

**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 31 March 2019**

	Note	GROUP		BANK	
		31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>6,874,631</b>	6,331,798	<b>2,276,504</b>	2,569,003
Deposits and placements with banks and other financial institutions		<b>113,095</b>	71,801	<b>169,821</b>	113,610
Investment accounts due from designated financial institutions		-	-	<b>1,959,778</b>	2,366,711
Financial assets at fair value through profit or loss ("FVTPL")	A9	<b>966,199</b>	606,462	<b>334,845</b>	373,638
Derivative financial assets	A29	<b>87,404</b>	88,805	<b>50,526</b>	61,831
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	<b>14,874,762</b>	15,361,758	<b>7,653,898</b>	9,144,507
Financial investments at amortised cost	A11	<b>162,009</b>	163,027	<b>113,050</b>	114,646
Loans, advances and financing	A12	<b>47,930,929</b>	48,392,012	<b>28,158,783</b>	28,498,149
Trade receivables	A13	<b>564,563</b>	369,651	-	-
Commodity Gold at FVTPL		<b>45,413</b>	42,733	-	-
Other assets	A14	<b>169,210</b>	138,884	<b>116,713</b>	60,423
Amount due from subsidiaries		<b>1,000</b>	-	<b>387,880</b>	420
Amount due from joint ventures		<b>31,843</b>	31,295	-	-
Amount due from associates		<b>57,717</b>	57,717	<b>57,217</b>	57,217
Tax recoverable		<b>72,357</b>	62,271	<b>31,528</b>	31,182
Deferred tax assets		<b>52,038</b>	114,830	<b>39,646</b>	70,239
Statutory deposits with Bank Negara Malaysia		<b>1,905,556</b>	1,946,669	<b>1,160,855</b>	1,238,069
Investment in subsidiaries		-	-	<b>3,053,899</b>	3,053,899
Investment in joint ventures		<b>156,441</b>	158,051	<b>163,640</b>	163,640
Investment in associates		<b>624,925</b>	611,996	<b>548,482</b>	548,482
Property and equipment		<b>551,269</b>	520,644	<b>514,128</b>	482,708
Right-of-use assets		<b>63,804</b>	-	<b>51,971</b>	-
Intangible assets		<b>902,106</b>	906,068	<b>181,654</b>	182,235
<b>TOTAL ASSETS</b>		<b>76,207,271</b>	75,976,472	<b>47,024,818</b>	49,130,609
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B7	<b>57,430,775</b>	57,346,447	<b>32,345,998</b>	33,561,219
Investment accounts of customers		<b>769</b>	875	-	-
Deposits and placements of banks and other financial institutions	B7	<b>3,707,708</b>	4,846,912	<b>3,046,357</b>	4,300,848
Obligation on securities sold under repurchase agreements		<b>137,291</b>	142,477	-	-
Derivative financial liabilities	A29	<b>103,310</b>	113,132	<b>69,066</b>	85,660
Bills and acceptances payable		<b>28,960</b>	32,585	<b>28,960</b>	32,585
Trade payables		<b>619,527</b>	600,974	-	-
Other liabilities	A15	<b>1,313,627</b>	1,082,148	<b>822,893</b>	571,575
Amount due to subsidiaries		-	-	<b>1,750</b>	109,399
Provision for taxation		<b>3,630</b>	8,748	-	-
Deferred tax liabilities		<b>6,455</b>	7,126	-	-
Lease liabilities	B7	<b>64,150</b>	-	<b>52,178</b>	-
Borrowings	B7	<b>3,639,707</b>	3,053,812	<b>2,514,335</b>	2,548,379
<b>TOTAL LIABILITIES</b>		<b>67,055,909</b>	67,235,236	<b>38,881,537</b>	41,209,665

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

**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 31 March 2019**

	Note	GROUP		BANK	
		31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>EQUITY</b>					
Share capital		4,774,772	4,684,752	4,774,772	4,684,752
Reserves:-					
FVOCI revaluation reserves	A16	242,261	110,371	163,476	111,161
Regulatory reserves	A16	961,190	939,055	728,829	716,313
Foreign exchange reserves	A16	593	593	-	-
Retained profits	A16	3,064,512	2,928,584	2,476,204	2,408,718
Stock option reserves	A16	-	8,328	-	-
<b>Equity attributable to equity holders of the Bank</b>		<b>9,043,328</b>	8,671,683	<b>8,143,281</b>	7,920,944
Non-controlling interest		108,034	69,553	-	-
<b>TOTAL EQUITY</b>		<b>9,151,362</b>	8,741,236	<b>8,143,281</b>	7,920,944
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>76,207,271</b>	75,976,472	<b>47,024,818</b>	49,130,609
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>28,659,651</b>	30,873,074	<b>16,628,745</b>	20,469,123
<b>CAPITAL ADEQUACY RATIOS</b>	A31				
Before effect of proposed dividends :					
CET 1 capital ratio		12.419%	11.744%	10.431%	9.512%
Tier 1 capital ratio		14.080%	13.380%	11.994%	11.033%
Total capital ratio		20.764%	18.816%	19.234%	16.287%
After effect of proposed dividends :					
CET 1 capital ratio		12.419%	11.924%	10.431%	9.786%
Tier 1 capital ratio		14.080%	13.559%	11.994%	11.307%
Total capital ratio		20.764%	18.996%	19.234%	16.561%
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>4.58</b>	4.46	<b>4.12</b>	4.08

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**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements**

**Unaudited Income Statements for the Financial Quarter Ended 31 March 2019**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
		<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A17	<b>591,620</b>	583,364	<b>591,620</b>	583,364
Interest expense	A18	<b>(403,237)</b>	(367,557)	<b>(403,237)</b>	(367,557)
<b>Net interest income</b>		<b>188,383</b>	215,807	<b>188,383</b>	215,807
Income from Islamic banking business		<b>97,395</b>	98,517	<b>97,395</b>	98,517
		<b>285,778</b>	314,324	<b>285,778</b>	314,324
Fee and commission income	A19 (a)	<b>133,175</b>	174,212	<b>133,175</b>	174,212
Fee and commission expense	A19 (b)	<b>(30,565)</b>	(56,659)	<b>(30,565)</b>	(56,659)
Net fee and commission income	A19	<b>102,610</b>	117,553	<b>102,610</b>	117,553
Net gains on financial instruments	A20	<b>71,511</b>	33,233	<b>71,511</b>	33,233
Other income	A21	<b>12,617</b>	11,507	<b>12,617</b>	11,507
<b>Net income</b>		<b>472,516</b>	476,617	<b>472,516</b>	476,617
Other operating expenses	A22	<b>(304,322)</b>	(311,575)	<b>(304,322)</b>	(311,575)
<b>Operating profit before allowances</b>		<b>168,194</b>	165,042	<b>168,194</b>	165,042
Write-back of credit impairment losses	A23	<b>9,860</b>	15,684	<b>9,860</b>	15,684
Allowances for impairment losses on other assets	A24	-	(6,000)	-	(6,000)
<b>Operating profit</b>		<b>178,054</b>	174,726	<b>178,054</b>	174,726
Share of results of a joint venture		<b>(1,750)</b>	(1,196)	<b>(1,750)</b>	(1,196)
Share of results of an associate		<b>9,119</b>	13,457	<b>9,119</b>	13,457
<b>Profit before zakat and taxation</b>		<b>185,423</b>	186,987	<b>185,423</b>	186,987
Zakat		<b>(447)</b>	(237)	<b>(447)</b>	(237)
<b>Profit before taxation</b>		<b>184,976</b>	186,750	<b>184,976</b>	186,750
Taxation	B5	<b>(41,231)</b>	(40,763)	<b>(41,231)</b>	(40,763)
<b>Net profit for the financial period</b>		<b>143,745</b>	145,987	<b>143,745</b>	145,987
<b>Profit for the financial period attributable to :-</b>					
- Equity holders of the Bank		<b>137,231</b>	141,467	<b>137,231</b>	141,467
- Non-controlling interest		<b>6,514</b>	4,520	<b>6,514</b>	4,520
		<b>143,745</b>	145,987	<b>143,745</b>	145,987
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic	B10	<b>6.9</b>	7.3	<b>6.9</b>	7.3

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**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 March 2019**

<b>GROUP</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>143,745</b>	145,987	<b>143,745</b>	145,987
<b>Other comprehensive income/(loss) :</b>				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	<b>173,396</b>	(12,749)	<b>173,396</b>	(12,749)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	<b>1,102</b>	(921)	<b>1,102</b>	(921)
- Net gain on financial investments at FVOCI reclassified to profit or loss on disposal	<b>(7,219)</b>	(919)	<b>(7,219)</b>	(919)
- Net loss on disposal in financial investments at FVOCI (non-recycle to profit or loss)	<b>303</b>	-	<b>303</b>	-
- Deferred tax on financial investments at FVOCI	<b>(39,945)</b>	3,039	<b>(39,945)</b>	3,039
- Share of other comprehensive income of a joint venture	<b>140</b>	373	<b>140</b>	373
- Share of other comprehensive income of an associate	<b>3,810</b>	284	<b>3,810</b>	284
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>131,587</b>	(10,893)	<b>131,587</b>	(10,893)
<b>Total comprehensive income for the financial period</b>	<b>275,332</b>	135,094	<b>275,332</b>	135,094
<b>Total comprehensive income for the financial period attributable to :-</b>				
- Equity holders of the Bank	<b>268,818</b>	130,662	<b>268,818</b>	130,662
- Non-controlling interest	<b>6,514</b>	4,432	<b>6,514</b>	4,432
	<b>275,332</b>	135,094	<b>275,332</b>	135,094

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**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements****Unaudited Income Statements for the Financial Quarter Ended 31 March 2019**

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		31/3/2019 RM'000	31/3/2018 RM'000	31/3/2019 RM'000	31/3/2018 RM'000
<b>BANK</b>					
Interest income	A17	532,362	525,770	532,362	525,770
Interest expense	A18	(359,687)	(332,921)	(359,687)	(332,921)
<b>Net interest income</b>		<b>172,675</b>	192,849	<b>172,675</b>	192,849
Fee and commission income	A19 (a)	25,108	32,769	25,108	32,769
Fee and commission expense	A19 (b)	(1,474)	(1,951)	(1,474)	(1,951)
Net fee and commission income	A19	23,634	30,818	23,634	30,818
Net gains on financial instruments	A20	30,425	7,484	30,425	7,484
Other income	A21	9,738	9,953	9,738	9,953
<b>Net income</b>		<b>236,472</b>	241,104	<b>236,472</b>	241,104
Other operating expenses	A22	(149,783)	(163,570)	(149,783)	(163,570)
<b>Operating profit before allowances</b>		<b>86,689</b>	77,534	<b>86,689</b>	77,534
Write-back of credit impairment losses	A23	17,006	30,492	17,006	30,492
<b>Profit before zakat and taxation</b>		<b>103,695</b>	108,026	<b>103,695</b>	108,026
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>103,695</b>	108,026	<b>103,695</b>	108,026
Taxation	B5	(23,693)	(25,832)	(23,693)	(25,832)
<b>Net profit for the financial period</b>		<b>80,002</b>	82,194	<b>80,002</b>	82,194
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic	B10	4.0	4.2	4.0	4.2

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**AFFIN BANK BERHAD**  
(Company no. 25046-T)  
**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 31 March 2019**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019 RM'000	31/3/2018 RM'000	31/3/2019 RM'000	31/3/2018 RM'000
<b><u>BANK</u></b>				
<b>Net profit for the financial period</b>	<b>80,002</b>	82,194	<b>80,002</b>	82,194
<b>Other comprehensive income/(loss) :</b>				
<u>Items that may be reclassified subsequently to profit or loss :</u>				
- Net fair value change in financial investments at FVOCI (debt instruments)	<b>71,215</b>	(9,926)	<b>71,215</b>	(9,926)
- Net credit impairment loss change in financial investments at FVOCI (debt instruments)	<b>(1,807)</b>	(874)	<b>(1,807)</b>	(874)
- Deferred tax on financial investments at FVOCI	<b>(17,093)</b>	2,382	<b>(17,093)</b>	2,382
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>52,315</b>	(8,418)	<b>52,315</b>	(8,418)
<b>Total comprehensive income for the financial period</b>	<b>132,317</b>	73,776	<b>132,317</b>	73,776

