,580
Profit for the period	-	-	-	17,781	17,781
Other comprehensive income for the period	-	-	9,621	-	9,621
Total comprehensive income for the period	-	-	9,621	17,781	27,402
Transactions with owner					
Transfer to regulatory reserve	-	856	-	(856)	-
Allocation from Head Office	30,000	-	-	-	30,000
At 30 June 2020	426,600	8,459	12,760	240,163	687,982
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 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 2019.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of cash flows
For the six months ended 30 June 2020

	Note	Group and Bank	
		30 June 2020 RM'000	30 June 2019 RM'000
Profit before taxation and zakat		27,753	16,467
Adjustments for non-cash items		42	(4,365)
Operating profit before changes in working capital		27,795	12,102
Changes in working capital:			
Net changes in operating assets		(924,131)	(520,333)
Net changes in operating liabilities		1,016,367	793,950
Net cash (used in)/generated from operating activities		120,031	285,719
Net cash generated from investing activities		-	13
Net cash generated from financing activities			
- Allocation of capital from Head Office		30,000	-
Net change in cash and cash equivalents		150,031	285,732
Cash and cash equivalents at beginning of the period		416,493	49,711
Cash and cash equivalents at end of the period	33(a)	566,524	335,443
Cash and cash equivalents comprise of:			
Cash and short-term funds		566,524	335,443

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 2019.

Unaudited Interim Financial Statements

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

(a) Cash and short-term funds

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	17,524	1,493
Money at call and deposit placements maturing within one month	549,000	415,000
	<u>566,524</u>	<u>416,493</u>

(b) Financial investments at FVOCI

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Money market instruments:		
Government Investment Issues	970,087	715,384
Malaysian Treasury Bills	326,949	-
Islamic Negotiable Instruments	199,211	199,724
	<u>1,496,247</u>	<u>915,108</u>
Corporate Sukuk	465,205	353,499
	<u>1,961,452</u>	<u>1,268,607</u>

Unaudited Interim Financial Statements

33. 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 2020	79	8,112	8,191
Impairment made during the financial period [Note 33(l)]	116	-	116
At 30 June 2020	195	8,112	8,307
At 1 January 2019	40	8,112	8,152
Impairment made during the financial year	39	-	39
At 31 December 2019	79	8,112	8,191

There were no Stage 2 exposure as at 30 June 2020 and 31 December 2019.

(c) Financial investments at amortised costs

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Money market instruments:		
Government Investment Issues	613,866	664,733
Corporate Sukuk	1,521,555	1,556,869
	2,135,421	2,221,602
Less: ECL allowance	(2,272)	(858)
	2,133,149	2,220,744

Unaudited Interim Financial Statements

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

(c) Financial investments at amortised costs (cont'd.)

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 2 Collective RM'000	Total RM'000
At 1 January 2020	187	671	858
Impairment made during the financial period	201	1,213	1,414
At 30 June 2020	388	1,884	2,272
At 1 January 2019	251	-	251
Transfer	(8)	8	-
Impairment made during the financial year	-	663	663
Written back	(56)	-	(56)
At 31 December 2019	187	671	858

There were no Stage 3 exposure as at 30 June 2020 and 31 December 2019.

(d) Financing and advances

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Term financing		
Syndicated term financing	203,404	72,671
Other term financing	294,160	97,366
Gross financing and advances	497,564	170,037
Less: ECL allowance	(10,738)	(1,427)
Net financing and advances	486,826	168,610

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

Unaudited Interim Financial Statements

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

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

(a) Gross financing and advances

(i) By type of customer

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Domestic business enterprises	497,564	170,037
Gross financing and advances	<u>497,564</u>	<u>170,037</u>

(ii) By profit rate sensitivity

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Variable rate		
Cost-plus	497,564	170,037
Gross financing and advances	<u>497,564</u>	<u>170,037</u>

