

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD
(3755-M)
(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements
31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

| | Note | Group | | Company | |
|---|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 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 | 10 | 499,605 | 399,102 | 314,323 | 266,284 |
| Deposits and placements with licensed banks and other financial institutions | 11 | 322,351 | 306,478 | 315,851 | 298,678 |
| Financial assets at fair value through profit or loss ("FVTPL") | 12 | 276,464 | 323,818 | 258,126 | 323,807 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 13 | 1,230,374 | 927,429 | 1,655 | 1,655 |
| Financial investments at amortised cost | 14 | 2,749,700 | 2,785,096 | - | - |
| Loans, advances and financing | 15 | 687,714 | 691,818 | 75,086 | 265,566 |
| Other assets | 16 | 229,785 | 137,859 | 24,037 | 22,591 |
| Statutory deposits with Bank Negara Malaysia | | 126,809 | 127,220 | - | - |
| Investment in associate | | 4,453 | 3,873 | 2,560 | 2,560 |
| Investment in subsidiaries | | - | - | 790,757 | 600,756 |
| Investment properties | | 2,694 | 2,716 | - | - |
| Property, plant and equipment | | 3,913 | 4,001 | 2,684 | 2,739 |
| Intangible assets | | 5,789 | 6,172 | 2,966 | 3,207 |
| Deferred tax assets | | 11,219 | 12,939 | 3,658 | 3,348 |
| Goodwill | | 86,713 | 86,713 | - | - |
| TOTAL ASSETS | | 6,237,585 | 5,815,234 | 1,791,704 | 1,791,191 |
| LIABILITIES | | | | | |
| Deposits from customers | 17 | 2,830,336 | 2,340,035 | - | - |
| Deposits and placements of banks and other financial institutions | 18 | 1,181,623 | 1,346,075 | - | - |
| Derivative liabilities | 19 | 496 | 117 | - | - |
| Other liabilities | 21 | 219,881 | 139,219 | 42,199 | 44,466 |
| Borrowings | 20 | 299,690 | 303,182 | 299,690 | 303,182 |
| Provision for taxation and zakat | | 881 | 602 | 703 | 575 |
| Employee benefits | | 10,491 | 10,998 | 7,794 | 8,289 |
| TOTAL LIABILITIES | | 4,543,397 | 4,140,228 | 350,385 | 356,512 |
| SHAREHOLDER'S EQUITY | | | | | |
| Capital and reserves attributable to shareholder of the Company | | | | | |
| Share capital | | 879,931 | 879,931 | 879,931 | 879,931 |
| Reserves | | 814,002 | 794,820 | 561,388 | 554,748 |
| | | 1,693,933 | 1,674,751 | 1,441,319 | 1,434,679 |
| Non-controlling interests | | 255 | 255 | - | - |
| TOTAL SHAREHOLDER'S EQUITY | | 1,694,188 | 1,675,006 | 1,441,319 | 1,434,679 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | | 6,237,585 | 5,815,234 | 1,791,704 | 1,791,191 |
| COMMITMENTS AND CONTINGENCIES | 31 | 456,102 | 421,937 | 40,176 | 35,932 |
| NET ASSETS PER SHARE (RM) | | 3.53 | 3.49 | 3.00 | 2.99 |

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED
 31 MARCH 2019**

| <u>Group</u> | Note | Individual/Cumulative Quarter | |
|--|------|----------------------------------|----------------------------|
| | | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Operating revenue | 30 | 76,863 | 83,076 |
| Interest income | 22 | 28,395 | 34,906 |
| Interest expense | 23 | (19,175) | (23,500) |
| Net interest income | | 9,220 | 11,406 |
| Net income from Islamic banking operations | 36 | 20,581 | 22,552 |
| Non-interest income | 24 | 9,882 | 9,587 |
| Operating expenses | 25 | 39,683 | 43,545 |
| Operating profit | | (27,119) | (27,985) |
| Expected credit loss allowance/ impairment loss (made)/written back on: | | 12,564 | 15,560 |
| - loans, advances and financing | 26 | 1,385 | (781) |
| - financial investments | 27 | 160 | (129) |
| - other assets | 28 | (244) | (117) |
| Profit before share of results in associate | | 13,865 | 14,533 |
| Share of results in associate | | 579 | 418 |
| Profit before taxation and zakat | | 14,444 | 14,951 |
| Taxation | | (2,045) | (3,446) |
| Zakat | | (286) | (311) |
| Profit/total comprehensive income for the financial period | | 12,113 | 11,194 |
| Attributable to: | | | |
| Shareholder of the Company | | 12,113 | 11,194 |
| Non-controlling interests | | - | - |
| Profit for the financial period | | 12,113 | 11,194 |
| Earnings per share (sen) | | | |
| - Basic and diluted | 29 | 2.52 | 2.40 |

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Profit for the financial period | 12,113 | 11,194 |
| 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 |
| Net gain/(loss) on financial investments at FVOCI | | |
| - Transfer of gain to profit or loss upon disposal | (1,187) | (2,081) |
| - Fair value changes | 8,229 | 1,877 |
| Other comprehensive income/(loss) for the period, net of tax | 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 |
| Other comprehensive gain for the period, net of tax | 20 | 112 |
| Total comprehensive income for the period attributable to equity holder of the Group | 19,182 | 11,143 |
| Total comprehensive income for the financial period attributable to: | | |
| Shareholder of the Company | 19,182 | 11,142 |
| Non-controlling interests | - | 1 |
| | 19,182 | 11,143 |

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2019**

| <u>Company</u> | Note | Individual/Cumulative Quarter | |
|--|------|----------------------------------|----------------------------|
| | | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Operating revenue | | 25,057 | 23,077 |
| Interest income | 22 | 5,612 | 7,684 |
| Interest expense | 23 | (968) | (1,015) |
| Net interest income | | 4,644 | 6,669 |
| Net income from Islamic banking operations | 36 | 11,146 | 10,707 |
| Non-interest income | 24 | 8,892 | 5,217 |
| | | 24,682 | 22,593 |
| Operating expenses | 25 | (15,444) | (14,265) |
| Operating profit | | 9,238 | 8,328 |
| Expected credit loss allowance/ impairment loss written back/(made) on: | | | |
| - loans, advances and financing | 26 | (311) | (344) |
| - debt instruments | 27 | - | - |
| - other assets | | 19 | - |
| Profit before taxation and zakat | | 8,946 | 7,984 |
| Taxation | | (2,179) | (1,560) |
| Zakat | | (127) | (115) |
| Profit/total comprehensive income for the financial period | | 6,640 | 6,309 |
| Attributable to: | | | |
| Shareholder of the Company | | 6,640 | 6,309 |
| Non-controlling interests | | - | - |
| Profit for the financial period | | 6,640 | 6,309 |
| Earnings per share (sen) | | | |
| - Basic and diluted | 29 | 1.38 | 1.35 |

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| Group | Attributable to shareholder of the Company | | Non-Distributable | | Distributable | | Non-controlling interests | Total Equity |
|---|--|---|-------------------|----------------------|------------------|-----------|---------------------------|--------------|
| | Share Capital | Securities Available-For-Sale Reserve # | FVOCI Reserve # | Regulatory Reserve ^ | Retained Profits | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2019 | 879,931 | - | (2,114) | 19,390 | 777,544 | 1,674,751 | 255 | 1,675,006 |
| Other comprehensive income for the period | - | - | 7,049 | - | 20 | 7,069 | - | 7,069 |
| Profit for the period | - | - | - | - | 12,113 | 12,113 | - | 12,113 |
| Total comprehensive income for the period | - | - | 7,049 | - | 12,133 | 19,182 | - | 19,182 |
| Transfer to regulatory reserve | - | - | - | 1,862 | (1,862) | - | - | - |
| At 31 March 2019 | 879,931 | - | 4,935 | 21,252 | 787,815 | 1,693,933 | 255 | 1,694,188 |

^ The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Group 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 Company for the financial year ended 31 December 2018.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| | Attributable to shareholder of the Company | | Distributable | | | | Non-controlling interests | Total Equity |
|--|--|---|-----------------|----------------------|------------------|--------|---------------------------|--------------|
| | Share Capital | Securities Available-For-Sale Reserve # | FVOCI Reserve # | Regulatory Reserve ^ | Retained Profits | Total | | |
| Group | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2018 | 829,931 | (18,576) | - | 2,573 | 959,645 | 255 | 1,773,828 | |
| Effect of MFRS 9 Financial Instrument adoption | - | 18,576 | 681 | 19,056 | (17,186) | - | 21,127 | |
| At 1 January 2018, restated | 829,931 | - | 681 | 21,629 | 942,459 | 255 | 1,794,955 | |
| Other comprehensive income for the period | - | - | (204) | - | 112 | - | (92) | |
| Profit for the period | - | - | - | - | 11,102 | - | 11,102 | |
| Total comprehensive income for the period | - | - | (204) | - | 11,214 | 1 | 11,010 | |
| Transfer to regulatory reserve | - | - | - | (773) | 773 | - | - | |
| At 31 March 2018 | 829,931 | - | 477 | 20,856 | 954,446 | 256 | 1,805,965 | |

^ The regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on Financial Reporting in which the Group 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 Company for the financial year ended 31 December 2018.