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

**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Unaudited Condensed Consolidated Statement Of Changes In Equity  
for the Financial Quarter Ended 31 March 2019**

<u>GROUP</u>	<----- Attributable to Equity Holders of the Bank ----->								Non-controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves RM'000	Retained profits RM'000	Total shareholders' equity RM'000			
<b>At 1 January 2019</b>	4,684,752	110,371	939,055	593	8,328	2,928,584	<b>8,671,683</b>	69,553	<b>8,741,236</b>	
Comprehensive income :										
- Net profit for the financial period	-	-	-	-	-	137,231	<b>137,231</b>	6,514	<b>143,745</b>	
Other comprehensive income (net of tax) :										
- Financial investments at FVOCI	-	127,637	-	-	-	-	<b>127,637</b>	-	<b>127,637</b>	
- Net gain/(loss) transferred to retained profits (non-recycle to profit or loss)	-	303	-	-	-	(303)	-	-	-	
- Share of other comprehensive income of a joint venture	-	140	-	-	-	-	<b>140</b>	-	<b>140</b>	
- Share of other comprehensive income of an associate	-	3,810	-	-	-	-	<b>3,810</b>	-	<b>3,810</b>	
Total comprehensive income for the financial period	-	131,890	-	-	-	136,928	<b>268,818</b>	6,514	<b>275,332</b>	
Issuance of new shares	90,020	-	-	-	-	-	<b>90,020</b>	-	<b>90,020</b>	
Dilution of interest in subsidiaries	-	-	-	-	-	12,807	<b>12,807</b>	31,967	<b>44,774</b>	
Transfer to regulatory reserves	-	-	22,135	-	-	(22,135)	-	-	-	
Options exercised during the period	-	-	-	-	(8,328)	8,328	-	-	-	
<b>At 31 March 2019</b>	<b>4,774,772</b>	<b>242,261</b>	<b>961,190</b>	<b>593</b>	<b>-</b>	<b>3,064,512</b>	<b>9,043,328</b>	<b>108,034</b>	<b>9,151,362</b>	

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**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Unaudited Condensed Consolidated Statement Of Changes In Equity  
for the Financial Quarter Ended 31 March 2019**

<b>GROUP</b>	<----- Attributable to Equity Holders of the Bank ----->							Non-controlling Interest RM'000	<b>Total equity RM'000</b>
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Foreign exchange reserves RM'000	Stock option reserves RM'000	Retained profits RM'000	<b>Total shareholders' equity RM'000</b>		
At 1 January 2018, as previously stated	4,684,752	97,596	817,399	151	-	2,670,888	<b>8,270,786</b>	58,008	<b>8,328,794</b>
- Adjustment arising from adoption of MFRS 9	-	(53,910)	(193,250)	-	-	36,586	<b>(210,574)</b>	-	<b>(210,574)</b>
- Adjustment arising from adoption of MFRS 15	-	-	-	-	-	(940)	<b>(940)</b>	-	<b>(940)</b>
<b>At 1 January 2018, as restated</b>	<b>4,684,752</b>	<b>43,686</b>	<b>624,149</b>	<b>151</b>	<b>-</b>	<b>2,706,534</b>	<b>8,059,272</b>	<b>58,008</b>	<b>8,117,280</b>
Comprehensive income :									
- Net profit for the financial period	-	-	-	-	-	141,467	<b>141,467</b>	4,520	<b>145,987</b>
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(11,462)	-	-	-	-	<b>(11,462)</b>	(88)	<b>(11,550)</b>
- Share of other comprehensive income of a joint venture	-	373	-	-	-	-	<b>373</b>	-	<b>373</b>
- Share of other comprehensive income of an associate	-	284	-	-	-	-	<b>284</b>	-	<b>284</b>
Total comprehensive income for the financial period	-	(10,805)	-	-	-	141,467	<b>130,662</b>	4,432	<b>135,094</b>
Effects of predecessor accounting	-	-	-	-	-	101,563	<b>101,563</b>	-	<b>101,563</b>
Transfer to regulatory reserves	-	-	8,839	-	-	(8,839)	-	-	-
<b>At 31 March 2018</b>	<b>4,684,752</b>	<b>32,881</b>	<b>632,988</b>	<b>151</b>	<b>-</b>	<b>2,940,725</b>	<b>8,291,497</b>	<b>62,440</b>	<b>8,353,937</b>

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**AFFIN BANK BERHAD**  
(Company no. 25046-T)  
**Unaudited Condensed Consolidated Statements Of Changes In Equity**  
**for the Financial Quarter Ended 31 March 2019**

	<-----Non-distributable----->			<-Distributable->	<b>Total equity</b> <b>RM'000</b>
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<b>BANK</b>					
<b>At 1 January 2019</b>	4,684,752	111,161	716,313	2,408,718	<b>7,920,944</b>
Comprehensive income :					
- Net profit for the financial period	-	-	-	80,002	<b>80,002</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	52,315	-	-	<b>52,315</b>
Total comprehensive income for the financial period	-	52,315	-	80,002	<b>132,317</b>
Issuance of new shares	90,020	-	-	-	<b>90,020</b>
Transfer to regulatory reserves	-	-	12,516	(12,516)	-
<b>At 31 March 2019</b>	<b>4,774,772</b>	<b>163,476</b>	<b>728,829</b>	<b>2,476,204</b>	<b>8,143,281</b>

	<-----Non-distributable----->			<-Distributable->	<b>Total equity</b> <b>RM'000</b>
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	
<b>BANK</b>					
At 1 January 2018, as previously stated	4,684,752	121,637	710,743	1,987,315	<b>7,504,447</b>
- Adjustment arising from adoption of MFRS 9	-	(59,257)	(187,370)	84,805	<b>(161,822)</b>
<b>At 1 January 2018, as restated</b>	4,684,752	62,380	523,373	2,072,120	<b>7,342,625</b>
Comprehensive income :					
- Net profit for the financial period	-	-	-	82,194	<b>82,194</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(8,418)	-	-	<b>(8,418)</b>
Total comprehensive income for the financial period	-	(8,418)	-	82,194	<b>73,776</b>
Transfer to regulatory reserves	-	-	3,992	(3,992)	-
<b>At 31 March 2018</b>	<b>4,684,752</b>	<b>53,962</b>	<b>527,365</b>	<b>2,150,322</b>	<b>7,416,401</b>

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

# AFFIN BANK BERHAD

(Company no. 25046-T)

## Unaudited Condensed Consolidated Statements of Cash Flow for the Financial Quarter Ended 31 March 2019

	GROUP		BANK	
	31/3/2019 RM'000	31/3/2018 RM'000	31/3/2019 RM'000	31/3/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	184,976	186,750	103,695	108,026
Adjustment for items not involving the movement of cash and cash equivalents	<b>(145,517)</b>	(111,821)	<b>(77,156)</b>	(74,689)
Operating profit before changes in working capital	<b>39,459</b>	74,929	<b>26,539</b>	33,337
Net changes in operating assets	<b>(274,604)</b>	(734,827)	<b>195,060</b>	731,691
Net changes in operating liabilities	<b>(750,563)</b>	2,283,891	<b>(2,321,413)</b>	(121,207)
Tax and zakat paid	<b>(33,719)</b>	(42,840)	<b>(10,537)</b>	(28,000)
Net cash (used in)/generated from operating activities	<b>(1,019,427)</b>	1,581,153	<b>(2,110,351)</b>	615,821
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received :				
- financial investments at FVOCI	126,030	114,389	85,830	80,329
- financial investments at amortised cost	2,029	2,052	1,388	1,412
Dividend income :				
- financial assets at FVTPL	1,150	-	-	-
- financial investments at FVOCI	1,016	420	106	-
- financial investment at amortised cost	-	1,667	-	-
Net disposal/(purchase) of :				
- financial assets at FVOCI	683,206	108,054	1,589,088	(87,353)
- financial investment at amortised cost	-	(41,951)	-	-
Net purchase of financial investments at amortised cost net of redemption	1,018	-	1,588	(1,069)
Purchase of :				
- property and equipment	(39,911)	(34,922)	(38,021)	(32,777)
- intangible assets	(477)	(123)	(286)	(29)
Proceeds from disposal of :				
- property and equipment	55	142	1	-
- foreclosed properties	-	307	-	-
Issuance of new shares	90,020	-	90,020	-
Exercise of stock options	44,774	-	-	-
Cash flow arising from Group Reorganisation	-	15,545	-	-
Net cash generated from/(used in) investing activities	<b>908,910</b>	165,580	<b>1,729,714</b>	(39,487)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in borrowings	600,000	-	-	-
Interest payment on borrowings	<b>(47,097)</b>	(109,838)	<b>(67,036)</b>	(52,417)
Net cash generated from/(used in) financing activities	<b>552,903</b>	(109,838)	<b>(67,036)</b>	(52,417)
Net increase/(decrease) in cash and cash equivalents	<b>442,386</b>	1,636,895	<b>(447,673)</b>	523,917
Effect of exchange rate changes	2,303	(3,317)	662	(230)
Cash and cash equivalents at beginning of the financial period	<b>6,324,663</b>	4,347,433	<b>2,653,725</b>	2,410,566
Cash and cash equivalents at end of the financial period	<b>6,769,352</b>	5,981,011	<b>2,206,714</b>	2,934,253
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	<b>6,874,631</b>	6,095,199	<b>2,276,504</b>	2,934,253
Deposits and placements of banks and other financial institutions	<b>113,095</b>	19,689	<b>169,821</b>	85,611
	<b>6,987,726</b>	6,114,888	<b>2,446,325</b>	3,019,864
Less:				
Amount held on behalf of commissioned dealer's representatives	<b>(48,537)</b>	(48,266)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	<b>(169,837)</b>	(85,611)	<b>(239,611)</b>	(85,611)
	<b>6,769,352</b>	5,981,011	<b>2,206,714</b>	2,934,253

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

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

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**A1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :

- (i) financial assets at fair value through profit or loss ("FVTPL"),
- (ii) financial investments at fair value through other comprehensive income ("FVOCI"), and
- (iii) derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the Group and the Bank since the year ended 31 December 2018.

There are no changes to the accounting policies adopted since the last financial year except for the adoption of MFRS 16 "Leases" with effect from 1 January 2019.

**A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS**

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2018, except for the adoption of MFRS 16 that are applicable to the Group and the Bank effective for the financial year beginning on 1 January 2019.

The Group and the Bank has adopted MFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of MFRS 16

On adoption of MFRS 16, the Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of MFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

**A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 December 2018 was not subjected to any qualification.

**A4. SEASONAL OR CYCLICAL FACTORS**

The operations of the Group and the Bank are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

**A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter under review.

**A6. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the financial year under review.

**A7. DEBT AND EQUITY SECURITIES**

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Group and the Bank during the financial year under review.