(iii) By economic sector

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Finance, insurance and business services	194,010	97,366
Electricity, gas and water supply	112,528	-
Construction	77,116	59,422
Mining and quarrying	55,737	-
Transport, storage and communications	38,475	-
Manufacturing	19,698	13,249
Gross financing and advances	<u>497,564</u>	<u>170,037</u>

Unaudited Interim Financial Statements

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

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

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

(iv) By maturity profile

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Within one year	280,951	65,699
One year to five years	132,486	31,918
After five years	84,127	72,420
Gross financing and advances	<u>497,564</u>	<u>170,037</u>

(v) By classification of Shariah contracts

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Term financing		
Commodity Murabahah	497,564	170,037
Gross financing and advances	<u>497,564</u>	<u>170,037</u>

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

(i) Movements in IF are as follows:

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
At 1 January	-	86,200
Recovered	-	(62,899)
Written off	-	(23,301)
Net IF	<u>-</u>	<u>-</u>
Ratio of net IF to gross financing and advances less ECL allowance	<u>0.00%</u>	<u>0.00%</u>

Unaudited Interim Financial Statements

33. 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) Movement in ECL allowances by class of financial assets

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	Total RM'000
At 1 January 2020	1,427	-	1,427
Transfer	440	-	440
Impairment made during the financial period	8,871	-	8,871
At 30 June 2020	<u>10,738</u>	<u>-</u>	<u>10,738</u>
At 1 January 2019	941	35,249	36,190
Transfer	362	-	362
Impairment made during the financial year	124	-	124
Written back	-	(11,948)	(11,948)
Written off	-	(23,301)	(23,301)
At 31 December 2019	<u>1,427</u>	<u>-</u>	<u>1,427</u>

There were no Stage 2 exposure as at 30 June 2020 and 31 December 2019.

Unaudited Interim Financial Statements

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

(e) Other assets

	Note	Group and Bank	
		30 June 2020 RM'000	31 December 2019 RM'000
Other debtors, deposits and prepayments		1,639	2,854
Less: ECL allowance	(a)	(1,033)	(1,168)
		606	1,686
Amounts due from brokers and clients		243	-
Profit receivables		31,808	29,954
		<u>32,657</u>	<u>31,640</u>

(a) Other debtors, deposits and prepayments

Group and Bank	Total RM'000
At 1 January 2020	1,168
Written back (Note 33(m))	(135)
At 30 June 2020	<u>1,033</u>
At 1 January 2019	553
Impairment made during the financial year	1,580
Written back	(321)
Written off	(644)
At 31 December 2019	<u>1,168</u>

Unaudited Interim Financial Statements

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

(f) Deposits from customers

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	3,358,834	2,595,861
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	1,007,549	957,095
Government and statutory bodies	2,351,285	1,638,766
	<u>3,358,834</u>	<u>2,595,861</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	2,872,154	2,306,688
Six months to one year	486,680	255,173
One year to two years	-	34,000
	<u>3,358,834</u>	<u>2,595,861</u>

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	1,019,462	795,614
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	1,019,462	795,614
	<u>1,019,462</u>	<u>795,614</u>

Unaudited Interim Financial Statements

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

(h) Other liabilities

	Note	Group and Bank	
		30 June 2020 RM'000	31 December 2019 RM'000
Profit payables to depositors		21,750	22,035
Sundry creditors and accruals		19,783	4,650
Amount due to brokers and clients		242	-
Amount due to immediate holding company		121	104
Amount due to Head Office		58,306	45,671
ECL allowances on financing and advances commitments and financial investments	(a)	2,872	1,152
		<u>103,074</u>	<u>73,612</u>

(a) Movements in the ECL allowances on financing and advances commitments and financial investments are as follows:

Group and Bank	Financing and advances commitments RM'000	Financial investments RM'000	Total RM'000
At 1 January 2020	1,149	3	1,152
Transfer	(440)	-	(440)
Made during the financial period	2,268	3	2,271
Written back	(111)	-	(111)
At 30 June 2020	<u>2,866</u>	<u>6</u>	<u>2,872</u>
At 1 January 2019	490	-	490
Transfer	(362)	-	(362)
Made during the financial year	1,021	3	1,024
At 31 December 2019	<u>1,149</u>	<u>3</u>	<u>1,152</u>