**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED
 31 MARCH 2019**

| <u>Company</u> | Attributable to shareholder of the Company | | |
|--|---|--|---------------------------|
| | Share Capital RM'000 | Distributable Retained Profits RM'000 | Total Equity RM'000 |
| At 1 January 2019 | 879,931 | 554,748 | 1,434,679 |
| Total other comprehensive income for the period | - | - | - |
| Profit for the financial period | - | 6,640 | 6,640 |
| Comprehensive income for the financial period | - | 6,640 | 6,640 |
| At 31 March 2019 | 879,931 | 561,388 | 1,441,319 |

| <u>Company</u> | Attributable to shareholder of the Company | | |
|--|---|--|---------------------------|
| | Share Capital RM'000 | Distributable Retained Profits RM'000 | Total Equity RM'000 |
| At 1 January 2018 | 829,931 | 617,963 | 1,447,894 |
| Effects of MFRS 9 Financial Instruments adoption | - | 2,822 | 2,822 |
| At 1 January 2018, restated | 829,931 | 620,785 | 1,450,716 |
| Total other comprehensive income for the period | - | - | - |
| Profit for the financial period | - | 6,309 | 6,309 |
| Comprehensive income for the financial period | - | 6,309 | 6,309 |
| At 31 March 2018 | 829,931 | 627,094 | 1,457,025 |

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2019**

| | Group | | Company | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 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: | 14,444 | 14,951 | 8,946 | 7,984 |
| Adjustment on non-cash items | 4,959 | 6,646 | 1,118 | (2,817) |
| Operating profit before changes in working capital | 19,403 | 21,597 | 10,064 | 5,167 |
| Changes in working capital: | | | | |
| Net changes in operating assets | (302,811) | (305,642) | 254,729 | 12,325 |
| Net changes in operating liabilities | 405,991 | 276,129 | (2,267) | (7,166) |
| Tax expense and zakat paid | (1,324) | (172) | (2,882) | (1,514) |
| Retirement benefits paid | (716) | (112) | (670) | (114) |
| Net cash generated from/(used in) operating activities | 120,543 | (8,200) | 258,974 | 8,698 |
| Net cash used in investing activities | (675) | (1,116) | (190,270) | (903) |
| Net cash used in financing activities | (3,492) | (3,439) | (3,492) | (3,493) |
| Net increase/(decrease) in cash and cash equivalents | 116,376 | (12,755) | 65,212 | 4,302 |
| Cash and cash equivalents at beginning of the financial period | 705,580 | 1,015,190 | 564,962 | 840,354 |
| Cash and cash equivalents at end of the financial period | 821,956 | 1,002,435 | 630,174 | 844,656 |

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

| | Group | | Company | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Cash and short-term funds | 499,605 | 567,644 | 314,323 | 416,965 |
| Deposits and placements with banks and other financial institutions | 322,351 | 434,791 | 315,851 | 427,691 |
| | 821,956 | 1,002,435 | 630,174 | 844,656 |

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

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, *Interim Financial Reporting* ("MFRS 134"), International Accounting Standard 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"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 2016 in Malaysia. 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 Company 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 Company since the financial year ended 31 December 2018.

2. Significant accounting policies

The accounting policies applied by the Group and the Company in these condensed interim financial statements are the same as those applied by the Group and the Company 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 Company have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2019.

- 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)

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

(a) MFRS 16 Leases

In these interim financial statements, the Group and the Company 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.

2. Significant accounting policies (cont'd.)

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

(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 Company 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.

(iv) Transitional provisions

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

- (a) No reassessment is performed whether 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 and Amendments to Standards were issued but not yet effective and have not been adopted by the Group and the Company.

| Description | Effective for financial periods beginning on or after |
|---|---|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

3. Comments about seasonal or cyclical factors

The Group's and the Company's performance is not materially affected by any seasonal or cyclical factors but is affected by the level of activities in the securities 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 securities

There were no changes in debt and equity securities during the quarter ended 31 March 2019.

7. Dividend paid/payable

A single tier interim dividend in respect of the financial year ended 31 December 2018 of 4.61 sen on 480,355,714 ordinary shares, amounting to a dividend of RM20,000,000 has been approved by the Board of Directors on 28 February 2019. On 1 April 2019, Bank Negara Malaysia ("BNM") approved this dividend and the dividend was paid on 12 April 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 registered a profit before tax of RM14.4 million for the period ended 31 March 2019, a decrease of 3% as compared to the previous corresponding period's profit before tax of RM15.0 million. The Group recorded lower revenue and lower credit loss allowance for the period under review.

10. Cash and short-term funds

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Cash and bank balances | 44,542 | 63,232 | 11,745 | 4,755 |
| Deposits and placements maturing within one month | 455,063 | 335,870 | 302,578 | 261,529 |
| | <u>499,605</u> | <u>399,102</u> | <u>314,323</u> | <u>266,284</u> |

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to RM3,209,000 and RM3,144,000 (2018: RM3,804,000 and RM3,749,000) respectively. These amounts are excluded from the cash and short-term funds of the Group.

11. Deposits and placements with licensed banks and other financial institutions

| | Group | | Company | |
|------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Deposits with licensed banks | 322,351 | 306,478 | 315,851 | 298,678 |
| | <u>322,351</u> | <u>306,478</u> | <u>315,851</u> | <u>298,678</u> |

12. Financial assets at fair value through profit or loss ("FVTPL")

| | Group | | Company | |
|----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| At fair value | | | | |
| Money market instruments: | | | | |
| Government Investment Issues | 10,194 | 14,898 | - | 14,898 |
| Unquoted securities in Malaysia: | | | | |
| Corporate Bond and/or Sukuk | 57,437 | 81,192 | 57,426 | 81,181 |
| Islamic Commercial Papers | 191,850 | 219,224 | 191,850 | 219,224 |
| Shares | 1 | 1 | 1 | 1 |
| | <u>249,288</u> | <u>300,417</u> | <u>249,277</u> | <u>300,406</u> |
| Unit Trust | 16,982 | 8,503 | 8,849 | 8,503 |
| | <u>276,464</u> | <u>323,818</u> | <u>258,126</u> | <u>323,807</u> |

13. Financial investments at fair value through comprehensive income ("FVOCI")

| | Group | | Company | |
|-----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 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 Issue | 553,583 | 432,327 | - | - |
| Negotiable Instruments of Deposit | 198,087 | - | - | - |
| | <u>1,006,284</u> | <u>720,075</u> | <u>-</u> | <u>-</u> |
| Unquoted securities in Malaysia: | | | | |
| Corporate Bond/Sukuk | 217,356 | 200,624 | 7 | 7 |
| Shares | 1,057 | 1,057 | 300 | 300 |
| Loan Stocks | 5,677 | 5,673 | 1,348 | 1,348 |
| | <u>224,090</u> | <u>207,354</u> | <u>1,655</u> | <u>1,655</u> |
| | <u>1,230,374</u> | <u>927,429</u> | <u>1,655</u> | <u>1,655</u> |

13. Financial investments at fair value through comprehensive income ("FVOCI")

(a) Movements in expected credit loss allowance

| <u>Group</u> | Stage 1 Collective RM'000 | Stage 3 Individual RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|-----------------|
| As at 1 January 2018 | - | - | - |
| Effects of adoption of MFRS 9 | | | |
| - Transfer from individual impairment allowance | - | 156,123 | 156,123 |
| As at 1 January, restated | - | 156,123 | 156,123 |
| Impairment made during the financial period | 44 | 14,435 | 14,479 |
| Written off | - | (47,815) | (47,815) |
| Recovery | - | (49) | (49) |
| At 31 December 2018 | 44 | 122,694 | 122,738 |
| As at 1 January 2019 | 44 | 122,694 | 122,738 |
| Impairment made during the financial period | 7 | - | 7 |
| Amount written-back | - | (4) | (4) |
| At 31 March 2019 | 51 | 122,690 | 122,741 |

| <u>Company</u> | Stage 3 Individual RM'000 | Total RM'000 |
|---|---------------------------------|-----------------|
| As at 1 January 2018 | - | - |
| Effects of adoption of MFRS 9 | | |
| - Transfer from individual impairment allowance | 12,580 | 12,580 |
| As at 1 January, restated | 12,580 | 12,580 |
| Impairment made during the financial period | - | - |
| Written off | - | - |
| Recovery | (49) | (49) |
| At 31 December 2018 | 12,531 | 12,531 |
| As at 1 January 2019/ At 31 March 2019 | 12,531 | 12,531 |

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

14. Financial investments at amortised cost

| | Group | |
|--------------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Money market instruments: | | |
| Malaysian Government Securities | 194,161 | 194,282 |
| Government Investment Issue | 480,085 | 480,228 |
| | <u>674,246</u> | <u>674,510</u> |
| Unquoted securities 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: Expected credit loss allowance | (a) (5,666) | (5,874) |
| | <u>2,749,700</u> | <u>2,785,096</u> |

(a) Movements in expected credit loss allowance

| <u>Group</u> | Stage 1 Collective RM'000 | Stage 3 Individual RM'000 | Off Balance Sheet RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|--------------------------------|-----------------|
| As at 1 January 2018 | - | - | - | - |
| Effects of adopting of MFRS 9 | | | | |
| - Transfer from individual impairment allowance | - | 629 | - | 629 |
| - Remeasurement under ECL | 428 | - | - | 428 |
| As at 1 January, restated | <u>428</u> | <u>629</u> | <u>-</u> | <u>1,057</u> |
| Impairment written-back during the financial period | - | 4,910 | 9 | 4,919 |
| Written back | (102) | - | - | (102) |
| Transfer | 4 | - | (4) | - |
| As at 31 December 2018 | <u>330</u> | <u>5,539</u> | <u>5</u> | <u>5,874</u> |
| As at 1 January 2019 | 330 | 5,539 | 5 | 5,874 |
| Impairment written-back during the financial period | - | - | - | - |
| 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.