**A8. DIVIDENDS PAID**

No dividend has been proposed for the quarter under review.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>At fair value</b>				
Money market instruments :				
Malaysian Government Securities	121,859	50,387	-	-
Malaysian Government Investment Issues	219,538	10,115	-	-
Negotiable Instruments of Deposit	224,638	264,667	214,638	254,660
	<u>566,035</u>	<u>325,169</u>	<u>214,638</u>	<u>254,660</u>
Quoted Securities :				
- Shares in Malaysia	27,526	21,531	-	-
- Unit Trusts in Malaysia	231,779	120,143	-	-
Unquoted Securities :				
- Shares in Malaysia	88,928	88,928	88,928	88,928
- Corporate Bonds/Sukuk in Malaysia	35,655	34,415	31,279	30,050
- Corporate Bonds/Sukuk outside Malaysia	16,276	16,276	-	-
	<u>966,199</u>	<u>606,462</u>	<u>334,845</u>	<u>373,638</u>

**A10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>At fair value</b>				
Money market instruments :				
Malaysian Government Securities	661,542	726,620	435,060	479,538
Malaysian Government Investment Issues	2,049,118	2,026,362	620,187	644,531
Malaysian Government Treasury Bills	-	79,728	-	-
Khazanah Bonds/Sukuk	398,300	401,634	242,488	238,462
Cagamas Bonds/Sukuk	117,475	228,728	10,155	121,661
Sukuk Perumahan Kerajaan	322,404	320,790	231,869	230,042
Bank Negara Malaysia Bills	49,902	-	-	-
Negotiable Instruments of Deposit and Islamic Debt Certificates	3,764	649,090	1,021,507	1,658,485
	<u>3,602,505</u>	<u>4,432,952</u>	<u>2,561,266</u>	<u>3,372,719</u>
Quoted Securities :				
- REITs in Malaysia	19,501	18,406	-	-
- REITs outside Malaysia	41,763	41,126	-	-
Unquoted Securities :				
- Shares in Malaysia	171,383	171,383	149,501	149,501
- Corporate Bonds/Sukuk in Malaysia	10,784,769	10,267,617	4,834,786	5,343,312
- Corporate Bonds/Sukuk outside Malaysia	254,841	430,274	108,345	278,975
	<u>14,874,762</u>	<u>15,361,758</u>	<u>7,653,898</u>	<u>9,144,507</u>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>At amortised cost</b>				
Unquoted Securities :				
- Corporate Bonds/Sukuk in Malaysia	159,543	160,550	118,465	120,053
- Redeemable Secured Loan Stock in Malaysia	15,000	15,000	-	-
	174,543	175,550	118,465	120,053
Less : Expected Credit Losses ('ECL')	(12,534)	(12,523)	(5,415)	(5,407)
	<b>162,009</b>	<b>163,027</b>	<b>113,050</b>	<b>114,646</b>

Movement in allowances for impairment which reflect the ECL model on impairment are as follows :

31/3/2019 Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period	578	-	11,945	12,523
New financial assets originated or purchased	3	-	-	3
Changes due to change in credit risk	8	-	-	8
At end of the financial period	<b>589</b>	<b>-</b>	<b>11,945</b>	<b>12,534</b>

**Bank**

At beginning of the financial period	412	-	4,995	5,407
Changes due to change in credit risk	8	-	-	8
At end of the financial period	<b>420</b>	<b>-</b>	<b>4,995</b>	<b>5,415</b>

31/12/2018 Group	12-Month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year, on adoption of MFRS 9	819	-	10,487	11,306
Financial assets derecognised during the financial year (other than write-offs)	(2,446)	-	-	(2,446)
New financial assets originated or purchased	2,438	-	-	2,438
Changes due to change in credit risk	(233)	-	1,458	1,225
At end of the financial year	<b>578</b>	<b>-</b>	<b>11,945</b>	<b>12,523</b>

**Bank**

At beginning of the financial year, on adoption of MFRS 9	584	-	3,537	4,121
Financial assets derecognised during the financial year (other than write-offs)	(1,959)	-	-	(1,959)
New financial assets originated or purchased	1,951	-	-	1,951
Changes due to change in credit risk	(164)	-	1,458	1,294
At end of the financial year	<b>412</b>	<b>-</b>	<b>4,995</b>	<b>5,407</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A12. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>(a) BY TYPE</b>				
Overdrafts	1,856,495	1,874,549	1,488,645	1,500,470
Term loans/financing :				
- Housing loans/financing	11,047,621	10,562,367	4,260,908	4,128,165
- Hire purchase receivables	1,581,575	12,470,551	887,570	8,226,889
- Syndicated financing	12,279,420	1,826,729	7,922,545	897,168
- Business term loans/financing	14,368,053	14,806,235	9,114,355	9,214,982
- Other term loans/financing	607,687	643,887	-	-
Bills receivables	161,699	67,569	153,590	62,418
Trust receipts	161,317	219,522	155,350	203,193
Claims on customers under acceptances credits	1,614,100	1,508,583	1,181,586	1,156,149
Staff loans/financing of which :				
RM NIL to Directors (2018: RM NIL)	174,810	173,261	125,948	125,543
Credit cards	152,090	144,065	135,093	132,657
Revolving credits	4,102,503	4,335,508	3,163,643	3,289,095
Margin financing	397,419	336,644	-	-
Factoring	5,362	3,334	5,362	3,334
Gross loans, advances and financing	48,510,151	48,972,804	28,594,595	28,940,063
Less : ECL	(579,222)	(580,792)	(435,812)	(441,914)
<b>Total net loans, advances and financing</b>	<b>47,930,929</b>	<b>48,392,012</b>	<b>28,158,783</b>	<b>28,498,149</b>

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>(b) BY MATURITY STRUCTURE</b>				
Maturing within one year	9,428,399	9,644,235	6,741,778	6,732,081
One year to three years	4,228,903	4,404,240	3,290,069	3,357,228
Three years to five years	6,166,873	6,473,231	4,667,964	4,933,303
Over five years	28,685,976	28,451,098	13,894,784	13,917,451
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>(c) BY TYPE OF CUSTOMER</b>				
Domestic banking financial Institutions	2,380	330	2,380	330
Domestic non-banking institutions :				
- Others	724,915	669,959	467,202	457,191
Domestic business enterprises :				
- Small medium enterprises	8,944,668	9,105,395	6,917,848	7,000,688
- Others	14,486,397	14,837,156	9,431,103	9,600,947
Government and statutory bodies	788,757	1,140,619	23,170	76,472
Individuals	22,899,865	22,600,736	11,489,499	11,594,485
Other domestic entities	1,800	2,333	703	1,113
Foreign entities	661,369	616,276	262,690	208,837
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u></b>				
Fixed rate :				
- Housing loans/financing	352,670	357,863	306,063	309,886
- Hire purchase receivables	12,106,636	12,473,377	7,922,545	8,226,889
- Other fixed rate loans/financing	2,683,046	2,887,471	1,252,698	1,357,723
- Margin financing	397,419	336,644	-	-
Variable rate :				
- BLR and BR	22,433,160	21,847,166	11,944,994	11,796,822
- Cost plus	10,436,893	10,961,346	7,168,295	7,248,743
- Other variable rates	100,327	108,937	-	-
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>
<b>(e) <u>BY ECONOMIC PURPOSE</u></b>				
Construction	3,470,097	3,459,827	2,153,289	2,172,802
Purchase of landed property of which :				
- Residential	10,863,836	10,435,105	3,941,993	3,862,137
- Non-residential	6,821,901	6,654,767	4,585,942	4,399,872
Purchase of securities	1,596,270	1,615,833	739,136	763,647
Purchase of transport vehicles	12,426,067	12,799,056	8,145,436	8,457,093
Fixed assets other than land and building	331,448	343,047	234,965	207,634
Personal use	852,303	776,714	778,821	712,097
Credit card	152,090	144,065	135,093	132,657
Consumer durable	224	310	221	263
Merger and acquisition	75,228	76,571	75,228	76,571
Working capital	10,675,901	11,354,983	7,338,929	7,678,538
Others	1,244,786	1,312,526	465,542	476,752
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>
<b>(f) <u>BY ECONOMIC SECTOR</u></b>				
Primary agriculture	1,681,052	1,602,401	584,340	627,262
Mining and quarrying	405,365	432,848	96,674	108,752
Manufacturing	2,734,599	2,789,571	1,937,184	1,913,017
Electricity, gas and water supply	671,192	670,798	121,985	141,971
Construction	2,054,812	2,204,057	1,486,427	1,547,936
Real estate	7,670,688	7,878,494	5,573,221	5,694,222
Wholesale and retail trade and restaurants and hotels	3,400,601	3,484,431	2,796,110	2,806,868
Transport, storage and communication	1,737,467	1,765,261	1,319,307	1,342,780
Finance, insurance and business services	2,590,850	2,549,744	1,926,980	1,930,638
Education, health and others	2,512,008	2,853,306	1,178,912	1,149,443
Household	23,049,277	22,740,086	11,571,391	11,675,555
Others	2,240	1,807	2,064	1,619
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

(g) <b><u>BY GEOGRAPHICAL DISTRIBUTION</u></b>	<b>Group</b>		<b>Bank</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Perlis	238,279	214,640	21,400	21,659
Kedah	1,533,890	1,547,761	730,447	765,727
Pulau Pinang	2,611,787	2,687,196	1,758,997	1,872,124
Perak	1,657,137	1,714,148	918,287	934,576
Selangor	14,897,265	14,810,884	8,570,396	8,518,433
Wilayah Persekutuan	11,720,296	12,290,647	7,184,613	7,402,196
Negeri Sembilan	1,518,668	1,501,126	593,976	598,463
Melaka	982,476	997,552	700,939	711,373
Johor	6,048,289	5,961,598	3,537,495	3,527,873
Pahang	1,389,890	1,337,285	741,108	736,399
Terengganu	960,652	932,494	436,477	436,746
Kelantan	2,322,899	250,314	65,313	65,086
Sarawak	2,333,345	2,304,544	1,791,199	1,784,917
Sabah	2,162,647	2,246,427	1,450,501	1,500,876
Labuan	43,242	45,759	3,666	3,763
Outside Malaysia	159,389	130,429	89,781	59,852
	<b>48,510,151</b>	<b>48,972,804</b>	<b>28,594,595</b>	<b>28,940,063</b>

**(h) IMPAIRED LOANS, ADVANCES AND FINANCING**

**(i) Movements of impaired loans, advances and financing**

At beginning of the financial period/year, as previously stated	1,589,897	1,167,306	978,218	959,086
Effect of adoption of MFRS 9	-	(1,426)	-	(832)
At beginning of the financial period/year, as restated	1,589,897	1,165,880	978,218	958,254
Classified as impaired during the financial period/year	147,238	1,340,576	89,770	765,110
Reclassified as non-impaired during the financial period/year	(91,203)	(629,919)	(56,188)	(512,689)
Amount written-back during the financial period/year	(38,051)	(208,680)	(26,448)	(172,774)
Amount written-off during the financial period/year	(1,574)	(77,960)	(1,485)	(59,683)
At end of the financial period/year	<b>1,606,307</b>	<b>1,589,897</b>	<b>983,867</b>	<b>978,218</b>
Ratio of gross impaired loans, advances and financing to gross loans, advances and financing (*)	3.31%	3.25%	3.85%	3.75%

(\*) For the Bank, restricted investment accounts included in the ratio calculation amounting to RM1,973.2 million (2018 : RM2,379.7 million).