Unaudited Interim Financial Statements

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

(i) Income derived from investment of depositors' funds

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah:				
Financing and advances	5,830	920	9,470	1,870
Money at call and deposit placements with financial institutions	2,100	1,700	3,490	3,070
Financial assets at FVTPL	-	50	60	70
Financial investments at FVOCI	12,540	6,180	24,470	11,290
Financial investments at amortised costs	20,220	13,420	40,940	26,870
	<u>40,690</u>	<u>22,270</u>	<u>78,430</u>	<u>43,170</u>
Accretion of discount less amortisation of premium	(940)	1,050	120	1,080
Total finance income and hibah	<u>39,750</u>	<u>23,320</u>	<u>78,550</u>	<u>44,250</u>
Other operating income:				
Net gain/(loss) on sale of financial assets at FVTPL	-	40	(300)	40
Net gain on sale of financial investments at FVOCI	5,310	1,580	11,430	2,460
Net gain on sale of financial investments at amortised cost	-	-	-	80
Net unrealised loss on revaluation of financial assets at FVTPL	-	(30)	-	-
	<u>5,310</u>	<u>1,590</u>	<u>11,130</u>	<u>2,580</u>
	<u>45,060</u>	<u>24,910</u>	<u>89,680</u>	<u>46,830</u>

Unaudited Interim Financial Statements

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

(j) Income derived from investment of Islamic Banking funds

Group and Bank	Individual Quarter		Cumulative quarter	
	3 Months Ended		6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Finance income and hibah:				
Financing and advances	652	236	1,057	468
Money at call and deposit placements with financial institutions	235	417	388	762
Financial assets at FVTPL	-	10	11	18
Financial investments at FVOCI	1,393	1,547	2,722	2,827
Financial investments at amortised costs	2,251	3,355	4,554	6,712
	<u>4,531</u>	<u>5,565</u>	<u>8,732</u>	<u>10,787</u>
Accretion of discount less amortisation of premium	(98)	269	16	272
Total finance income and hibah	<u>4,433</u>	<u>5,834</u>	<u>8,748</u>	<u>11,059</u>
Other operating income:				
Net gain/(loss) on sale of financial assets at FVTPL	-	12	(28)	12
Net gain on sale of financial investments at FVOCI	582	384	1,267	609
Net gain on sale of financial investments at amortised cost	-	-	-	17
Net unrealised loss on revaluation of financial assets at FVTPL	-	(9)	-	-
	<u>582</u>	<u>387</u>	<u>1,239</u>	<u>638</u>

Unaudited Interim Financial Statements

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

(j) Income derived from investment of Islamic Banking funds (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Fees and others:				
Fee income				
- Fees on financing and advances	188	84	360	182
- Corporate advisory fees	1,200	75	2,550	125
- Management fees	-	-	-	285
- Brokerage commission	7	-	33	-
- Participation fees	21	21	942	42
- Placement fee	-	-	260	-
	<u>1,416</u>	<u>180</u>	<u>4,145</u>	<u>634</u>
Other income	-	1	1	2
	<u>1,416</u>	<u>181</u>	<u>4,146</u>	<u>636</u>
	<u>6,431</u>	<u>6,402</u>	<u>14,133</u>	<u>12,333</u>

(k) Impairment loss (made)/written back on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
ECL allowance				
- Net (made)/written back	(7,305)	388	(11,028)	103
	<u>(7,305)</u>	<u>388</u>	<u>(11,028)</u>	<u>103</u>

Unaudited Interim Financial Statements

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

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at FVOCI [Note 33(b)]	53	3	(116)	(4)
Financial investments at amortised cost	(685)	19	(1,417)	27
	<u>(632)</u>	<u>22</u>	<u>(1,533)</u>	<u>23</u>