15. Loans, advances and financing

| | Group | | Company | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Term loans | | | | |
| Syndicated term loans/financing | 221,563 | 224,407 | - | - |
| Hire purchase receivables | 1,077 | 1,088 | 1,077 | 1,088 |
| Real estate financing | 23,383 | 23,362 | - | - |
| Murabahah financing | 180,383 | 180,305 | - | - |
| Other term loans/financing | 136,869 | 134,455 | 125,021 | 313,548 |
| | <u>563,275</u> | <u>563,617</u> | <u>126,098</u> | <u>314,636</u> |
| Margin accounts | 347,780 | 349,388 | - | - |
| Staff loans | 1,327 | 1,336 | 820 | 861 |
| | <u>912,382</u> | <u>914,341</u> | <u>126,918</u> | <u>315,497</u> |
| Less: Unearned interest / income | (9,356) | (7,809) | (9,356) | (7,809) |
| Gross loans, advances and financing | <u>903,026</u> | <u>906,532</u> | <u>117,562</u> | <u>307,688</u> |
| Less: ECL allowance | (215,312) | (214,714) | (42,476) | (42,122) |
| Total net loans, advances and financing | <u>687,714</u> | <u>691,818</u> | <u>75,086</u> | <u>265,566</u> |

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

a. By type of customer

| | Group | | Company | |
|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Domestic business enterprises | | | | |
| - Small medium enterprises | 429,554 | 444,905 | 51,404 | 255,867 |
| - Others | 203,732 | 189,264 | 65,338 | 50,960 |
| Individuals | 268,014 | 272,363 | 820 | 861 |
| | <u>901,300</u> | <u>906,532</u> | <u>117,562</u> | <u>307,688</u> |

b. By interest/profit rate sensitivity

| | Group | | Company | |
|-----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Fixed rate: | | | | |
| - Staff loans | 1,327 | 1,336 | 820 | 861 |
| - Hire purchase receivables | 1,077 | 1,088 | 1,077 | 1,088 |
| - Other fixed rate loan/financing | 502,818 | 503,149 | 89,666 | 88,398 |
| Variable rate: | | | | |
| - BLR plus | 25,999 | 26,144 | 25,999 | 26,144 |
| - Cost plus | 371,805 | 374,815 | - | 191,197 |
| | <u>903,026</u> | <u>906,532</u> | <u>117,562</u> | <u>307,688</u> |

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

c. By economic sector

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Mining and quarrying | 98,048 | 98,048 | - | - |
| Manufacturing | 103,922 | 104,140 | 49,063 | 49,384 |
| Construction | 44,247 | 43,222 | - | - |
| Wholesale & retail trade and restaurants & hotels | 72,418 | 70,712 | 46,678 | 44,971 |
| Transport, storage and communications | 1,614 | 1,605 | 1,614 | 1,605 |
| Finance, insurance, and business services | 150,388 | 154,728 | 15,556 | 207,008 |
| Real Estate | 138,394 | 138,304 | - | - |
| Household | 203,449 | 206,037 | - | - |
| Others | 90,546 | 89,736 | 4,651 | 4,720 |
| Gross loans, advances and financing | <u>903,026</u> | <u>906,532</u> | <u>117,562</u> | <u>307,688</u> |

d. By residual contractual maturity

| | Group | | Company | |
|------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Within one year | 713,129 | 564,247 | 62,830 | 55,239 |
| One year to five years | 162,912 | 336,894 | 39,104 | 247,231 |
| After five years | 26,985 | 5,391 | 15,628 | 5,218 |
| | <u>903,026</u> | <u>906,532</u> | <u>117,562</u> | <u>307,688</u> |

e. Impaired loans ("ILs"), advances and financing

(i) Movements in ILs

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| At 1 January | 429,564 | 449,700 | 66,658 | 63,743 |
| Classified as impaired during the period | 3,390 | 32,167 | 3,291 | 31,704 |
| Amount recovered | (263) | (31,239) | (263) | (26,444) |
| Amount written off | - | (21,064) | - | (2,345) |
| At 31 March/31 December | <u>432,691</u> | <u>429,564</u> | <u>69,686</u> | <u>66,658</u> |
| Less: ECL allowances | <u>(211,616)</u> | <u>(211,086)</u> | <u>(40,180)</u> | <u>(39,925)</u> |
| Net ILs | <u>221,075</u> | <u>218,478</u> | <u>29,506</u> | <u>26,733</u> |
| Net ILs as % of gross loans, advances and financing less ECL allowances | <u>31.97%</u> | <u>31.42%</u> | <u>38.13%</u> | <u>9.98%</u> |

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

e. Impaired loans ("ILs"), advances and financing

(ii) ILs by economic sector

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Mining and quarrying | 98,048 | 98,048 | - | - |
| Manufacturing | 96,894 | 97,003 | 46,494 | 46,604 |
| Wholesale & retail trade and restaurants hotels | 29,828 | 28,058 | 19,060 | 17,289 |
| Transport, storage and communication | 1,564 | - | 1,564 | - |
| Finance, insurance, and business services | 2,149 | 2,346 | 2,149 | 2,346 |
| Real Estate | 138,394 | 138,304 | - | - |
| Others | 65,814 | 65,805 | 419 | 419 |
| | <u>432,691</u> | <u>429,564</u> | <u>69,686</u> | <u>66,658</u> |

(iii) Movements in impairment provision

Expected credit loss allowance on loans, advances and financing

| | Stage 1 Collective RM'000 | Stage 2 Collective RM'000 | Stage 3 Individual RM'000 | Off-Balance Sheet RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------|
| Group | | | | | |
| As at 1 January 2018 | - | - | - | - | - |
| Effects of adopting of MFRS 9 | | | | | |
| - Transfer from individual impairment allowance | 8,881 | - | 116,966 | - | 125,847 |
| - Remeasurement under ECL | (6,355) | 1,633 | - | 2,552 | (2,170) |
| As at 1 January, restated | 2,526 | 1,633 | 116,966 | 2,552 | 123,677 |
| Transfer | 1,959 | - | - | (1,959) | - |
| Impairment made during the financial period | 302 | 432 | 116,442 | 39 | 117,215 |
| Amount written-back | (3,382) | (474) | (415) | - | (4,271) |
| Amount written off | - | - | (21,379) | - | (21,379) |
| Discount unwind | - | - | (528) | - | (528) |
| At 31 December 2018 | <u>1,405</u> | <u>1,591</u> | <u>211,086</u> | <u>632</u> | <u>214,714</u> |
| As at 1 January 2019 | 1,405 | 1,591 | 211,086 | 632 | 214,714 |
| Transfer | 19 | - | - | (19) | - |
| Impairment made during the financial period | 103 | 5 | 910 | 311 | 1,329 |
| Amount written-back | (31) | (320) | (181) | - | (532) |
| Amount written off | - | - | - | - | - |
| At 31 March 2019 | <u>1,496</u> | <u>1,276</u> | <u>211,616</u> | <u>924</u> | <u>215,312</u> |

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

e. Impaired loans ("ILs"), advances and financing

(iii) Movements in impairment provision

| <u>Company</u> | Stage 1 Collective RM'000 | Stage 2 Collective RM'000 | Stage 3 Individual RM'000 | Off-Balance Sheet RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------|
| As at 1 January 2018 | - | - | - | - | - |
| Effects of adoting of MFRS 9 | | | | | |
| - Transfer from individual impairment allowance | 5,366 | | 40,602 | - | 45,968 |
| - Remeasurement under ECL | (4,558) | 1,633 | - | 103 | (2,822) |
| As at 1 January, restated | 808 | 1,633 | 40,602 | 103 | 43,146 |
| Transfer | | | | | - |
| Impairment made during the financial period | 302 | 432 | 2,525 | 39 | 3,298 |
| Amount written-back | (646) | (474) | (329) | - | (1,449) |
| Amount written off | - | - | (2,345) | - | (2,345) |
| Discount unwind | - | - | (528) | - | (528) |
| At 31 December 2018 | 464 | 1,591 | 39,925 | 142 | 42,122 |
| As at 1 January 2019 | 464 | 1,591 | 39,925 | 142 | 42,122 |
| Transfer | | | | | - |
| Impairment made during the financial period | 103 | 5 | 594 | 311 | 1,013 |
| Amount written-back | - | (320) | (140) | - | (460) |
| Amount written off | - | - | - | - | - |
| Discount unwind | - | - | (199) | - | (199) |
| At 31 March 2019 | 567 | 1,276 | 40,180 | 453 | 42,476 |

16. Other assets

| | Note | Group | | Company | |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Interest/profit receivables | | 46,140 | 36,351 | 3,394 | 3,197 |
| Amount due from brokers and clients | (b) | 125,252 | 45,733 | - | - |
| Deposits, prepayments and other receivables | | 21,382 | 21,623 | 3,500 | 3,065 |
| Less: ECL allowance | (c) | (4,696) | (6,076) | - | - |
| | | 16,686 | 15,547 | 3,500 | 3,065 |
| Amount receivables from Danaharta | | 96,973 | 96,973 | - | - |
| Less: ECL allowance | | (96,973) | (96,973) | - | - |
| | | - | - | - | - |
| Amount due from subsidiaries | (a) | - | - | 5,461 | 5,041 |
| Tax recoverable | | 41,707 | 40,228 | 11,682 | 11,288 |
| | | <u>229,785</u> | <u>137,859</u> | <u>24,037</u> | <u>22,591</u> |

(a) Amount due from subsidiaries

These amounts are unsecured, interest free and repayable on demand.

(b) Clients' accounts

| <u>Group</u> | Note | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
|-------------------------|------|----------------------------|-------------------------------|
| Brokers | | - | 33,865 |
| Amount due from 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 Group which are not yet for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

(c) Movements in expected credit loss allowances

| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
|--|----------------------------|-------------------------------|
| As at 1 January | 4,330 | - |
| Effects of adopting of MFRS 9 | - | - |
| - Transfer from individual impairment allowance | - | 4,350 |
| - Remeasurement under ECL | - | (128) |
| As at 1 January, restated | 4,330 | 4,222 |
| Impairment made during the financial period/year | 371 | 3,858 |
| Written back | (5) | (1,397) |
| Written off | - | (607) |
| | <u>4,696</u> | <u>6,076</u> |

17. Deposits from customers

| | Group | |
|--|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (i) By type 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> |
| (ii) By type of customer | | |
| - Business enterprises | 1,730,420 | 1,745,620 |
| - Government and statutory bodies | 1,097,325 | 591,782 |
| - Individuals | 2,591 | 2,633 |
| | <u>2,830,336</u> | <u>2,340,035</u> |
| (iii) The maturity structure of term deposits are 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 | |
|--------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (i) Call deposits | | |
| - Other financial institutions | 3,892 | 5,724 |
| (ii) 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

| <u>Group</u> | Contract or underlying principal amount RM'000 | Derivative liabilities RM'000 |
|---|--|-------------------------------------|
| 31 March 2019 | | |
| Interest rate related derivatives - interest rate swap | 100,000 | 496 |
| 31 December 2018 | | |
| Interest rate related derivatives - interest rate swap | 100,000 | 117 |

20. Borrowings

| | Group and Company | |
|------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (a) Short Term: | | |
| Loan from JBIC - FSMI | 6,984 | 6,984 |
| | <u>6,984</u> | <u>6,984</u> |
| (b) Long Term: | | |
| Loan from JBIC - FSMI | 132,706 | 136,198 |
| Loan From MITI | 160,000 | 160,000 |
| | <u>292,706</u> | <u>296,198</u> |
| Total borrowings | <u>299,690</u> | <u>303,182</u> |