**(ii) Impaired loans, advances and financing by economic purpose**

Construction	443,826	445,679	316,070	316,912
Purchase of landed property of which :				
- Residential	269,686	252,180	140,959	137,110
- Non-residential	305,614	306,676	84,344	83,017
Purchase of securities	81	65	62	58
Purchase of transport vehicles	238,659	233,957	210,399	208,161
Fixed assets other than land and building	4,203	497	4,140	435
Personal use	18,201	19,384	16,953	18,400
Credit card	1,139	1,025	1,068	1,012
Consumer durable	9	10	9	10
Working capital	312,655	317,693	204,797	208,040
Others	12,234	12,731	5,066	5,063
	<b>1,606,307</b>	<b>1,589,897</b>	<b>983,867</b>	<b>978,218</b>



**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

(h) <b><u>IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)</u></b>	<b>Group</b>		<b>Bank</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
(iii) <b><u>Impaired loans, advances and financing by economic sector</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	14,354	14,165	14,322	14,165
Mining and quarrying	13,431	14,738	10,850	12,157
Manufacturing	85,933	84,989	23,212	22,250
Construction	122,200	121,166	73,822	72,675
Real estate	357,294	363,440	38,134	39,975
Wholesale and retail trade and restaurants and hotels	51,799	53,427	46,995	47,558
Transport, storage and communication	417,862	418,564	417,359	418,149
Finance, insurance and business services	76,897	72,910	63,301	58,683
Education, health and others	86,356	86,122	65,166	64,905
Household	380,181	360,376	230,706	227,701
	<b>1,606,307</b>	<b>1,589,897</b>	<b>983,867</b>	<b>978,218</b>
(iv) <b><u>Impaired loans, advances and financing by geographical distribution</u></b>				
Perlis	2,744	2,677	522	542
Kedah	57,200	56,420	49,753	49,500
Pulau Pinang	40,668	37,318	33,543	34,043
Perak	105,234	101,432	76,525	73,703
Selangor	262,025	249,607	159,676	158,944
Wilayah Persekutuan	401,075	407,353	77,084	78,447
Negeri Sembilan	87,492	82,395	72,551	68,712
Melaka	19,310	18,594	16,687	16,411
Johor	45,440	45,830	31,419	32,849
Pahang	23,347	21,520	21,435	20,364
Terengganu	398,756	397,855	391,707	392,516
Kelantan	7,645	7,961	5,008	5,393
Sarawak	60,355	59,103	23,627	22,388
Sabah	25,408	31,266	24,317	24,406
Outside Malaysia	69,608	70,566	13	-
	<b>1,606,307</b>	<b>1,589,897</b>	<b>983,867</b>	<b>978,218</b>

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**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

**(v) Movement in expected credit losses for loans, advances and financing**

<b>Group</b>	<b>12-Month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
<b>31/3/2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period	194,335	47,629	338,828	<b>580,792</b>
Total transfer between stages	17,640	3,297	(20,937)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	22,137	(21,694)	(443)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,422)	27,225	(22,803)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(75)	(2,234)	2,309	-
Loans/Financing derecognised during the financial period (other than write-offs)	(16,323)	(1,383)	(2,645)	<b>(20,351)</b>
New loans/financing originated or purchased	16,688	1,020	5	<b>17,713</b>
Changes due to change in credit risk	(28,366)	5,062	26,340	<b>3,036</b>
Write-offs	-	-	(1,098)	<b>(1,098)</b>
Other adjustments :				
- Unwind of discount	-	-	(870)	<b>(870)</b>
At end of the financial period	<b>183,974</b>	<b>55,625</b>	<b>339,623</b>	<b>579,222</b>

<b>Group</b>	<b>12-Month ECL (Stage 1)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
<b>31/12/2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year, on adoption of MFRS 9	229,571	111,656	232,863	<b>574,090</b>
Total transfer between stages	79,520	(29,368)	(50,152)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	112,223	(107,863)	(4,360)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(28,409)	131,537	(103,128)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(4,294)	(53,042)	57,336	-
Loans/Financing derecognised during the financial year (other than write-offs)	(80,832)	(16,547)	(3,376)	<b>(100,755)</b>
New loans/financing originated or purchased	92,354	5,117	1,144	<b>98,615</b>
Changes due to change in credit risk	(126,278)	(23,229)	243,853	<b>94,346</b>
Write-offs	-	-	(75,973)	<b>(75,973)</b>
Other adjustments :				
- Unwind of discount	-	-	(9,531)	<b>(9,531)</b>
At end of the financial year	<b>194,335</b>	<b>47,629</b>	<b>338,828</b>	<b>580,792</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A12. LOANS, ADVANCES AND FINANCING (Cont.)**

**(v) Movement in expected credit losses for loans, advances and financing**

<b>Bank</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>31/3/2019</b>				
At beginning of the financial period	139,978	36,542	265,394	<b>441,914</b>
Total transfer between stages	15,797	(3,144)	(12,653)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	19,548	(19,266)	(282)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,680)	17,898	(14,218)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(71)	(1,776)	1,847	-
Loans/Financing derecognised during the financial period (other than write-offs)	(8,275)	(322)	(2,067)	<b>(10,664)</b>
New loans/financing originated or purchased	7,989	544	5	<b>8,538</b>
Changes due to change in credit risk	(25,671)	11,902	11,290	<b>(2,479)</b>
Write-offs	-	-	(1,039)	<b>(1,039)</b>
Other adjustments :				
- Unwind of discount	-	-	(458)	<b>(458)</b>
At end of the financial period	<b>129,818</b>	<b>45,522</b>	<b>260,472</b>	<b>435,812</b>

<b>Bank</b>	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>31/12/2018</b>				
At beginning of the financial year, on adoption of MFRS 9	169,286	99,906	174,519	<b>443,711</b>
Total transfer between stages	71,847	(30,424)	(41,423)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	98,866	(94,668)	(4,198)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(23,560)	97,677	(74,117)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(3,459)	(33,433)	36,892	-
Loans/Financing derecognised during the financial year (other than write-offs)	(46,135)	(13,238)	(3,155)	<b>(62,528)</b>
New loans/financing originated or purchased	49,843	3,987	1,137	<b>54,967</b>
Changes due to change in credit risk	(104,863)	(23,689)	200,543	<b>71,991</b>
Write-offs	-	-	(57,748)	<b>(57,748)</b>
Other adjustments :				
- Unwind of discount	-	-	(8,479)	<b>(8,479)</b>
At end of the financial year	<b>139,978</b>	<b>36,542</b>	<b>265,394</b>	<b>441,914</b>

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**A13. TRADE RECEIVABLES**

	Group	
	31/3/2019 RM'000	31/12/2018 RM'000
Amount due from stock-broking clients :		
- performing accounts	291,418	179,766
- impaired accounts (a)	303	424
Amount due from brokers	154,843	60,879
Amount due from Bursa Securities Clearing Sdn Bhd	-	40,142
Management fees receivable on fund management	118,383	88,908
	564,947	370,119
Less: ECL (b)	(384)	(468)
	<b>564,563</b>	<b>369,651</b>

**(a) Movements of impaired trade receivables**

At beginning of the financial period/year	424	1,366
Reclassified to other assets	-	(583)
Classified as impaired	1	295
Amount written-back during the financial period/year	(122)	(654)
At end of the financial period/year	<b>303</b>	<b>424</b>

**(b) Movements in ECL**

	Group Lifetime ECL	
	31/3/2019 RM'000	31/12/2018 RM'000
At beginning of the financial period/year	468	1,134
Reclassified to other assets	-	(420)
Allowance made during the financial period/year	37	366
Amount written-back during the financial period/year	(121)	(612)
At end of the financial period/year	<b>384</b>	<b>468</b>

**A14. OTHER ASSETS**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
Other debtors	99,812	51,811	66,663	13,386
Prepayments and deposits	19,887	16,126	18,944	15,384
Cheque clearing accounts	25,126	45,267	9,928	10,475
Foreclosed properties (a)	26,051	26,051	21,178	21,178
Collaterals pledged for derivative transactions	380	1,298	-	-
	171,256	140,553	116,713	60,423
Less: ECL (b)	(2,046)	(1,669)	-	-
	<b>169,210</b>	<b>138,884</b>	<b>116,713</b>	<b>60,423</b>

**(a) Foreclosed properties**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
At beginning of the financial period/year	26,051	19,912	21,178	17,271
Purchased during the financial period/year	-	6,335	-	3,907
Disposal during the financial period/year	-	(196)	-	-
At end of the financial period/year	<b>26,051</b>	<b>26,051</b>	<b>21,178</b>	<b>21,178</b>

**(b) Movements in ECL**

	Group Lifetime ECL	
	31/3/2019 RM'000	31/12/2018 RM'000
At beginning of the financial period/year	1,669	725
Reclassified to other assets	-	420
Allowance made during the financial period/year	523	1,439
Amount written-back during the financial period/year	(146)	(915)
At end of the financial period/year	<b>2,046</b>	<b>1,669</b>

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**A15. OTHER LIABILITIES**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
BNM and CGC Funding programmes	26,569	32,009	25,656	31,009
Margin and collateral deposits	123,495	127,948	109,839	114,120
Commissioned dealer's representatives trust balances	49,736	48,537	-	-
Defined contribution plan	18,000	21,098	16,901	19,761
Collaterals pledged for derivative transactions	4,682	29	-	-
Other creditors and accruals	142,859	166,410	54,457	64,776
Accrued employee benefits	70,855	113,960	19,409	43,021
Amounts payable to commissioned and salaried dealer's representatives	41,231	37,874	-	-
Cheque clearing accounts	6,042	7,874	6,042	7,874
Provision for zakat	3,323	2,397	419	320
Sundry creditors	640,591	197,892	555,004	151,274
Securities borrowings and lending - borrow	99,908	127,194	-	-
Unearned income	27,036	31,969	22,821	26,986
ESOS liabilities	-	8,028	-	-
Puttable liabilities	34,328	34,328	-	-
Dividend payable	1,000	97,147	-	97,147
ECL (a) :				
- loan/financing commitments and financial guarantees	23,972	27,454	12,345	15,287
	<b>1,313,627</b>	<b>1,082,148</b>	<b>822,893</b>	<b>571,575</b>

(a) Movement in ECL	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
At beginning of financial period/year, on adoption of MFRS 9	27,454	49,817	15,287	32,758
Net remeasurement of loss allowance	(5,171)	(40,668)	(4,233)	(29,635)
New loan commitments & financial guarantees issued	1,689	18,305	1,291	12,164
At end of the financial period/year	<b>23,972</b>	<b>27,454</b>	<b>12,345</b>	<b>15,287</b>

**A16. RESERVES**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
FVOCI revaluation reserves (a)	242,261	110,371	163,476	111,161
Regulatory reserves (b)	961,190	939,055	728,829	716,313
Stock option reserves (c)	-	8,328	-	-
Foreign exchange reserves	593	593	-	-
Retained profits	3,064,512	2,928,584	2,476,204	2,408,718
	<b>4,268,556</b>	<b>3,986,931</b>	<b>3,368,509</b>	<b>3,236,192</b>

(a) FVOCI revaluation reserves represent the unrealised gains or losses arising from the change in fair value of investments classified as financial investment at FVOCI. The gains or losses are transferred in the income statement upon disposal or when the securities become impaired.

(b) Pursuant to BNM letter dated 1 November 2017, effective 1 January 2018, banking institutions shall maintain, in aggregate, stage 1 and 2 provisions regulatory reserves of no less than 1% of all credit exposures (on and off-balance sheet that are subject to MFRS 9 impairment requirement, excluding exposures to and with an explicit guarantee from Malaysian Government), net of Stage 3 provisions.

Prior to MFRS 9 implementation, banking institutions are required to maintain in aggregate collective impairment allowances and regulatory reserves of no less than 1.2% of the total outstanding loans, advances and financing, net of individual impairment allowances.

(c) The stock option reserves represent the fair value of the options of a subsidiary's employee stock option incentive scheme. The option holders have fully exercised the employee option incentive scheme as of 31 March 2019.