(m) Impairment loss written back/(made) on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Other assets				
- Written back/(made) during the financial period [Note 33(e)(a)]	108	33	135	(156)
	<u>108</u>	<u>33</u>	<u>135</u>	<u>(156)</u>

(n) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Commodity Murabahah fund				
Deposits from customers	22,824	16,521	47,384	28,747
Deposits and placements of banks and other financial institutions	6,430	5,264	13,238	11,454
	<u>29,254</u>	<u>21,785</u>	<u>60,622</u>	<u>40,201</u>

Unaudited Interim Financial Statements

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

(o) Operating expenses

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	451	471	1,300	844
Social security costs	3	-	6	5
Defined contribution plan	76	92	234	167
Other staff related expenses	37	19	51	35
	<u>567</u>	<u>582</u>	<u>1,591</u>	<u>1,051</u>
(ii) Establishment costs:				
Amortisation	30	83	121	175
Rental	35	36	71	73
IT expenses	121	56	204	110
Others	13	8	21	16
	<u>199</u>	<u>183</u>	<u>417</u>	<u>374</u>
(iii) Promotion and marketing				
Business promotion and advertisement	-	-	2	1
Entertainment	-	-	6	3
	<u>-</u>	<u>-</u>	<u>8</u>	<u>4</u>

Unaudited Interim Financial Statements

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

(o) Operating expenses (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
(iv) Administrative and general expenses:				
Audit fees	7	4	13	8
Non-Executive Directors' remuneration	21	14	44	28
Management fees	194	151	424	284
Professional fees	12	173	29	190
Brokerage fees	93	57	177	148
Others	135	353	309	378
	<u>462</u>	<u>752</u>	<u>996</u>	<u>1,036</u>
	<u>1,228</u>	<u>1,517</u>	<u>3,012</u>	<u>2,465</u>

(p) Net income from Islamic banking

For consolidation with conventional business, net income from operations of Islamic Banking comprises the followings:

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of depositors' funds	45,060	24,910	89,680	46,830
Income derived from investment of Islamic banking funds	6,431	6,402	14,133	12,333
Less: Income attributable to depositors	<u>(29,254)</u>	<u>(21,785)</u>	<u>(60,622)</u>	<u>(40,201)</u>
	<u>22,237</u>	<u>9,527</u>	<u>43,191</u>	<u>18,962</u>

Unaudited Interim Financial Statements

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

(q) Capital adequacy

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

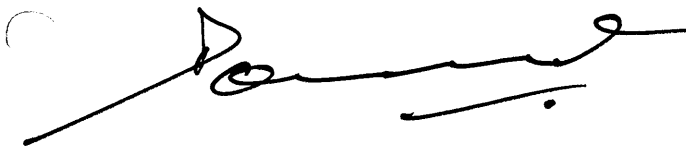
	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Tier 1 Capital		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	426,600	396,600
Regulatory reserve	8,459	7,603
FVOCI reserve	12,760	3,139
Retained profits	222,382	223,238
	<u>670,201</u>	<u>630,580</u>
Less: Regulatory adjustments	(15,477)	(9,468)
Total CET 1 Capital, representing Total Tier 1 Capital	<u>654,724</u>	<u>621,112</u>
Tier 2 Capital		
Loss provision and regulatory reserve	14,563	9,590
Total Tier 2 capital	<u>14,563</u>	<u>9,590</u>
Total Capital	<u>669,287</u>	<u>630,702</u>
CET1 Capital Ratio	52.272%	73.380%
Tier 1 Capital Ratio	52.272%	73.380%
Total Capital Ratio	53.435%	74.513%

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

	Group and Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Total risk-weighted assets for credit risk	1,165,060	767,193
Total risk-weighted assets equivalent for market risk	-	-
Total risk-weighted assets equivalent for operational risk	87,463	79,238
	<u>1,252,523</u>	<u>846,431</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 2020, 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 2020. 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 requirements of the Companies Act, 2016 in Malaysia.



DATUK JOSEPH DOMINIC SILVA
CHIEF EXECUTIVE OFFICER

Date: 21 JUL 2020