21. Other liabilities

| | Group | | Company | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Amount due to clients | 132,706 | 60,498 | - | - |
| Accrued interest and other payables | 70,201 | 59,532 | 24,921 | 25,324 |
| Other creditors and accruals | 14,124 | 13,664 | 14,124 | 13,555 |
| Amount due to subsidiaries | - | - | 304 | 62 |
| Amount due to Government Scheme Fund (GSF) | 2,850 | 5,525 | 2,850 | 5,525 |
| | <u>219,881</u> | <u>139,219</u> | <u>42,199</u> | <u>44,466</u> |

22. Interest income

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Loans, advances and financing | |
| - Interest income on non-impaired loans | 6,843 | 7,803 |
| - Interest income on impaired loans ("ILs") | 153 | 1,064 |
| Money at call and deposit placements with financial institutions | 2,740 | 7,285 |
| Financial assets at FVTPL | 3,707 | 873 |
| 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 | - |
| Accretion of discount less amortisation of premium | (150) | (7) |
| Derivative instruments | - | 62 |
| | <u>28,395</u> | <u>34,906</u> |

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Loans, advances and financing | |
| - Interest income on non-impaired loans | 253 | 698 |
| - Interest income on impaired loans ("ILs") | 153 | 116 |
| Money at call and deposit placements with financial institutions | 1,564 | 5,997 |
| Financial assets at FVTPL | 3,642 | 873 |
| | <u>5,612</u> | <u>7,684</u> |

23. Interest expense

| | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|------------------|
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| <u>Group</u> | | |
| Deposits and placements of banks and other financial institutions | 13,173 | 7,822 |
| Deposits from customers | 5,021 | 12,720 |
| Borrowings | 968 | 2,958 |
| Derivatives liabilities | 13 | - |
| | <u>19,175</u> | <u>23,500</u> |
| <u>Company</u> | | |
| Borrowings | <u>968</u> | <u>1,015</u> |
| | <u>968</u> | <u>1,015</u> |

24. Non-interest income

| | Individual/Cumulative Quarter 3 Months Ended | |
|-------------------------------------|--|------------------|
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| <u>Group</u> | | |
| Fee income: | | |
| Management fees | 1,142 | 1,170 |
| Corporate advisory fees | 390 | 2,313 |
| Brokerage fees | 2,703 | 4,834 |
| Income from Government Scheme Funds | 1,361 | 2,221 |
| Other fees | 998 | 502 |
| | <u>6,594</u> | <u>11,040</u> |

24. Non-interest income (cont'd.)

| | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Investment income: | |
| Net gain on sales of financial assets at FVTPL | 662 | - |
| Net gain on sales of financial assets at FVOCI | 82 | (1,443) |
| Net gain on sales of financial assets at amortised cost | 97 | - |
| Net unrealised gain on revaluation of financial assets at FVTPL | 2,264 | (1,057) |
| Net unrealised loss on revaluation of derivative instruments | (380) | (34) |
| | <u>2,725</u> | <u>(2,534)</u> |
| Gross dividend income: | | |
| Financial assets at FVTPL | 29 | 494 |
| | <u>29</u> | <u>494</u> |
| Other income: | | |
| Rental from: | | |
| - Office premises | 323 | 293 |
| Others | 211 | 294 |
| | <u>534</u> | <u>587</u> |
| Total non-interest income | <u>9,882</u> | <u>9,587</u> |

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Fee income: | |
| Management fees | 2,871 | 2,355 |
| Income from Government Scheme Funds | 1,361 | 2,221 |
| | <u>4,232</u> | <u>4,576</u> |
| Investment income: | | |
| Net gain on sales of financial assets at FVTPL | 1,387 | 1,024 |
| Net unrealised gain on revaluation of financial assets at FVTPL | 2,264 | (1,507) |
| | <u>3,651</u> | <u>(483)</u> |
| Other income: | | |
| Rental from: | | |
| - Office premises | 972 | 947 |
| Others | 37 | 177 |
| | <u>1,009</u> | <u>1,124</u> |
| Total non-interest income | <u>8,892</u> | <u>5,217</u> |

25. Operating expenses

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Staff costs | | |
| Wages, salaries and bonuses | 16,019 | 15,162 |
| Employee benefits: | | |
| Current period | 258 | 212 |
| Social security costs | 99 | 99 |
| Defined contribution plan | 2,538 | 2,461 |
| Other staff related expenses | 1,186 | 1,663 |
| | <u>20,100</u> | <u>19,597</u> |
| Establishment costs | | |
| Depreciation | 1,167 | 852 |
| Office rental | 1,700 | 1,952 |
| Equipment rental | 26 | 16 |
| Others | 2,230 | 1,948 |
| | <u>5,123</u> | <u>4,768</u> |
| Promotion and marketing-related expenses | | |
| Business promotion and advertisement | 477 | 818 |
| Entertainment | 104 | 116 |
| | <u>581</u> | <u>934</u> |
| General and administrative expenses | | |
| Auditors' remuneration | | |
| - Audit fees | 133 | 130 |
| Directors' fees and meeting allowances | 580 | 666 |
| Communication expenses | 90 | 109 |
| Professional fees | 330 | 338 |
| Others | 180 | 1,443 |
| | <u>1,314</u> | <u>2,686</u> |
| | <u>27,119</u> | <u>27,985</u> |

25. Operating expenses (cont'd.)

| <u>Company</u> | Individual/Cumulative Quarter | |
|--|----------------------------------|----------------------------|
| | 3 Months Ended | |
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Personnel costs | | |
| Wages, salaries and bonuses | 7,905 | 7,644 |
| Employee benefits: | | |
| Current period | 174 | 203 |
| Social security costs | 59 | 57 |
| Defined contribution plan | 1,345 | 1,253 |
| Other staff related expenses | 1,304 | 989 |
| | <u>10,787</u> | <u>10,146</u> |
| Establishment costs | | |
| Depreciation | 564 | 294 |
| Office rental | 1,950 | 1,943 |
| Equipment rental | 12 | 8 |
| Others | 783 | 535 |
| | <u>3,309</u> | <u>2,780</u> |
| Promotion and marketing-related expenses | | |
| Business promotion and advertisement | 217 | 603 |
| Entertainment | 7 | 3 |
| | <u>224</u> | <u>606</u> |
| General and administrative expenses | | |
| Auditors' remuneration | | |
| - Audit fees | 59 | 48 |
| Directors' fees and meeting allowances | 274 | 318 |
| Communication expenses | 65 | 66 |
| Professional fees | 277 | 73 |
| Others | 449 | 228 |
| | <u>1,124</u> | <u>733</u> |
| | <u>15,444</u> | <u>14,265</u> |

26. Expected credit loss allowance (made)/written back on loan, advances and financing

| <u>Group</u> | Individual/Cumulative Quarter | |
|------------------------------------|----------------------------------|----------------------------|
| | 3 Months Ended | |
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| (a) Expected credit loss allowance | | |
| - made in the financial period | (1,329) | (1,033) |
| - written-back | 532 | 174 |
| (b) Recoveries from impaired loans | 2,182 | 78 |
| | <u>1,385</u> | <u>(781)</u> |

26. Expected credit loss allowance (made)/written back on loan, advances and financing (cont'd.)

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|------------------------------------|--|------------------|
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| (a) Expected credit loss allowance | | |
| - made in the financial period | (1,013) | (596) |
| - written-back | 460 | 174 |
| (b) Recoveries from impaired loans | 242 | 78 |
| | <u>(311)</u> | <u>(344)</u> |

27. Expected credit loss allowance (made)/written back on financial investments

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|------------------|
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| Financial investments at FVOCI | (3) | (124) |
| Financial investments at amortised cost | 163 | (5) |
| | <u>160</u> | <u>(129)</u> |

28. Expected credit loss allowance (made)/written back on other assets

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|------------------------------------|--|------------------|
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| (a) Expected credit loss allowance | | |
| - Made during the financial period | (371) | (117) |
| - Written back | 5 | - |
| - Bad debt written off | 103 | - |
| - Bad debt recovery | 19 | - |
| | <u>(244)</u> | <u>(117)</u> |

28. Expected credit loss allowance (made)/written back on other assets

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|----------------|---|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | (a) Expected credit loss allowance - Bad debt recovery | 19 |
| | 19 | - |

29. Basic earnings per ordinary shares

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Profit for the period | 12,113 |
| Weighted average number of ordinary shares | 480,356 | 466,070 |
| Basic and diluted earning per ordinary shares | 2.52 | 2.40 |

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Profit for the period | 6,640 |
| Weighted average number of ordinary shares | 480,356 | 466,070 |
| Basic and diluted earning per ordinary shares | 1.38 | 1.35 |

30. Segment information

For management purposes, the Group is organised into business units based on their products and services, has five reportable operating segments as follows:

| | Individual/Cumulative Quarter | |
|---------------------------|----------------------------------|------------------|
| | 3 Months Ended | |
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| Segment Revenue | | |
| Investment banking | 54,474 | 60,750 |
| Development finance | 14,628 | 15,523 |
| Asset management | 1,239 | 1,170 |
| Investment holding | 11,955 | 9,537 |
| Others | 176 | 926 |
| | <u>82,472</u> | <u>87,906</u> |
| Inter-segment elimination | (5,609) | (4,830) |
| | <u>76,863</u> | <u>83,076</u> |

| | Individual/Cumulative Quarter | |
|-------------------------------|----------------------------------|------------------|
| | 3 Months Ended | |
| | 31 March 2019 | 31 March 2018 |
| | RM'000 | RM'000 |
| Segment Results | | |
| Investment banking | 3,457 | 5,691 |
| Development finance | 6,708 | 6,522 |
| Asset management | 17 | (157) |
| Investment holding | (88) | (268) |
| Others | 1,440 | (1,011) |
| Inter-segment elimination | - | - |
| | <u>11,534</u> | <u>10,777</u> |
| Share of results in associate | 579 | 417 |
| | <u>12,113</u> | <u>11,194</u> |