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**A17. INTEREST INCOME**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan, advances and financing	440,278	444,663	440,278	444,663
Money at call and deposits placements with financial institutions	22,256	15,549	22,256	15,549
Financial investments at FVOCI	126,030	114,389	126,030	114,389
Financial investments at amortised cost	2,029	2,052	2,029	2,052
Subordinated term loan	920	-	920	-
Others	107	6,711	107	6,711
	<b>591,620</b>	<b>583,364</b>	<b>591,620</b>	<b>583,364</b>
of which :-				
Interest income earned on impaired loans, advances and financing	1,315	2,424	1,315	2,424
	<b>591,620</b>	<b>583,364</b>	<b>591,620</b>	<b>583,364</b>
<b>Bank</b>				
Loan, advances and financing	394,107	401,790	394,107	401,790
Money at call and deposits placements with financial institutions	50,117	42,239	50,117	42,239
Financial investments at FVOCI	85,830	80,329	85,830	80,329
Financial investments at amortised cost	1,388	1,412	1,388	1,412
Subordinated term loan	920	-	920	-
	<b>532,362</b>	<b>525,770</b>	<b>532,362</b>	<b>525,770</b>
of which :-				
Interest income earned on impaired loans, advances and financing	299	1,574	299	1,574
	<b>532,362</b>	<b>525,770</b>	<b>532,362</b>	<b>525,770</b>

**A18. INTEREST EXPENSE**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	345,243	316,651	345,243	316,651
Deposits and placements of banks and other financial institutions	22,924	21,405	22,924	21,405
Securities sold under repurchase agreements	535	1,861	535	1,861
Subordinated medium term notes	32,992	25,841	32,992	25,841
Foreign currency borrowing	182	500	182	500
Interest expense on the lease liability	505	-	505	-
Others	856	1,299	856	1,299
	<b>403,237</b>	<b>367,557</b>	<b>403,237</b>	<b>367,557</b>
<b>Bank</b>				
Deposits from customers	290,646	278,912	290,646	278,912
Deposits and placements of banks and other financial institutions	35,574	25,278	35,574	25,278
Securities sold under repurchase agreements	-	2,751	-	2,751
Subordinated medium term notes	32,992	25,841	32,992	25,841
Interest expense on the lease liability	375	-	375	-
Others	100	139	100	139
	<b>359,687</b>	<b>332,921</b>	<b>359,687</b>	<b>332,921</b>

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**A19. NET FEE AND COMMISSION INCOME**

<u>Group</u>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee and commission income :				
Net brokerage	16,914	22,430	16,914	22,430
Underwriting fees	1,443	-	1,443	-
Portfolio management fees	70,470	74,123	70,470	74,123
Corporate advisory fees	651	1,874	651	1,874
Commission	5,511	6,324	5,511	6,324
Service charges and fees	12,661	21,570	12,661	21,570
Guarantee fees	9,177	5,984	9,177	5,984
Arrangement fees	100	850	100	850
Agency fees	525	1,765	525	1,765
Initial service charges	13,894	37,773	13,894	37,773
Other fee income	1,829	1,519	1,829	1,519
	<b>133,175</b>	<b>174,212</b>	<b>133,175</b>	<b>174,212</b>
(b) Fee and commission expenses :				
Commission and referral expense	(30,565)	(56,659)	(30,565)	(56,659)
Net fee and commission income	<b>102,610</b>	<b>117,553</b>	<b>102,610</b>	<b>117,553</b>
<b><u>Bank</u></b>				
(a) Fee and commission income :				
Commission	5,588	6,074	5,588	6,074
Service charges and fees	12,586	21,272	12,586	21,272
Guarantee fees	6,934	5,423	6,934	5,423
	<b>25,108</b>	<b>32,769</b>	<b>25,108</b>	<b>32,769</b>
(b) Fee and commission expense :				
Commission and referral expense	(1,474)	(1,951)	(1,474)	(1,951)
Net fee and commission income	<b>23,634</b>	<b>30,818</b>	<b>23,634</b>	<b>30,818</b>

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**A20. NET GAINS ON FINANCIAL INSTRUMENTS**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income from financial instruments:</b>				
<b>Gains arising on financial assets at FVTPL :</b>				
- net gains on disposal	17,276	17,994	17,276	17,994
- unrealised gains	14,958	(709)	14,958	(709)
- interest income	7,527	8,852	7,527	8,852
- gross dividend income	1,150	1,667	1,150	1,667
<b>Gains on derivatives instruments :</b>				
- realised	299	97	299	97
- unrealised	379	2,515	379	2,515
- interest (expenses)/income	150	189	150	189
<b>Gains arising on financial investments at FVOCI :</b>				
- net gains on disposal	28,756	2,208	28,756	2,208
- gross dividend income	1,016	420	1,016	420
	<b>71,511</b>	<b>33,233</b>	<b>71,511</b>	<b>33,233</b>
<b>Bank</b>				
<b>Income from financial instruments:</b>				
<b>Gains arising on financial assets at FVTPL :</b>				
- net gains on disposal	-	(15)	-	(15)
- unrealised gains	9,667	(582)	9,667	(582)
- interest income	2,828	4,177	2,828	4,177
<b>Gains/(losses) on derivatives instruments :</b>				
- realised	299	97	299	97
- unrealised	(210)	2,562	(210)	2,562
- interest (expenses)/income	137	26	137	26
<b>Gains arising on financial investments at FVOCI :</b>				
- net gains on disposal	17,598	1,219	17,598	1,219
- gross dividend income	106	-	106	-
	<b>30,425</b>	<b>7,484</b>	<b>30,425</b>	<b>7,484</b>



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**A21. OTHER INCOME**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange gains/(losses) :				
- realised	8,075	11,085	8,075	11,085
- unrealised	2,303	(3,317)	2,303	(3,317)
Rental income	2	27	2	27
Gain on disposal of property and equipment	49	99	49	99
Gain on disposal of foreclosed properties	-	111	-	111
Other non-operating income	2,188	3,502	2,188	3,502
<b>Total other income</b>	<b>12,617</b>	<b>11,507</b>	<b>12,617</b>	<b>11,507</b>
<b>Bank</b>				
Foreign exchange gains/(losses) :				
- realised	7,178	7,332	7,178	7,332
- unrealised	666	(230)	666	(230)
Rental income	25	27	25	27
Gain on disposal of property and equipment	1	-	1	-
Other non-operating income	1,868	2,824	1,868	2,824
<b>Total other income</b>	<b>9,738</b>	<b>9,953</b>	<b>9,738</b>	<b>9,953</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A22. OTHER OPERATING EXPENSES**

<u>Group</u>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
Wages, salaries and bonus	147,781	151,046	147,781	151,046
Defined contribution plan	23,405	23,762	23,405	23,762
Other personnel costs	21,919	26,904	21,919	26,904
	<u>193,105</u>	<u>201,712</u>	<u>193,105</u>	<u>201,712</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	6,780	5,772	6,780	5,772
Entertainment	1,912	1,795	1,912	1,795
Travelling and accommodation	2,145	2,253	2,145	2,253
Dealers' handling fees	300	300	300	300
Commission and brokerage expenses	4,254	3,383	4,254	3,383
Others marketing expenses	1,650	1,968	1,650	1,968
	<u>17,041</u>	<u>15,471</u>	<u>17,041</u>	<u>15,471</u>
<u>Establishment-related expenses</u>				
Rental of premises	4,166	9,875	4,166	9,875
Equipment rental	615	769	615	769
Repair and maintenance	14,243	13,413	14,243	13,413
Depreciation of property and equipment	6,308	6,364	6,308	6,364
Depreciation of right-of-use assets	8,973	-	8,973	-
Amortisation of intangible assets	7,399	6,705	7,399	6,705
IT consultancy fee	9,809	9,846	9,809	9,846
Dataline rental	5,201	2,852	5,201	2,852
Security services	4,516	4,250	4,516	4,250
Electricity, water and sewerage	2,876	3,364	2,876	3,364
Insurance/Takaful and indemnities	3,000	7,196	3,000	7,196
Other establishment costs	700	1,341	700	1,341
	<u>67,806</u>	<u>65,975</u>	<u>67,806</u>	<u>65,975</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	4,057	4,321	4,057	4,321
Auditors' remuneration :				
(i) Statutory audit fees	745	597	745	597
(ii) Over provision in prior year	-	-	-	-
(iii) Regulatory related fees	10	17	10	17
(iv) Tax fees	6	3	6	3
(v) Non-audit fees	218	43	218	43
Professional fees	5,860	3,560	5,860	3,560
Property and equipment written-off	19	137	19	137
Intangible asset written-off	-	12	-	12
Mail and courier charges	882	1,055	882	1,055
Stationery and consumables	3,123	4,094	3,123	4,094
Directors' fees and allowances	772	908	772	908
Donations	572	567	572	567
Settlement, clearing and bank charges	3,646	3,825	3,646	3,825
Stamp duties	42	596	42	596
Operational and litigation write-off expenses	26	-	26	-
Subscription fees	2,796	1,945	2,796	1,945
GST input tax-non recoverable	358	3,351	358	3,351
Other administration and general expenses	3,238	3,386	3,238	3,386
	<u>26,370</u>	<u>28,417</u>	<u>26,370</u>	<u>28,417</u>
<b>Total other operating expenses</b>	<b><u>304,322</u></b>	<b><u>311,575</u></b>	<b><u>304,322</u></b>	<b><u>311,575</u></b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A22. OTHER OPERATING EXPENSES (Cont.)**

<u>Bank</u>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
Wages, salaries and bonus	62,215	70,980	62,215	70,980
Defined contribution plan	10,432	11,002	10,432	11,002
Other personnel costs	12,307	13,640	12,307	13,640
	<u>84,954</u>	<u>95,622</u>	<u>84,954</u>	<u>95,622</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	3,641	3,371	3,641	3,371
Entertainment	901	1,069	901	1,069
Travelling and accommodation	751	1,071	751	1,071
Commission and brokerage expenses	3,491	2,514	3,491	2,514
Others marketing expenses	610	553	610	553
	<u>9,394</u>	<u>8,578</u>	<u>9,394</u>	<u>8,578</u>
<u>Establishment-related expenses</u>				
Rental of premises	907	4,661	907	4,661
Equipment rental	514	405	514	405
Repair and maintenance	9,377	9,908	9,377	9,908
Depreciation of property and equipment	3,707	3,851	3,707	3,851
Depreciation of right-of-use assets	6,336	-	6,336	-
Amortisation of intangible assets	3,743	3,113	3,743	3,113
IT consultancy fee	7,325	7,389	7,325	7,389
Dataline rental	3,583	2,441	3,583	2,441
Security services	2,952	3,244	2,952	3,244
Electricity, water and sewerage	1,461	1,915	1,461	1,915
Insurance/Takaful and indemnities	663	5,906	663	5,906
	<u>40,568</u>	<u>42,833</u>	<u>40,568</u>	<u>42,833</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	952	1,593	952	1,593
Auditors' remuneration :				
(i) Statutory audit fees	394	330	394	330
(ii) Over provision in prior year	-	-	-	-
(iii) Regulatory related fees	-	-	-	-
(iv) Tax fees	-	-	-	-
(v) Non-audit fees	192	33	192	33
Professional fees	4,806	3,153	4,806	3,153
Property and equipment written-off	16	134	16	134
Mail and courier charges	632	1,062	632	1,062
Stationery and consumables	2,057	3,007	2,057	3,007
Directors' fees and allowances	611	561	611	561
Donations	558	557	558	557
Settlement, clearing and bank charges	2,814	3,003	2,814	3,003
Stamp duties	39	592	39	592
Operational and litigation write-off expenses	26	-	26	-
GST input tax-non recoverable	349	2,106	349	2,106
Other administration and general expenses	1,421	406	1,421	406
	<u>14,867</u>	<u>16,537</u>	<u>14,867</u>	<u>16,537</u>
<b>Total other operating expenses</b>	<b>149,783</b>	<b>163,570</b>	<b>149,783</b>	<b>163,570</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A23. WRITE-BACK OF CREDIT IMPAIRMENT LOSSES**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ECL made/(written-back) on :</b>				
- loans, advances and financing and trade receivables	314	(845)	314	(845)
- securities and placements	1,448	(1,109)	1,448	(1,109)
- loan and financing commitments and financial guarantee	(3,483)	(5,622)	(3,483)	(5,622)
<b>Bad debts and financing :</b>				
- recovered	(8,675)	(8,498)	(8,675)	(8,498)
- written-off	536	390	536	390
	<b>(9,860)</b>	<b>(15,684)</b>	<b>(9,860)</b>	<b>(15,684)</b>
<b>Bank</b>				
<b>ECL written-back on :</b>				
- loans, advances and financing and trade receivables	(4,605)	(17,059)	(4,605)	(17,059)
- securities and placements	(1,856)	(1,159)	(1,856)	(1,159)
- loan and financing commitments and financial guarantee	(2,942)	(4,521)	(2,942)	(4,521)
<b>Bad debts and financing :</b>				
- recovered	(8,102)	(8,141)	(8,102)	(8,141)
- written-off	499	388	499	388
	<b>(17,006)</b>	<b>(30,492)</b>	<b>(17,006)</b>	<b>(30,492)</b>

**A24. ALLOWANCES FOR IMPAIRMENT LOSSES ON OTHER ASSETS**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Allowance for impairment losses :</b>				
- advances to joint ventures	-	6,000	-	6,000
	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A25. SEGMENTAL INFORMATION ON REVENUE AND PROFIT**

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2019 and 31 March 2018 are as follows:

	< ----- Current year's individual and cumulative quarter ended 31 March 2019 ----- >					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
<b>Revenue</b>						
External revenue	329,637	139,742	-	3,137	-	472,516
Intersegment revenue	4,247	(4,162)	-	404	(489)	-
Segment revenue	<u>333,884</u>	<u>135,580</u>	<u>-</u>	<u>3,541</u>	<u>(489)</u>	<u>472,516</u>
Operating expenses of which :-	(211,188)	(90,911)	-	(2,712)	489	(304,322)
Depreciation of property and equipment	(3,937)	(2,326)	-	(45)	-	(6,308)
Depreciation of right-of-use assets	(6,674)	(2,299)	-	-	-	(8,973)
Amortisation of intangible assets	(3,783)	(3,603)	-	(13)	-	(7,399)
Write-back of /(allowances for) impairment losses on loans, advances, financing and trade receivables/securities/other assets	11,658	(2,010)	-	-	212	9,860
<b>Segment results</b>	<u>134,354</u>	<u>42,659</u>	<u>-</u>	<u>829</u>	<u>212</u>	<u>178,054</u>
Share of results of a joint venture (net of tax)	-	-	(1,750)	-	-	(1,750)
Share of results of an associate (net of tax)	-	-	9,119	-	-	9,119
Profit before zakat and taxation	<u>134,354</u>	<u>42,659</u>	<u>7,369</u>	<u>829</u>	<u>212</u>	<u>185,423</u>
Zakat	-	-	-	-	-	(447)
Profit before taxation	<u>134,354</u>	<u>42,659</u>	<u>7,369</u>	<u>829</u>	<u>212</u>	<u>184,976</u>
Taxation						(41,231)
Net profit for the individual quarter						<u>143,745</u>

	< ----- Preceding year's individual and cumulative quarter ended 31 March 2018 ----- >					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
<b>Revenue</b>						
External revenue	338,226	135,227	-	3,164	-	476,617
Intersegment revenue	4,312	(2,654)	-	796	(2,454)	-
Segment revenue	<u>342,538</u>	<u>132,573</u>	<u>-</u>	<u>3,960</u>	<u>(2,454)</u>	<u>476,617</u>
Operating expenses of which :-	(217,447)	(93,490)	-	(3,092)	2,454	(311,575)
Depreciation of property and equipment	(4,048)	(2,272)	-	(44)	-	(6,364)
Amortisation of intangible assets	(3,125)	(3,565)	-	(15)	-	(6,705)
Allowances for impairment losses on loans, advances, financing and trade receivable/ securities/other assets	9,556	128	-	-	-	9,684
<b>Segment results</b>	<u>134,647</u>	<u>39,211</u>	<u>-</u>	<u>868</u>	<u>-</u>	<u>174,726</u>
Share of results of a joint venture (net of tax)	-	-	(1,196)	-	-	(1,196)
Share of results of an associate (net of tax)	-	-	13,457	-	-	13,457
Profit before zakat and taxation	<u>134,647</u>	<u>39,211</u>	<u>12,261</u>	<u>868</u>	<u>-</u>	<u>186,987</u>
Zakat	-	-	-	-	-	(237)
Profit before taxation	<u>134,647</u>	<u>39,211</u>	<u>12,261</u>	<u>868</u>	<u>-</u>	<u>186,750</u>
Taxation						(40,763)
Net profit for the individual quarter						<u>145,987</u>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A26. SUBSEQUENT MATERIAL EVENT**

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

**A27. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other significant changes in the composition of the Group during the financial period under review.

**A28. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the assets of the Group and the Bank.

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows :

	<b>Group</b>		<b>Bank</b>	
	<b>Principal Amount</b>		<b>Principal Amount</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes *	559,574	613,796	411,406	415,834
Transaction-related contingent items	1,921,952	1,943,980	1,616,498	1,662,775
Short-term self-liquidating trade-related contingencies	423,317	432,728	128,775	113,759
Forward asset purchases	55,000	-	-	-
Obligations under an on-going underwriting agreement	-	27,000	-	-
Foreign exchange related contracts #				
- Less than one year	10,307,161	11,009,067	6,254,989	8,576,966
- One year to less than five years	709,745	400,719	303,130	96,030
Interest rate related contracts #				
- Less than one year	646,000	946,000	1,000	251,000
- One year to less than five years	2,938,148	2,800,148	1,068,148	990,148
- Five years and above	550,000	1,025,000	520,000	995,000
Irrevocable commitments to extend credit				
- Maturity less than one year	6,823,579	7,690,157	5,094,799	6,060,241
- Maturity more than one year	2,661,954	2,755,103	814,790	756,251
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrowers' creditworthiness	477,241	615,870	19,018	133,561
Unutilised credit card lines	585,980	613,506	396,192	417,558
	<b>28,659,651</b>	<b>30,873,074</b>	<b>16,628,745</b>	<b>20,469,123</b>

\* Included in direct credit substitutes as above are financial guarantee contracts of RM509.1 million and RM407.7 million at the Group and the Bank, respectively (2018: RM582.0 million and RM415.7 million at the Group and the Bank, respectively), of which fair value at the time of issuance is zero.

# The fair value of these derivatives have been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A29. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

GROUP	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>As at 31 March 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	3,729,694	219,385	-	3,949,079	11,852	2,950	-	14,802	24,972	6,610	-	31,582
- Cross currency swaps	4,063,108	303,130	-	4,366,238	24,459	1,854	-	26,313	18,988	25,869	-	44,857
- Currency swaps	2,514,358	187,231	-	2,701,589	14,875	5,173	-	20,048	5,382	31	-	5,413
Interest rate contracts :												
- Interest rate swaps	646,000	1,300,148	2,188,000	4,134,148	91	5,736	20,414	26,241	360	6,336	14,762	21,458
	<u>10,953,160</u>	<u>2,009,894</u>	<u>2,188,000</u>	<u>15,151,054</u>	<u>51,277</u>	<u>15,713</u>	<u>20,414</u>	<u>87,404</u>	<u>49,702</u>	<u>38,846</u>	<u>14,762</u>	<u>103,310</u>
<b>As at 31 December 2018</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	3,318,872	168,437	-	3,487,309	24,052	2,928	-	26,980	18,452	5,201	-	23,653
- Cross currency swaps	6,195,787	96,030	-	6,291,817	23,768	349	-	24,117	34,775	29,114	-	63,889
- Currency swaps	1,494,408	136,252	-	1,630,660	11,129	3,869	-	14,998	7,032	166	-	7,198
Interest rate contracts :												
- Interest rate swaps	551,000	1,715,148	2,505,000	4,771,148	795	2,265	19,650	22,710	1,324	3,636	13,432	18,392
	<u>11,560,067</u>	<u>2,115,867</u>	<u>2,505,000</u>	<u>16,180,934</u>	<u>59,744</u>	<u>9,411</u>	<u>19,650</u>	<u>88,805</u>	<u>61,583</u>	<u>38,117</u>	<u>13,432</u>	<u>113,132</u>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)**

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows: (continued)

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>BANK</b>												
<b>As at 31 March 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	2,191,881	-	-	2,191,881	3,908	-	-	3,908	10,279	-	-	10,279
- Cross currency swaps	4,063,108	303,130	-	4,366,238	27,517	1,854	-	29,371	19,284	2,399	23,470	45,153
Interest rate contracts :												
- Interest rate swaps	1,000	410,148	1,178,000	1,589,148	2	3,227	14,018	17,247	1	3,152	10,481	13,634
	<u>6,255,989</u>	<u>713,278</u>	<u>1,178,000</u>	<u>8,147,267</u>	<u>31,427</u>	<u>5,081</u>	<u>14,018</u>	<u>50,526</u>	<u>29,564</u>	<u>5,551</u>	<u>33,951</u>	<u>69,066</u>
<b>As at 31 December 2018</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	1,623,046	-	-	1,623,046	14,436	-	-	14,436	5,532	-	-	5,532
- Cross currency swaps	6,953,920	96,030	-	7,049,950	27,879	349	-	28,228	35,588	29,113	-	64,701
Interest rate contracts :												
- Interest rate swaps	251,000	250,148	1,735,000	2,236,148	751	1,533	16,883	19,167	788	1,484	13,155	15,427
	<u>8,827,966</u>	<u>346,178</u>	<u>1,735,000</u>	<u>10,909,144</u>	<u>43,066</u>	<u>1,882</u>	<u>16,883</u>	<u>61,831</u>	<u>41,908</u>	<u>30,597</u>	<u>13,155</u>	<u>85,660</u>



**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

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**A29. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)**

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity risk.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM73.1 million (FYE 31/12/2018: RM69.5 million), while the notional amount of interest rate contract was RM692.4 million (FYE 31/12/2018: RM234.1 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM298.8 million (FYE 31/12/2018: RM272.5 million) and RM136.3 million (FYE 31/12/2018: RM155.4 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity risk**

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

**Cash Requirement of the Derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

**Related Accounting Policies**

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2018.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A30. FAIR VALUE MEASUREMENTS**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities  
 (b) Level 2 - quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
 (c) Level 3 - valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2019</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	566,036	-	566,036
- Shares and unit trusts	259,304	-	88,928	348,232
- Corporate bonds/Sukuk	-	20,652	31,279	51,931
Derivative financial assets	-	87,404	-	87,404
Financial investments at FVOCI* :				
- Money market instruments	-	3,602,505	-	3,602,505
- Shares, unit trusts and REITs	61,264	61	171,322	232,647
- Corporate bonds/Sukuk	-	11,039,610	-	11,039,610
	<b>320,568</b>	<b>15,316,268</b>	<b>291,529</b>	<b>15,928,365</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>103,310</b>	-	<b>103,310</b>
<b>31 December 2018</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	325,169	-	325,169
- Shares and unit trusts	141,674	-	88,928	230,602
- Corporate bonds/Sukuk	-	20,641	30,050	50,691
Derivative financial assets	-	88,805	-	88,805
Financial investments at FVOCI* :				
- Money market instruments	-	4,432,952	-	4,432,952
- Shares, unit trusts and REITs	59,532	61	171,322	230,915
- Corporate bonds/Sukuk	-	10,697,891	-	10,697,891
	<b>201,206</b>	<b>15,565,519</b>	<b>290,300</b>	<b>16,057,025</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>113,132</b>	-	<b>113,132</b>

\* Net of allowance for impairment losses

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A30. FAIR VALUE MEASUREMENTS (Cont.)**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Bank</b>				
<b>31 March 2019</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	214,638	-	214,638
- Unquoted shares	-	-	88,928	88,928
- Corporate bonds/Sukuk	-	-	31,279	31,279
Derivative financial assets	-	50,526	-	50,526
Financial investments at FVOCI* :				
- Money market instruments	-	2,561,266	-	2,561,266
- Unquoted shares	-	-	149,501	149,501
- Corporate bonds/Sukuk	-	4,943,131	-	4,943,131
	<b>-</b>	<b>7,769,561</b>	<b>269,708</b>	<b>8,039,269</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>69,066</b>	-	<b>69,066</b>
<b>31 December 2018</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	254,660	-	254,660
- Unquoted shares	-	-	88,928	88,928
- Corporate bonds/Sukuk	-	-	30,050	30,050
Derivative financial assets	-	61,831	-	61,831
Financial investments at FVOCI* :				
- Money market instruments	-	3,372,719	-	3,372,719
- Unquoted shares	-	-	149,501	149,501
- Corporate bonds/Sukuk	-	5,622,287	-	5,622,287
	<b>-</b>	<b>9,311,497</b>	<b>268,479</b>	<b>9,579,976</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>85,660</b>	-	<b>85,660</b>

\* Net of allowance for impairment losses

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A30. FAIR VALUE MEASUREMENTS (Cont.)**

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2018: Nil).