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

31. Commitments and contingencies

In the normal course of business, the Group and the Company made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Company as at the end of financial period/year are as follows:

| <u>Group</u> | As at 31 March 2019 | | | As at 31 December 2018 | | |
|---|----------------------------|-------------------------------------|--------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | Principal amount RM'000 | Credit equivalent amount* RM'000 | Risk weighted amount RM'000 | Principal amount RM'000 | Credit equivalent amount* RM'000 | Risk weighted amount RM'000 |
| Interest rate related contracts with an original maturity | | | | | | |
| - Not exceeding one year | 100,000 | 2,000 | 400 | 100,000 | 2,000 | 400 |
| Irrevocable commitments to extend credit: | | | | | | |
| - Maturity not exceeding one year | 139,070 | 27,814 | 27,814 | 133,664 | 26,733 | 26,733 |
| - Maturity exceeding one year | 217,032 | 108,516 | 108,516 | 188,273 | 94,136 | 94,136 |
| Total | 456,102 | 138,330 | 136,730 | 421,937 | 122,869 | 121,269 |
| <u>Company</u> | | | | | | |
| Guarantee facilities | | | | | | |
| Irrevocable commitments to extend credit: | | | | | | |
| - Maturity exceeding one year | 40,176 | 20,088 | 20,088 | 35,932 | 17,966 | 17,966 |
| Total | 40,176 | 20,088 | 20,088 | 35,932 | 17,966 | 17,966 |

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia

32. Related party disclosures

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

| | Group | | Company | |
|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31 March 2019 RM'000 | As at 31 March 2018 RM'000 | As at 31 March 2019 RM'000 | As at 31 March 2018 RM'000 |
| Penultimate holding company | | | | |
| Income: | | | | |
| Interest income on securities | 1,995 | 489 | - | - |
| Brokerage fees earned | 668 | 1,513 | - | - |
| Fee income | 38 | 38 | - | - |
| Expenditures: | | | | |
| Rental expense | 2,692 | 1,861 | 2,127 | 1,861 |
| Subsidiaries | | | | |
| Income: | | | | |
| Interest on loans | - | - | 49 | 429 |
| Rental of premises | - | - | 654 | 651 |
| Interest on short term deposits | - | - | - | - |
| Management fees | - | - | 2,626 | 2,275 |
| Associate | | | | |
| Income: | | | | |
| Rental received | 109 | 109 | 109 | 109 |
| Other related companies | | | | |
| Income: | | | | |
| Interest income on securities | 1,410 | 348 | - | - |
| Fee income | 111 | 20 | - | - |
| Brokerage fees earned | 845 | 1,009 | - | - |
| Expenditures: | | | | |
| Interest expense on deposits | 7,771 | 9,924 | - | - |

32. Related party disclosures (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 Company with their related parties are as follows:

| | Group | | Company | |
|--|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 |
| Penultimate holding company | | | | |
| Amount due from: | | | | |
| Fee receivable | - | - | - | - |
| Securities | 35,000 | 35,000 | - | - |
| Sundry deposit received | 1,861 | 1,861 | 1,861 | 1,861 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Amount due to: | | | | |
| Other payables | 620 | - | 620 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Subsidiaries | | | | |
| Amount due from: | | | | |
| Loans, advances and financing | - | - | - | 190,941 |
| Trade receivables | - | - | 5,459 | 5,039 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Amount due to: | | | | |
| Rental deposit received | - | - | 649 | 649 |
| Other payables | - | - | 304 | 63 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Associate | | | | |
| Amount due from: | | | | |
| Trade receivables | - | - | 1 | - |
| Amount due to: | | | | |
| Rental deposit received | 109 | 109 | 109 | 109 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Other related companies | | | | |
| Amount due from: | | | | |
| Fee receivables | - | - | - | - |
| Sundry deposits | 553 | 553 | - | - |
| Securities | 30,000 | 30,000 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Amount due to: | | | | |
| Deposits from placements of banks and other financial institutions | 32,541 | 21,908 | - | - |
| Other payables | 762 | 1,365 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Other related companies include companies within the Yayasan Pelaburan Bumiputera Group and companies related to the Directors of the Group and of the Company.

33. Credit exposures arising from credit transactions with connected parties

| | Group | |
|--|---------------------------|------------------------------|
| | As at 31 March 2019 | As at 31 December 2018 |
| (i) Total credit exposures with connected parties | 225,268 | 173,832 |
| (ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures | 6.71% | 5.05% |
| (iii) Percentage of total credit exposures to connected parties which is impaired or in default | Nil | Nil |

34. Capital adequacy

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

| | Group | | Company | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 |
| <u>Tier 1 Capital</u> | | | | |
| Common Equity Tier 1 ("CET1") Capital | | | | |
| Share capital | 879,931 | 879,931 | 879,931 | 879,931 |
| FVOCI reserve | 4,935 | (2,114) | - | - |
| Regulatory reserve | 21,252 | 19,390 | - | - |
| Retained profits | 775,682 | 777,544 | 554,748 | 554,748 |
| | <u>1,681,800</u> | <u>1,674,751</u> | <u>1,434,679</u> | <u>1,434,679</u> |
| Less: Regulatory adjustments | (140,661) | (137,970) | (808,209) | (618,754) |
| Total CET1 Capital / Tier 1 Capital | <u>1,541,139</u> | <u>1,536,781</u> | <u>626,470</u> | <u>815,925</u> |
| <u>Tier 2 Capital</u> | | | | |
| Loss provision/loss provision and regulatory reserve* | 22,193 | 19,832 | 2,296 | 2,197 |
| Total Tier 2 capital | <u>22,193</u> | <u>19,832</u> | <u>2,296</u> | <u>2,197</u> |
| Total Capital | <u>1,563,331</u> | <u>1,556,613</u> | <u>628,766</u> | <u>818,122</u> |
| CET 1 Capital | 68.548% | 75.364% | 124.695% | 117.127% |
| Tier 1 Capital | 68.548% | 75.364% | 124.695% | 117.127% |
| Total Capital | 69.535% | 76.336% | 125.152% | 117.443% |

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

34. Capital adequacy (cont'd)

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

| | Group | | Company | |
|---|-------------------------------------|--|-------------------------------------|--|
| | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 | As at 31 March 2019 RM'000 | As at 31 December 2018 RM'000 |
| Total risk weighted assets for credit risk | 1,775,402 | 1,586,533 | 251,625 | 425,076 |
| Total risk weighted assets for market risk | 87,769 | 73,663 | 61,880 | 85,452 |
| Total risk weighted assets for operational risk | 385,078 | 378,956 | 188,896 | 186,086 |
| | <u>2,248,249</u> | <u>2,039,152</u> | <u>502,401</u> | <u>696,614</u> |

35. Fair value hierarchy (cont'd.)

- 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).

| <u>Group</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| At 31 March 2019 | | | | |
| Financial assets | | | | |
| Assets measured at fair value: | | | | |
| Financial assets at FVTPL | | | | |
| - Money market instruments | - | 10,194 | - | 10,194 |
| - Unquoted instruments | - | 258,125 | 23 | 258,148 |
| Financial investments at FVOCI | | | | |
| Money market instruments | - | 1,006,284 | - | 1,006,284 |
| Unquoted securities | - | 218,406 | 5,684 | 224,090 |
| Assets for which fair value are disclosed: | | | | |
| Loans, advances and financing | | | | |
| - staff loans | - | 1,063 | - | 1,063 |
| Investment properties | | | | |
| Residential properties | - | - | 6,983 | 6,983 |
| Office property | - | - | 1,892 | 1,892 |

35. Fair value hierarchy (cont'd.)

| <u>Group (cont'd.)</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| At 31 March 2019 | | | | |
| Liability for which fair values are disclosed: | | | | |
| Derivative liabilities | - | 496 | - | 496 |
| Borrowings | - | 299,690 | - | 299,690 |
| At 31 December 2018 | | | | |
| Financial assets | | | | |
| Assets measured at fair value: | | | | |
| Financial assets at FVTPL | | | | |
| Unquoted securities | - | 323,806 | 12 | 323,818 |
| Financial investments at FVOCI | | | | |
| Money market instruments | - | 720,705 | - | 720,705 |
| Unquoted securities | - | 200,918 | 5,679 | 206,597 |
| Liability measured at fair value | | | | |
| Derivative liabilities | - | 117 | - | 117 |
| Assets for which fair value are disclosed: | | | | |
| Loans, advances and financing | | | | |
| - staff loans | - | 664 | - | 664 |
| Investment properties | | | | |
| Residential properties | - | - | 6,983 | 6,983 |
| Office property | - | - | 1,892 | 1,892 |
| Liability for which fair values are disclosed: | | | | |
| Borrowings | - | 303,182 | - | 303,182 |

35. Fair value hierarchy (cont'd.)

| <u>Group (cont'd.)</u> | <u>Level 1</u> <u>RM'000</u> | <u>Level 2</u> <u>RM'000</u> | <u>Level 3</u> <u>RM'000</u> | <u>Total</u> <u>RM'000</u> |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| At 31 March 2019 | | | | |
| Liability for which fair values are disclosed: | | | | |
| Derivative liabilities | - | 496 | - | 496 |
| Borrowings | - | 299,690 | - | 299,690 |
| At 31 December 2018 | | | | |
| Financial assets | | | | |
| Assets measured at fair value: | | | | |
| Financial assets at FVTPL | | | | |
| Unquoted securities | - | 323,806 | 12 | 323,818 |
| Financial investments at FVOCI | | | | |
| Money market instruments | - | 720,705 | - | 720,705 |
| Unquoted securities | - | 200,918 | 5,679 | 206,597 |
| Liability measured at fair value | | | | |
| Derivative liabilities | - | 117 | - | 117 |
| Assets for which fair value are disclosed: | | | | |
| Loans, advances and financing | | | | |
| - staff loans | - | 664 | - | 664 |
| Investment properties | | | | |
| Residential properties | - | - | 6,983 | 6,983 |
| Office property | - | - | 1,892 | 1,892 |
| Liability for which fair values are disclosed: | | | | |
| Borrowings | - | 303,182 | - | 303,182 |

35. Fair value hierarchy (cont'd.)

| <u>Company</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| At 31 March 2019 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Unquoted securities | - | 258,125 | 1 | 258,126 |
| Financial investments at FVOCI | | | | |
| Unquoted securities | - | 300 | 1,355 | 1,655 |
| Assets for which fair value are disclosed: | | | | |
| Loans, advances and financing | | | | |
| - staff loans | - | 632 | - | 632 |
| Liability for which fair values are disclosed: | | | | |
| Borrowings | - | 299,690 | - | 299,690 |
| At 31 December 2018 | | | | |
| Assets measured at fair value: | | | | |
| Financial assets at FVTPL | | | | |
| Unquoted securities | - | 323,806 | 1 | 323,807 |
| Financial investments at FVOCI | | | | |
| Unquoted securities | - | 300.00 | 1,355 | 1,655 |
| Assets for which fair value are disclosed: | | | | |
| Loans, advances and financing | | | | |
| - staff loans | - | 664 | - | 664 |
| Liability for which fair values are disclosed: | | | | |
| Borrowings | - | 303,182 | - | 303,182 |

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

35. 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:

| <u>Group</u> | Financial investments at FVOCI RM'000 | Financial asset at FVTPL RM'000 | Total RM'000 |
|---|--|--|-----------------|
| At 31 March 2019 | | | |
| At 1 January 2019 | 5,679 | 12 | 5,691 |
| Total gains/(losses) recognised in profit or loss: | | | |
| Included within interest income | - | - | - |
| Included within impairment written back on securities | - | - | - |
| Included within impairment loss made on instruments | (3) | - | (3) |
| | (3) | - | (3) |
| Settlements | 8 | - | 8 |
| At 31 March 2019 | <u>5,684</u> | <u>12</u> | <u>5,696</u> |
| At 31 December 2018 | | | |
| At 1 January 2018 | 138,047 | 1 | 138,048 |
| Additional unquoted securities | - | - | - |
| Total gains/(losses) recognised in profit or loss: | | | |
| Included within interest income | - | - | - |
| Included within net income from Islamic Banking Operation | 21 | - | 21 |
| Included within impairment loss on securities | (14,430) | - | (14,430) |
| | (14,409) | - | (14,409) |
| Settlements/adjustments | (117,959) | 11 | (117,948) |
| At 31 December 2018 | <u>5,679</u> | <u>12</u> | <u>5,691</u> |

35. Fair value hierarchy (cont'd.)

| <u>Company</u> | Financial investments at FVOCI RM'000 | Financial asset at FVTPL RM'000 | Total RM'000 |
|---|--|--|-------------------------|
| At 31 March 2019 | | | |
| At 1 January 2019 | 1,355 | 1 | 1,356 |
| Total gains/(losses) recognised in profit or loss: Included within impairment written back on securities | - | - | - |
| Total gains/(losses) recognised in other comprehensive income | - | - | - |
| Settlements | - | - | - |
| At 31 March 2019 | <u>1,355</u> | <u>1</u> | <u>1,356</u> |
| | Financial investments at FVOCI RM'000 | Financial asset at FVTPL RM'000 | Total RM'000 |
| At 31 December 2018 | | | |
| At 1 January 2018 | 1,355 | 1 | 1,356 |
| Total gains/(losses) recognised in profit or loss: Included within interest income | 21 | - | 21 |
| Included within impairment loss on securities | 49 | - | 49 |
| | 70 | - | 70 |
| Settlements | (70) | - | (70) |
| At 31 December 2018 | <u>1,355</u> | <u>1</u> | <u>1,356</u> |

36. Operations of Islamic Banking Business

(a) CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2019

| ASSETS | Note | Group | | Company | |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Cash and short-term funds | (f) | 226,324 | 172,634 | 119,416 | 122,923 |
| Deposits and placements with licensed banks and other financial institutions | (g) | 47,200 | 47,200 | 47,200 | 47,200 |
| Financial assets at FVTPL | (h) | 10,194 | - | - | - |
| Financial investments at FVOCI | (i) | 938,794 | 562,844 | - | - |
| Financial investments at amortised cost | (j) | 1,570,165 | 1,595,508 | - | - |
| Financing and advances | (k) | 165,075 | 164,792 | 41,646 | 38,234 |
| Other assets | | 50,717 | 42,584 | 21,241 | 19,431 |
| Intangible asset | | 399 | 491 | - | - |
| Deferred tax assets | | 379 | 1,803 | 367 | 274 |
| Amount due from Head Office | | - | 812 | - | 812 |
| TOTAL ASSETS | | 3,009,247 | 2,588,668 | 229,870 | 228,874 |
| LIABILITIES | | | | | |
| Deposits from customers | (l) | 1,465,799 | 1,118,904 | - | - |
| Deposits and placements of banks and other financial institutions | (m) | 662,304 | 603,055 | - | - |
| Borrowings | (n) | 156,508 | 160,000 | 156,508 | 160,000 |
| Amount due to clients | | - | - | - | - |
| Other liabilities | | 88,113 | 83,569 | 25,706 | 25,718 |
| Provision for taxation and zakat | | 1,814 | 575 | 703 | 575 |
| Deferred tax liabilities | | - | - | - | - |
| Amount due to Head Office | | 18 | - | 18 | - |
| TOTAL LIABILITIES | | 2,374,556 | 1,966,103 | 182,935 | 186,293 |
| ISLAMIC BANKING CAPITAL FUNDS | | | | | |
| Funds allocated from Head Office | | 416,600 | 416,600 | 20,000 | 20,000 |
| Reserves | | 218,091 | 205,965 | 26,935 | 22,581 |
| TOTAL ISLAMIC BANKING CAPITAL FUNDS | | 634,691 | 622,565 | 46,935 | 42,581 |
| TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS | | 3,009,247 | 2,588,668 | 229,870 | 228,874 |

36. Operations of Islamic Banking Business (cont'd.)

(b) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2019

| <u>Group</u> | Note | Individual/Cumulative Quarter | |
|--|------|----------------------------------|----------------------------|
| | | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Income derived from investment of depositors funds and others | | 29,370 | 29,753 |
| Income derived from Government Scheme Funds | | 9,627 | 9,369 |
| Total attributable income | (o) | 38,997 | 39,122 |
| Income attributable to depositors | (p) | (18,416) | (16,570) |
| Net income attributable to the reporting institution | | 20,581 | 22,552 |
| Other operating expenses | | (5,854) | (5,805) |
| Operating profit | | 14,728 | 16,747 |
| Expected credit loss (allowance)/ written back | | | |
| - financing and advances | (q) | (670) | (77) |
| - financial investments | (r) | 1 | (42) |
| - other assets | (s) | (189) | (7) |
| Profit before taxation and zakat | | 13,870 | 16,621 |
| Taxation | | (3,273) | (4,965) |
| Zakat | | (286) | (312) |
| Profit for the financial period | | 10,311 | 11,344 |
| <u>Company</u> | | | |
| Income derived from investment of depositors funds and others | | 1,519 | 1,338 |
| Income derived from Government Scheme Funds | | 9,627 | 9,369 |
| Income attributable to the reporting institution | | 11,146 | 10,707 |
| Other operating expenses | | (4,906) | (4,680) |
| Operating profit | | 6,241 | 6,027 |
| Expected credit loss (allowance)/ written back | | | |
| - financing and advances | | (385) | (61) |
| Profit before taxation and zakat | | 5,856 | 5,966 |
| Taxation | | (1,375) | (1,903) |
| Zakat | | (127) | (116) |
| Profit/ total comprehensive income for the period | | 4,354 | 3,947 |

36. Operations of Islamic Banking Business (cont'd.)

(c) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Profit for the financial period | 10,311 | 23,509 |
| Other comprehensive income: | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | |
| Charges in allowance for ECL | 7 | 37 |
| Net realised loss transferred to profit or loss on disposal of financial investments at FVOCI | (1,105) | (3,703) |
| Fair value changes | 2,913 | 10,156 |
| Other comprehensive gain for the period net of tax | 1,815 | 6,453 |
| Other comprehensive gain for the period, net of tax | 1,815 | 6,453 |
| Total comprehensive income for the period | 12,126 | 29,962 |

36. Operations of Islamic Banking Business (cont'd.)

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| | Non-distributable | | | | | Distributable | | Total RM'000 |
|--|---------------------------------|------------------------------|---|---|----------------------------|---------------|---------|-----------------|
| | Islamic banking funds RM'000 | Regulatory reserve RM'000 | Securities available-for-sale reserve RM'000 | Fair value through other comprehensive income reserve RM'000 | Retained profits RM'000 | | | |
| At 1 January 2018 | 416,600 | - | (5,507) | - | 207,784 | | 618,877 | |
| Effects of MFRS 9 Financial Instruments adoption | - | 8,327 | 5,507 | - | (9,252) | | 4,582 | |
| At 1 January 2018, restated | 416,600 | 8,327 | - | - | 198,532 | | 623,459 | |
| Profit for the financial year | - | - | - | - | 12,337 | | 12,337 | |
| Other comprehensive income | - | - | - | 932 | - | | 932 | |
| Total comprehensive income for the period | - | - | - | 932 | 12,337 | | 13,269 | |
| Transfer to regulatory reserve | - | 1,112 | - | - | (1,112) | | - | |
| At 31 March 2018 | 416,600 | 9,439 | - | 932 | 209,757 | | 636,728 | |
| At 1 January 2019 | 416,600 | 9,982 | - | 1,198 | 194,785 | | 622,565 | |
| Profit for the financial year | - | - | - | - | 10,311 | | 10,311 | |
| Other comprehensive income | - | - | - | 1,815 | - | | 1,815 | |
| Total comprehensive income for the period | - | - | - | 1,815 | 10,311 | | 12,126 | |
| Transfer to regulatory reserve | - | 1,173 | - | - | (1,173) | | - | |
| At 31 March 2019 | 416,600 | 11,155 | - | 3,013 | 203,923 | | 634,691 | |

36. Operations of Islamic Banking Business (cont'd.)

(d) CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

| <u>Company</u> | ----- Non-distributable ----- | | Distributable |
|--|-------------------------------|-------------------------|---------------|
| | Islamic banking funds RM'000 | Retained profits RM'000 | Total RM'000 |
| At 1 January 2018 | 20,000 | 20,369 | 40,369 |
| Effects of MFRS 9 Financial Instruments adoption | - | 866 | 866 |
| At 1 January 2018, restated | 20,000 | 21,235 | 41,235 |
| Total comprehensive income for the period | - | 3,947 | 3,947 |
| Allocation to Head Office | - | - | - |
| At 31 March 2018 | 20,000 | 25,182 | 45,182 |
| At 1 January 2019 | 20,000 | 22,581 | 42,581 |
| Total comprehensive income for the period | - | 6,640 | 6,640 |
| Allocation to Head Office | - | - | - |
| At 31 March 2019 | 20,000 | 29,221 | 49,221 |

36. Operations of Islamic Banking Business (cont'd.)

(e) CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2019

| | Group | | Company | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 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 | 13,870 | 16,621 | 5,856 | 5,966 |
| Adjustments for non-cash items | (197) | (8,141) | 415 | 61 |
| Operating profit before changes in working capital | 13,673 | 8,480 | 6,271 | 6,027 |
| Changes in working capital: | | | | |
| Net changes in operating assets | (364,964) | (275,146) | (3,107) | (1,674) |
| Net changes in operating liabilities | 408,473 | 310,702 | (3,179) | (6,837) |
| Net cash generated from/(used in) operating activities | 57,182 | 44,036 | (16) | (2,484) |
| Net cash used in financing activities | (3,492) | - | (3,492) | - |
| Net increase/(decrease) in cash and cash equivalents | 53,690 | 44,036 | (3,508) | (2,484) |
| Cash and cash equivalents at beginning of the period | 219,834 | 216,522 | 170,123 | 177,670 |
| Cash and cash equivalents at end of the period | 273,524 | 260,558 | 166,616 | 175,186 |

Cash and cash equivalents comprise:

| | Group | | Company | |
|---------------------------|--|--|--|--|
| | Cumulative Quarter 31 March 2019 RM'000 | Cumulative Quarter 31 March 2018 RM'000 | Cumulative Quarter 31 March 2019 RM'000 | Cumulative Quarter 31 March 2018 RM'000 |
| Cash and short-term funds | 226,324 | 213,358 | 119,416 | 127,986 |
| Deposits and placements | 47,200 | 47,200 | 47,200 | 47,200 |
| | 273,524 | 260,558 | 166,616 | 175,186 |

36. Operations of Islamic Banking Business (cont'd.)

(f) Cash and short-term funds

| | Group | | Company | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Cash and bank balances | 10,024 | 2,534 | 9,116 | 1,823 |
| Money at call and deposit placements maturing within one month | 216,300 | 170,100 | 110,300 | 121,100 |
| | <u>226,324</u> | <u>172,634</u> | <u>119,416</u> | <u>122,923</u> |

(g) Deposits and placements with licensed banks and other financial institutions

| | Group and Company | |
|--|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Deposits with licensed banks | | |
| Deposits with other financial institutions | 47,200 | 47,200 |
| | <u>47,200</u> | <u>47,200</u> |

(h) Financial assets at FVTPL

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

(i) Financial investment at FVOCI

| | Group | |
|--|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| At fair value | | |
| Money market instruments: Government Investment Issue | 553,583 | 432,327 |
| Islamic Negotiable Instruments | 198,087 | - |
| | <u>751,670</u> | <u>432,327</u> |
| Corporate Sukuk | 187,124 | 130,517 |
| | <u>938,794</u> | <u>562,844</u> |

36. Operations of Islamic Banking Business (cont'd.)

(i) Financial investment at FVOCI (cont'd.)

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

| Expected credit loss allowance | 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 | 40 | 8,112 | 8,152 |
| At 1 January 2019 | 40 | 8,112 | 8,152 |
| Impairment made during the financial period | 7 | - | 7 |
| At 31 March 2019 | 47 | 8,112 | 8,159 |

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

(j) Financial investments at amortised costs

| | Group | |
|-----------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Money market instruments: | | |
| Government Investment Issue | 474,155 | 474,299 |
| Corporate bond/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:

| Expected credit loss allowance | 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 made during the financial period | (8) | (8) |
| At 31 March 2019 | 243 | 243 |

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

36. Operations of Islamic Banking Business (cont'd.)

(k) Financing and advances

| | Group | | Company | |
|----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Term financing | | | | |
| Syndicated term financing | 160,394 | 163,238 | - | - |
| Islamic hire purchase/leasing | 276 | 291 | 276 | 291 |
| Other term financing | 54,191 | 48,848 | 54,191 | 48,848 |
| | <u>214,861</u> | <u>212,377</u> | <u>54,467</u> | <u>49,139</u> |
| Less: Unearned income | (9,356) | (7,809) | (9,356) | (7,809) |
| Gross financing and advances | <u>205,505</u> | <u>204,568</u> | <u>45,111</u> | <u>41,330</u> |
| Less: Impairment allowances | | | | |
| Expected credit losses | (40,430) | (39,776) | (3,465) | (3,096) |
| Total net financing and advances | <u>165,075</u> | <u>164,792</u> | <u>41,646</u> | <u>38,234</u> |

(i) By contract

Group

| | Sale-based contract | | Lease-based contract | Total financing and advances |
|---------------------------|-------------------------------|-----------------------------|-----------------------------------|------------------------------|
| | Commodity Murabahah RM'000 | Bai Bithaman Ajil RM'000 | Al-Ijarah Thumma Al-Bai RM'000 | RM'000 |
| 31 March 2019 | | | | |
| Syndicated term financing | 160,394 | - | - | 160,394 |
| Deferred payment sales | - | 44,835 | - | 44,835 |
| Finance lease | - | - | 276 | 276 |
| | <u>160,394</u> | <u>44,835</u> | <u>276</u> | <u>205,505</u> |

31 December 2018

| | Sale-based contract | | Lease-based contract | Total financing and advances |
|---------------------------|-------------------------------|-----------------------------|-----------------------------------|------------------------------|
| | Commodity Murabahah RM'000 | Bai Bithaman Ajil RM'000 | Al-Ijarah Thumma Al-Bai RM'000 | RM'000 |
| Syndicated term financing | 163,238 | - | - | 163,238 |
| Deferred payment sales | - | 41,039 | - | 41,039 |
| Finance lease | - | - | 291 | 291 |
| | <u>163,238</u> | <u>41,039</u> | <u>291</u> | <u>204,568</u> |

36. Operations of Islamic Banking Business (cont'd.)

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

(i) By contract (cont'd.)

Company

31 March 2019

| | Sale-based contract | Lease-based contract | Total financing and advances |
|------------------------|-----------------------------|-----------------------------------|------------------------------|
| | Bai Bithaman Ajil RM'000 | Al-Ijarah Thumma Al-Bai RM'000 | RM'000 |
| Deferred payment sales | 44,835 | - | 44,835 |
| Finance lease | - | 276 | 276 |
| | <u>44,835</u> | <u>276</u> | <u>45,111</u> |

31 December 2018

| | Sale-based contract | Lease-based contract | Total financing and advances |
|------------------------|-----------------------------|-----------------------------------|------------------------------|
| | Bai Bithaman Ajil RM'000 | Al-Ijarah Thumma Al-Bai RM'000 | RM'000 |
| Deferred payment sales | 41,039 | - | 41,039 |
| Finance lease | - | 291 | 291 |
| | <u>41,039</u> | <u>291</u> | <u>41,330</u> |

| | Group | | Company | |
|----------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (ii) By types of customer | | | | |
| Domestic business enterprises | <u>205,505</u> | <u>204,568</u> | <u>45,111</u> | <u>41,330</u> |
| (iii) By profit rate sensitivity | | | | |
| Variable rate | | | | |
| Cost-plus | 160,394 | 163,238 | - | - |
| Fixed rate | | | | |
| Hire purchase receivables | 276 | 291 | 276 | 291 |
| Other fixed rate financing | 44,835 | 41,039 | 44,835 | 41,039 |
| | <u>205,505</u> | <u>204,568</u> | <u>45,111</u> | <u>41,330</u> |

36. Operations of Islamic Banking Business (cont'd.)

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

(iv) By economic sector

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Mining and quarrying | 86,200 | 86,200 | - | - |
| Manufacturing | 626 | 668 | 626 | 668 |
| Wholesale and retail trade and restaurants and hotels | 27,131 | 22,887 | 27,131 | 22,887 |
| Transport, storage and communications | 63 | - | 63 | - |
| Finance, insurance and business services | 43,406 | 48,138 | 13,460 | 13,916 |
| Construction | 44,248 | 42,816 | - | - |
| Others | 3,831 | 3,859 | 3,831 | 3,859 |
| | <u>205,505</u> | <u>204,568</u> | <u>45,111</u> | <u>41,330</u> |

(vi) By residual contractual maturity

| | Group | | Company | |
|------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Within one year | 94,667 | 94,532 | 8,147 | 8,022 |
| One year to five years | 99,412 | 93,011 | 25,538 | 16,283 |
| After five years | 11,426 | 17,025 | 11,426 | 17,025 |
| | <u>205,505</u> | <u>204,568</u> | <u>45,111</u> | <u>41,330</u> |

(vii) Impaired financing and advances by economic sector

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Mining | 86,200 | 86,200 | - | - |
| Manufacturing | 276 | 291 | 276 | 291 |
| Wholesale and retail trade and restaurants and hotels | 6,799 | 6,799 | 6,799 | 6,799 |
| Transport, storage and communications | - | - | - | - |
| Finance, insurance and business services | 1,101 | 1,273 | 1,101 | 1,273 |
| Others | 419 | 419 | 419 | 419 |
| | <u>94,795</u> | <u>94,982</u> | <u>8,595</u> | <u>8,782</u> |

36. Operations of Islamic Banking Business (cont'd.)

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

(viii) Movements in impaired financing and advances

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| At 1 January | 94,982 | 89,549 | 8,782 | 3,349 |
| Impaired during the financial period/year | - | 5,715 | - | 5,715 |
| Amount written off | - | (218) | - | (218) |
| Amount recovered | (187) | (64) | (187) | (64) |
| At 31 March/31 December | 94,795 | 94,982 | 8,595 | 8,782 |
| Less: ECL allowance | (40,430) | (37,202) | (1,933) | (1,953) |
| Net impaired financing and advances | 54,365 | 57,780 | 6,662 | 6,829 |
| As % of gross financing and advances less ECL allowance | 57.43% | 57.64% | 20.64% | 22.97% |

Expected credit loss allowance

| | Stage 1 | Stage 2 | Stage 3 | Off Balance Sheet | Total RM'000 |
|--|----------------------|----------------------|----------------------|-------------------------|-----------------|
| | Collective RM'000 | Collective RM'000 | Collective RM'000 | Individual RM'000 | |
| Group | | | | | |
| At 1 January 2018 | - | - | - | - | - |
| Effects of adoption of MFRS 9 | | | | | - |
| - Transfer form collective impairment allowance | 4,456 | - | 1,014 | - | 5,470 |
| - Remeasurement under ECL | (2,181) | 342 | - | 2,474 | 635 |
| As at 1 January, restated | 2,275 | 342 | 1,014 | 2,474 | 6,105 |
| Transfer | 1,881 | - | - | (1,881) | - |
| Impairment made during the financial year | 205 | 35,668 | 1,270 | 39 | 37,182 |
| Amount written back | (3,069) | (111) | (22) | - | (3,202) |
| Amount written off | - | - | (219) | - | (219) |
| Discount unwind | - | - | (90) | - | (90) |
| At 31 December 2018 | 1,292 | 35,899 | 1,953 | 632 | 39,776 |
| At 1 January 2019 | 1,292 | 35,899 | 1,953 | 632 | 39,776 |
| Transfer | 19 | - | - | (19) | - |
| Impairment made during the financial period | 73 | 321 | 26 | 311 | 731 |
| Amount written back | (31) | - | - | - | (31) |
| Amount written off | - | - | - | - | - |
| Discount unwind | - | - | (46) | - | (46) |
| At 31 March 2019 | 1,353 | 36,220 | 1,933 | 924 | 40,430 |

36. Operations of Islamic Banking Business (cont'd.)

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

Expected credit loss allowance

| <u>Company</u> | Stage 1 | Stage 2 | Stage 3 | Off Balance Sheet | Total RM'000 |
|--|----------------------|----------------------|----------------------|-------------------------|-----------------|
| | Collective RM'000 | Collective RM'000 | Collective RM'000 | Individual RM'000 | |
| At 1 January 2018 | - | - | - | - | - |
| Effects of adoption of MFRS 9 | | | | | - |
| - Transfer form collective impairment allowance | 1,867 | - | 1,014 | - | 2,881 |
| - Remeasurement under ECL | (1,310) | 342 | - | 103 | (865) |
| As at 1 January, restated | 557 | 342 | 1,014 | 103 | 2,016 |
| Transfer | - | - | - | - | - |
| Impairment made during the financial year | 205 | 419 | 1,270 | 39 | 1,933 |
| Amount written back | (411) | (111) | (22) | - | (544) |
| Amount written off | - | - | (219) | - | (219) |
| Discount unwind | - | - | (90) | - | (90) |
| At 31 December 2018 | 351 | 650 | 1,953 | 142 | 3,096 |
| At 1 January 2019 | 351 | 650 | 1,953 | 142 | 3,096 |
| Impairment made during the financial period | 73 | 5 | 26 | 311 | 415 |
| Discount unwind | - | - | (46) | - | (46) |
| At 31 March 2019 | w | 655 | 1,933 | 453 | 3,465 |

(l) Deposits from customers

| | Group | |
|--|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (i) Commodity Murabahah Term deposits | 1,465,799 | 1,118,904 |
| (ii) By type of customers | | |
| Business enterprises | 665,566 | 738,187 |
| Government and statutory bodies | 800,233 | 380,717 |
| | 1,465,799 | 1,118,904 |
| (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 or two years | 25,000 | - |
| | 1,465,799 | 1,118,904 |

36. Operations of Islamic Banking Business (cont'd.)

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

| | Group | |
|----------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| (i) By type of deposits | | |
| Commodity Murabahah Fund | | |
| Term deposits | 662,304 | 603,055 |
| (ii) By type of customers | | |
| Commodity Murabahah Fund | | |
| Other financial institutions | 662,304 | 603,055 |

(n) Borrowings

| | Group and Company | |
|---|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Funds from MITI Soft Loans Scheme for Services Sector | 156,508 | 160,000 |
| | <u>156,508</u> | <u>160,000</u> |

(o) Income derived from investment of depositors funds and others

Income derived from investment of general investment deposits:

| <u>Group</u> | 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 | 12,783 | 12,541 |
| | <u>38,997</u> | <u>39,122</u> |

| <u>Company</u> | 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 | - | - |
| (ii) Other deposits | 11,146 | 10,707 |
| | <u>11,146</u> | <u>10,707</u> |

36. Operations of Islamic Banking Business (cont'd.)

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

(i) General investment deposits

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Finance income and hibah | | |
| Money at call placements | | |
| with financial and deposit institutions | 1,715 | 1,442 |
| Financial asset 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 discounts less amortisation of premiums | 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> |

(ii) Other deposits

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Finance income and hibah | | |
| Financing and advances | 1,605 | 1,928 |
| Money at call and deposit placements with financial institutions | 278 | 364 |
| | <u>1,883</u> | <u>2,292</u> |
| Other operating income | | |
| Management fee from Government Scheme Funds | 9,627 | 9,369 |
| Fee income | 890 | 524 |
| Other income | 383 | 356 |
| | <u>10,900</u> | <u>10,249</u> |
| | <u>12,783</u> | <u>12,541</u> |

36. Operations of Islamic Banking Business (cont'd.)

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

(ii) Other deposits (cont'd.)

Company

| | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Finance income and hibah | | |
| Financing and advances | 423 | 391 |
| Money at call and deposit placements with financial institutions | 278 | 364 |
| | <u>701</u> | <u>755</u> |
| Other operating income | | |
| Management fee from Government Scheme Funds | 9,627 | 9,369 |
| Fee income | 436 | 346 |
| Other income | 382 | 237 |
| | <u>10,445</u> | <u>9,952</u> |
| | <u>11,146</u> | <u>10,707</u> |

(p) Income attributable to depositors

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

36. Operations of Islamic Banking Business (cont'd.)

(q) Expected credit loss/impairment loss allowance/(written-back) on financing and advances

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Expected credit loss | |
| - made during the period | (731) | (251) |
| - written back during the period | 31 | 1,690 |
| Profit on impaired financing recovered | 30 | - |
| | <u>(670)</u> | <u>1,439</u> |

| <u>Company</u> | Individual/Cumulative Quarter 3 Months Ended | |
|--|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Expected credit loss | |
| - made during the period | (415) | (235) |
| - written back during the period | - | 1,690 |
| Profit on impaired financing recovered | 30 | - |
| | <u>(385)</u> | <u>1,455</u> |

(r) Expected credit loss allowance made/(written-back) on financial investments

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|---|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| | Financial investments at FVOCI | (7) |
| Debt instruments at amortised cost | 8 | (5) |
| Profit on impaired debt instruments recovered | - | - |
| | <u>1</u> | <u>(42)</u> |

36. Operations of Islamic Banking Business (cont'd.)

(s) Expected credit loss allowance made on other asset

| <u>Group</u> | Individual/Cumulative Quarter 3 Months Ended | |
|------------------------------------|--|----------------------------|
| | 31 March 2019 RM'000 | 31 March 2018 RM'000 |
| Other asset | | |
| - Made during the financial period | (189) | (7) |
| | <u>(189)</u> | <u>(7)</u> |

(t) Capital adequacy

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

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2019 RM'000 | 31 December 2018 RM'000 | 31 March 2019 RM'000 | 31 December 2018 RM'000 |
| Common Equity Tier 1 (CET1) | | | | |
| Islamic capital fund | 416,600 | 416,600 | 20,000 | 20,000 |
| Regulatory reserve | 11,155 | 9,982 | - | - |
| FVOCI reserve | 3,013 | 1,198 | - | - |
| Retained profits | 193,612 | 194,785 | 22,581 | 22,581 |
| | <u>624,380</u> | <u>622,565</u> | <u>42,581</u> | <u>42,581</u> |
| Less: | | | | |
| Regulatory adjustments of CET1 | (13,590) | (12,276) | (367) | (274) |
| Capital allocation | (2,335) | (113) | (2,335) | (113) |
| Total Tier-1 capital | <u>608,455</u> | <u>610,176</u> | <u>39,879</u> | <u>42,194</u> |
| | | | | |
| Loan provision/loan provision and regulatory reserve* | 9,005 | 8,061 | 1,532 | 274 |
| | <u>9,005</u> | <u>8,061</u> | <u>1,532</u> | <u>274</u> |
| | | | | |
| Total capital | <u>617,460</u> | <u>618,237</u> | <u>41,411</u> | <u>42,468</u> |
| | | | | |
| CET1 Capital | 69.450% | 76.351% | 20.668% | 23.165% |
| Tier 1 Capital | 69.450% | 76.351% | 20.668% | 23.165% |
| Total Capital | 70.478% | 77.360% | 21.462% | 23.315% |

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

36. Operations of Islamic Banking Business (cont'd.)

(t) Capital adequacy

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

| | Group | | Company | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 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 | 715,006 | 644,864 | 117,144 | 108,188 |
| Total risk weighted assets equivalent for market risk | 3,440 | - | - | - |
| Total risk weighted assets for operational risk | 157,653 | 154,304 | 75,804 | 73,959 |
| | <u>876,099</u> | <u>799,168</u> | <u>192,948</u> | <u>182,147</u> |

I, Foo Wei Hoong, the officer primarily responsible for the financial management of Malaysian Industrial Development Finance Berhad, do hereby state that, the unaudited condensed interim financial statements for the period ended 31 March 2019, as set out on pages 1 to 57, have been prepared from the Group and the Company'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 Company as at 31 March 2019. The results and cash flows of the Group and the Company for the period ended on that date are prepared in accordance with the MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Board Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 2016 in Malaysia.



**FOO WEI HOONG
HEAD - FINANCE AND INFORMATION TECHNOLOGY**

30 April 2019