The following table presents the changes in Level 3 instruments for the financial period/year ended:-

	<b>Group</b>		<b>Bank</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period/year	290,300	279,853	268,479	259,242
Net changes in income accrued	562	20	562	20
Total gains recognised in other comprehensive income	667	10,427	667	9,217
At end of the financial period/year	<b>291,529</b>	<b>290,300</b>	<b>269,708</b>	<b>268,479</b>

**Effect of changes in significant unobservable assumptions to reasonably possible alternative**

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A31. CAPITAL ADEQUACY**

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The Group and the Bank are currently adopting Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 7.000% (2018: 6.375%), 8.500% (2018: 7.875%) and 10.500% (2018: 9.875%) respectively for year 2019.

	Group <sup>(#)</sup>		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>a) The components of CET 1, Tier 1 and Tier 2 capital :</b>				
<u>CET 1</u>				
Paid-up share capital	4,774,772	4,684,752	4,774,772	4,684,752
Retained profits	3,007,283	2,928,584	2,476,204	2,408,718
Unrealised gains on FVOCI instruments	242,261	110,371	163,476	111,161
Other disclosed reserves	-	8,328	-	-
Foreign exchange reserves	593	593	-	-
	<u>8,024,909</u>	<u>7,732,628</u>	<u>7,414,452</u>	<u>7,204,631</u>
Less: Regulatory adjustments :				
- Goodwill and other intangibles	(902,106)	(906,068)	(181,654)	(182,235)
- Deferred tax assets	(45,583)	(107,704)	(39,646)	(70,239)
- 55% of cumulative unrealised gains on FVOCI instruments	(133,244)	(60,704)	(89,912)	(61,138)
- Investment in subsidiaries, joint ventures and associates	(781,336)	(770,047)	(3,766,021)	(3,766,021)
Total CET 1 Capital	<u>6,162,640</u>	<u>5,888,105</u>	<u>3,337,219</u>	<u>3,124,998</u>
<u>Additional Tier 1 Capital</u>				
Additional Tier 1 Capital	800,000	800,000	500,000	500,000
Qualifying capital instruments held by third party	24,107	19,783	-	-
	<u>824,107</u>	<u>819,783</u>	<u>500,000</u>	<u>500,000</u>
Total Tier 1 Capital	<u>6,986,747</u>	<u>6,707,888</u>	<u>3,837,219</u>	<u>3,624,998</u>
<u>Tier 2 Capital</u>				
Subordinated MTNs	2,800,000	2,200,000	2,000,000	2,000,000
Loss provisions	574,121	583,115	373,712	383,532
Less: Regulatory adjustments :				
- Investment in capital instruments of unconsolidated financial and insurance entities	(57,412)	(57,412)	(57,412)	(657,412)
Total Tier 2 Capital	<u>3,316,709</u>	<u>2,725,703</u>	<u>2,316,300</u>	<u>1,726,120</u>
<b>Total Capital</b>	<b><u>10,303,456</u></b>	<b><u>9,433,591</u></b>	<b><u>6,153,519</u></b>	<b><u>5,351,118</u></b>
<b>b) The breakdown of risk-weighted assets :</b>				
Credit risk	45,929,670	46,649,190	29,896,971	30,682,574
Market risk	638,951	523,804	202,840	272,300
Operational risk	3,054,060	2,962,066	1,893,704	1,899,866
<b>Total risk-weighted assets</b>	<b><u>49,622,681</u></b>	<b><u>50,135,060</u></b>	<b><u>31,993,515</u></b>	<b><u>32,854,740</u></b>
<b>c) Capital adequacy ratios :</b>				
<u>Before effect of proposed dividends :</u>				
CET 1 capital ratio	12.419%	11.744%	10.431%	9.512%
Tier 1 capital ratio	14.080%	13.380%	11.994%	11.033%
Total Capital Ratio	<u>20.764%</u>	<u>18.816%</u>	<u>19.234%</u>	<u>16.287%</u>
<u>After effect of proposed dividends :</u>				
CET 1 capital ratio	12.419%	11.924%	10.431%	9.786%
Tier 1 capital ratio	14.080%	13.559%	11.994%	11.307%
Total Capital Ratio	<u>20.764%</u>	<u>18.996%</u>	<u>19.234%</u>	<u>16.561%</u>

# The group comprises banking and non-banking subsidiaries.

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

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**A31. CAPITAL ADEQUACY (Cont.)**

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the Restricted Investment Accounts ("RIA") are included in calculation of capital adequacy for the Bank. As at 31 March 2019, RIA assets included in the Total Capital Ratio calculation amounted to RM1,973.2 million (2018: RM2,369.7 million).

The capital adequacy ratios of AFFIN Islamic Bank Berhad are as follows :

	<b>Economic Entity</b>		<b>Bank</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
CET 1 capital ratio	10.813%	10.869%	10.813%	10.869%
Tier 1 capital ratio	12.803%	12.882%	12.803%	12.882%
Total Capital Ratio	<u>19.296%</u>	<u>19.438%</u>	<u>19.296%</u>	<u>19.438%</u>

The capital adequacy ratios of AFFIN Hwang Investment Bank Berhad are as follows :

	<b>The Group</b>		<b>Bank</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
CET 1 capital ratio	30.615%	30.644%	34.233%	34.177%
Tier 1 capital ratio	31.257%	31.194%	34.233%	34.177%
Total Capital Ratio	<u>32.043%</u>	<u>32.005%</u>	<u>35.104%</u>	<u>35.099%</u>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD**

**(i) Unaudited Statements of Financial Position**

	Economic Entity	
	31/3/2019 RM'000	31/12/2018 RM'000
<b>ASSETS</b>		
Cash and short-term funds	4,280,768	3,210,533
Derivative financial assets	1,199	2,042
Financial investments at fair value through other comprehensive income ("FVOCI")	2,949,294	2,804,257
Financing, advances and other financing	18,517,985	18,617,860
Other assets	21,918	43,194
Amount due from holding company	-	107,722
Amount due from joint ventures	31,843	31,295
Amount due from associate	500	500
Deferred tax assets	8,999	17,993
Statutory deposits with Bank Negara Malaysia	551,000	512,000
Investment in associate	750	750
Property and equipment	2,404	2,677
Right-of-use assets	1,036	-
Intangible assets	714	670
<b>TOTAL ASSETS</b>	<b>26,368,410</b>	<b>25,351,493</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		
Deposits from customers	20,418,525	19,687,388
Investment accounts of customers	769	875
Deposits and placements of banks and other financial institutions	453,529	245,582
Investment accounts due to designated financial institutions	1,967,270	2,368,295
Derivative financial liabilities	3,639	4,289
Other liabilities	121,813	89,863
Amount due to holding company	387,880	-
Provision for taxation	3,609	8,743
Lease liabilities	1,121	-
Subordinated term financing and medium term notes	1,125,372	1,111,231
<b>Total Liabilities</b>	<b>24,483,527</b>	<b>23,516,266</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>		
Share capital	1,060,000	1,060,000
Reserves	824,883	775,227
<b>Total Islamic Banking Capital Funds</b>	<b>1,884,883</b>	<b>1,835,227</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>	<b>26,368,410</b>	<b>25,351,493</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>5,169,876</b>	<b>5,543,823</b>

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(ii) Unaudited Income Statements**

	<b>Economic Entity</b>			
	<b>Individual Quarter Ended 31/3/2019</b>	<b>31/3/2018</b>	<b>Cumulative Quarter Ended 31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	270,114	210,615	270,114	210,615
Income derived from investment of investment accounts	26,648	23,550	26,648	23,550
Income derived from investment of shareholders' funds	24,687	21,530	24,687	21,530
Allowances for impairment losses on financing, advances and other financing	(3,816)	(14,936)	(3,816)	(14,936)
<b>Total distributable income</b>	<b>317,633</b>	<b>240,759</b>	<b>317,633</b>	<b>240,759</b>
Income attributable to the depositors and others	(224,179)	(154,548)	(224,179)	(154,548)
<b>Total net income</b>	<b>93,454</b>	<b>86,211</b>	<b>93,454</b>	<b>86,211</b>
Other operating expenses	(61,462)	(53,938)	(61,462)	(53,938)
<b>Profit before zakat and taxation</b>	<b>31,992</b>	<b>32,273</b>	<b>31,992</b>	<b>32,273</b>
Zakat	-	-	-	-
<b>Profit before taxation</b>	<b>31,992</b>	<b>32,273</b>	<b>31,992</b>	<b>32,273</b>
Taxation	(7,556)	(7,682)	(7,556)	(7,682)
<b>Net profit for the financial period</b>	<b>24,436</b>	<b>24,591</b>	<b>24,436</b>	<b>24,591</b>

**(iii) Unaudited Statements of Comprehensive Income**

	<b>Economic Entity</b>			
	<b>Individual Quarter Ended 31/3/2019</b>	<b>31/3/2018</b>	<b>Cumulative Quarter Ended 31/3/2019</b>	<b>31/3/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>24,436</b>	<b>24,591</b>	<b>24,436</b>	<b>24,591</b>
Other comprehensive income/(loss) :				
<u>Items that may be reclassified subsequently to profit and loss :</u>				
- Net fair value change in financial investments at FVOCI	33,208	(475)	33,208	(475)
- Net credit impairment losses change in financial investments at FVOCI	(18)	-	(18)	-
- Deferred tax on financial investments at FVOCI	(7,970)	114	(7,970)	114
Other comprehensive income/(loss) for the financial period, net of tax	25,220	(361)	25,220	(361)
<b>Total comprehensive income for the financial period</b>	<b>49,656</b>	<b>24,230</b>	<b>49,656</b>	<b>24,230</b>



**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

(iv) **Unaudited Condensed Statement Of Changes In Equity**

<b>Economic Entity</b>	<-----Attributable to Equity Holder of the Bank----->				
	Share capital RM'000	FVOCI revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	<b>Total equity RM'000</b>
<b>At 1 January 2019</b>	1,060,000	3,172	194,384	577,671	<b>1,835,227</b>
Comprehensive income :					
- Net profit for the financial period	-	-	-	24,436	<b>24,436</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	25,220	-	-	<b>25,220</b>
Total comprehensive income for the financial period	-	25,220	-	24,436	<b>49,656</b>
Transfer to regulatory reserves	-	-	10,082	(10,082)	-
<b>At 31 March 2019</b>	<b>1,060,000</b>	<b>28,392</b>	<b>204,466</b>	<b>592,025</b>	<b>1,884,883</b>

<b>Economic Entity</b>	<-----Attributable to Equity Holder of the Bank----->					
	Share capital RM'000	FVOCI revaluation reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	<b>Total RM'000</b>
At 1 January 2018, as previously stated	1,060,000	-	(6,915)	94,866	610,202	1,758,153
- Adjustment arising from adoption of MFRS 9	-	(6,700)	6,915	(19,067)	(26,388)	(45,240)
At 1 January 2018, as restated	1,060,000	(6,700)	-	75,799	583,814	1,712,913
Comprehensive income :						
- Net profit for the financial year	-	-	-	-	24,591	24,591
Other comprehensive income (net of tax) :						
- Financial investments at FVOCI	-	(361)	-	-	-	(361)
Total comprehensive income for the financial period	-	(361)	-	-	24,591	24,230
Transfer to regulatory reserves	-	-	-	4,140	(4,140)	-
At 31 March 2018	1,060,000	(7,061)	-	79,939	604,265	1,737,143

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

	Economic Entity	
	31/3/2019	31/12/2018
	RM'000	RM'000
<b>(v) Financing, advances and other financing</b>		
By type		
Cash line	367,850	374,079
Term financing		
- Housing financing	6,786,713	6,434,202
- Syndicated financing	694,005	700,118
- Hire purchase receivables	4,181,387	4,243,662
- Business term financing	5,253,697	5,591,252
Bills receivables	8,109	5,150
Trust receipts	5,967	16,329
Claims on customers under acceptance credits	432,514	352,435
Staff financing of which RM Nil to Directors (2018: RM Nil)	43,480	42,224
Credit/charge cards	16,997	11,408
Revolving credit	860,643	976,018
<b>Gross financing, advances and other financing</b>	<b>18,651,362</b>	<b>18,746,877</b>
Less : ECL	(133,377)	(129,017)
<b>Total net financing, advances and other financing</b>	<b>18,517,985</b>	<b>18,617,860</b>
<b>(vi) Movements of impaired financing</b>		
At beginning of the financial period/year, as previously stated	530,829	142,310
Effect of a adoption of MFRS 9	-	(594)
At beginning of the financial period/year, as restated	530,829	141,716
Classified as impaired during the financial period/year	57,467	551,758
Reclassified as non-impaired during the financial period/year	(35,015)	(117,229)
Amount recovered during the financial period/year	(10,625)	(27,139)
Amount written-off during the financial period/year	(89)	(18,277)
At end of the financial period/year	<b>542,567</b>	<b>530,829</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (exclude restricted investment accounts)	2.10%	2.05%

**Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia**

**A33. OPERATIONS OF ISLAMIC BANKING - AFFIN ISLAMIC BANK BERHAD (Cont.)**

**(vii) Movement in expected credit losses for financing, advances and other financing**

	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>Economic Entity 31/3/2019</b>				
At beginning of the financial period	50,292	10,864	67,861	<b>129,017</b>
Total transfer between stages	1,843	6,441	(8,284)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	2,589	(2,428)	(161)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(742)	9,327	(8,585)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(4)	(458)	462	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(7,931)	(1,061)	(578)	<b>(9,570)</b>
New financing, advances and other financing originated or purchased	8,636	476	-	<b>9,112</b>
Changes due to change in credit risk	(2,970)	(6,791)	15,050	<b>5,289</b>
Write-offs	-	-	(59)	<b>(59)</b>
Other adjustments	-	-	(412)	<b>(412)</b>
At end of the financial period	<b>49,870</b>	<b>9,929</b>	<b>73,578</b>	<b>133,377</b>
<b>Economic Entity 31/12/2018</b>				
At beginning of the financial year, on adoption of MFRS 9	54,528	10,975	58,334	<b>123,837</b>
Total transfer between stages	8,431	4,517	(12,948)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	13,357	(13,195)	(162)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(4,091)	33,102	(29,011)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(835)	(15,390)	16,225	-
Financing, advances and other financing derecognised during the financial year (other than write-offs)	(32,808)	(2,871)	(221)	<b>(35,900)</b>
New financing, advances and other financing originated or purchased	40,327	1,130	7	<b>41,464</b>
Changes due to change in credit risk	(20,186)	(2,887)	41,966	<b>18,893</b>
Write-offs	-	-	(18,225)	<b>(18,225)</b>
Other adjustments	-	-	(1,052)	<b>(1,052)</b>
At end of the financial year	<b>50,292</b>	<b>10,864</b>	<b>67,861</b>	<b>129,017</b>

**(viii) Deposits from customers**

	<b>Economic Entity 31/3/2019 RM'000</b>	<b>Economic Entity 31/12/2018 RM'000</b>
<u>Qard</u>		
Demand deposits	2,409,122	2,598,371
Savings deposits	606,023	600,701
	<b>3,015,145</b>	<b>3,199,072</b>
<u>Mudarabah</u>		
General investment deposits	66,032	68,476
<u>Tawarruq</u>		
Murabahah term deposits	16,569,654	16,024,673
Commodity Murabahah Deposit	767,694	395,167
	<b>17,337,348</b>	<b>16,419,840</b>
<b>Total deposits from customers</b>	<b>20,418,525</b>	<b>19,687,388</b>

**Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

Table 1 : Financial review for individual and cumulative quarter ended 31/3/2019 against preceding year's corresponding quarter ended 31/3/2018

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	31/3/2019 RM'000	31/3/2018 RM'000	RM'000	%	31/3/2019 RM'000	31/3/2018 RM'000	RM'000	%
Net Income	472,516	476,617	(4,101)	(0.86)	472,516	476,617	(4,101)	(0.86)
Operating Profit	178,054	174,726	3,328	1.90	178,054	174,726	3,328	1.90
Profit Before Zakat and Tax	185,423	186,987	(1,564)	(0.84)	185,423	186,987	(1,564)	(0.84)
Profit Before Tax	184,976	186,750	(1,774)	(0.95)	184,976	186,750	(1,774)	(0.95)
Profit After Tax	143,745	145,987	(2,242)	(1.54)	143,745	145,987	(2,242)	(1.54)
Profit attributable to equity holders of the Bank	137,231	141,467	(4,236)	(2.99)	137,231	141,467	(4,236)	(2.99)

The Group reported a lower profit before tax ("PBT") of RM185.0 million for the current financial quarter as compared to RM186.8 million for the preceding year's corresponding quarter, mainly due to the decrease in net interest income, net fee and commission income and the write-back of credit impairment losses of RM27.4 million, RM15.0 million and RM5.8 million respectively. These were partially offset by the increase in net gain on financial instruments of RM38.3 million and decrease in overhead expenses of RM7.3 million. In addition, the share of profit in associate was lower by RM4.3 million for the quarter under review.

Commercial Banking

For the 3 months ended 31 March 2019, AFFIN Bank reported a lower PBT of RM103.7 million as compared to RM108.0 million for the preceding year's corresponding quarter. This was mainly due to reduction in net interest income of RM20.2 million, write-back of credit impairment losses of RM13.5 million and net fee and commission income of RM7.2 million, partially offset by higher net gain on financial instrument of RM23.0 million and lower overhead expenses of RM13.8 million. The decrease in overhead expenses was attributable to lower professional fees and charges on management consultants of RM7.2 million, write-back of provision on insurance and indemnities of RM2.3 million and lower personnel cost of RM2.2 million.

AFFIN Islamic Bank ("AiBB") registered a lower PBT of RM32.0 million for the current financial quarter as compared to RM32.3 million for the preceding year's corresponding quarter. The was mainly attributable to decrease in operating income of RM3.9 million and increase in overhead expenses of RM7.5 million, cushion by lower allowance for credit impairment losses of RM11.1 million.

Investment Banking

The results of the investment banking segment was attributed to the results of AFFIN Hwang Investment Bank Berhad ["AFFIN Hwang IB"] Group.

For the 3 months ended 31 March 2019, the AHIB Group's reported a PBT of RM45.2 million as compared to RM42.0 million achieved last year. The improved performance was mainly due to higher net gain on financial instruments of RM15.3 million and lower overhead expenses of RM2.6 million, offset by lower net fee and commission income and net interest income of RM10.5 million and RM3.6 million respectively. In addition, there was an allowance of credit impairment losses of RM2.0 million for the quarter under review as compared to a write-back of RM0.01 million in the previous corresponding quarter.

The 63%-owned subsidiary namely AFFIN Hwang Asset Management Berhad ("AHAM") registered a PBT RM25.3 million for the 3 months ended 31 March 2019 indicated an improvement of 22.0% as compared to RM20.7 million achieved in the previous year. The improved performance was mainly attributable to higher other income of RM3.7 million, higher net gain on financial instruments of RM0.6 million and lower overhead expenses of RM1.1 million, offset by lower net fee and commission income of RM1.0 million. The decrease in overhead expenses mainly due to lower personnel cost of RM3.8 million, net of higher marketing expenses and establishment cost of RM0.7 million and RM0.6 million respectively.

**Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (Cont.)**

Insurance

The results of the insurance segment was made up of share of after tax results of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI").

AALI reported a higher pre-tax loss of RM4.7 million for the 3 months ended 31 March 2019 as compared to the pre-tax loss of RM3.0 million for the preceding year's corresponding quarter, mainly due to higher reserves for future policyholders' liabilities of RM9.3 million. However, these were offset by higher investment income of RM4.8 million and lower overhead expenses of RM2.9 million.

AAGI reported a pre-tax profit of RM29.1 million for the 3 months ended 31 March 2019, mainly made up of earned premium of RM299.2 million and investment income of RM26.8 million, net of net claims incurred, net commission and management expenses of RM196.2 million, RM32.7 million and RM66.0 million respectively. For the period ended 31 March 2019, AAGI reported a lower pre-tax profit of RM29.1 million as compared to RM38.0 million for the preceding quarter last year, mainly due to higher net claims incurred of RM22.2 million which was mainly contributed from Motor "Act" of RM16.2 million. However, these were cushioned by higher earned premium of RM6.1 million, higher investment income of RM2.4 million, lower net commission of RM2.7 million and lower interest expense of RM1.7 million.

Other business segment

The results of other business segment was made up of the pretax profit of RM0.7 million of AFFIN Moneybrokers Sdn Bhd ("AMB") mainly made up of brokerage income of RM3.3 million, net of overhead expenses of RM2.7 million.

For the 3 months ended 31 March 2019, AMB reported a higher PBT of RM0.7 million as compared to RM0.3 million achieved in the previous year. This was mainly due to higher net brokerage income of RM0.8 million, net of higher overhead expenses of RM0.4 million.

**B2. COMMENTS ON CURRENT PERFORMANCE AGAINST THE PRECEDING QUARTER'S**

Table 2 : Financial review for current quarter against preceding quarter

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	31/3/2019 RM'000	31/12/2018 RM'000	RM'000	%
Net income	472,516	453,558	18,958	4.18
Operating Profit	178,054	176,398	1,656	0.94
Profit Before Zakat and Tax	185,423	187,263	(1,840)	(0.98)
Profit Before Tax	184,976	187,027	(2,051)	(1.10)
Profit After Tax	143,745	151,914	(8,169)	(5.38)
Profit attributable to equity holders of the Bank	137,231	143,750	(6,519)	(4.53)

For the current financial quarter, the Group reported a lower pre-tax profit of RM185.0 million as compared to RM187.0 million achieved in the preceding quarter. This was mainly due to the reduction in net interest income, other income and net fee and commission income of RM19.1 million, RM7.3 million and RM5.4 million respectively and higher overhead expenses of RM10.8 million, net of higher net gain on financial instruments of RM51.2 million. In addition, there was also a reduction in the write-back of credit impairment losses of RM6.6 million for the quarter under review.

## Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B3. PROSPECTS FOR FINANCIAL YEAR 2019

Against the backdrop of a challenging global environment, Bank Negara Malaysia is forecasting the Malaysian economy to remain on a steady growth path, expanding between 4.3% to 4.8% in 2019 as compared to 4.7% in 2018. The growth will continue to be supported by domestic demand and firm private sector activities, stable income and employment growth, recovery in commodity sectors and on-going projects. Meanwhile, inflation is projected to remain broadly low in the range of 0.7% to 1.7% in 2019 with the projection incorporates some cost pass-through from domestic cost factors. All economic sectors are expected to expand with services and manufacturing sector remain the key contributors to overall growth. Malaysia's fundamentals and diversified economy will help weather global risks and vulnerabilities while preserving macroeconomic and financial stability. Downside risk would be on low commodity prices i.e. Palm oil and rubber as well as geopolitical issues.

In 2019, the banking industry is expected to be characterised by moderate loan growth and soft capital markets. The prevailing market conditions, both globally and domestically will continue to drive volatility and uncertainty in the industry. Caution will prevail in the industry due to the soft economic outlook globally and selective asset growth will be the focus for the banks.

The Group is upgrading its capabilities and operating efficiencies specifically on digital front in enriching customer experience. In 2019, customers can look forward to more digital offerings with the new Retail Internet Banking, AFFIN Pay @ E-Wallet and Mobile Internet Banking. On the Corporate Banking side, the new Transaction Banking System will enable AFFINBANK to on board new customers and enhance existing customers' experience. On the Small and Medium Enterprises ('SME') front, the new SME colony is also in progress and AFFINBANK is working with renowned Fintech partners to realise this initiative.

The Group will continuously strive to maximise synergistic value and put in place more strategies to drive the next phase of growth and meet the ever-changing business environment and requirements. AFFINBANK's strategic focus for the 2019 will remain on both retail and business banking segments, especially in the SME segment.

### B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profit forecast and profit guarantee issued by the Group and the Bank.

### B5. TAXATION

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
Malaysian Taxation :	RM'000	RM'000	RM'000	RM'000
- Income tax based on profit for the financial period	18,996	38,052	18,996	38,052
Under provision in prior period :				
- Current taxation	31	-	31	-
Deferred tax :				
- Relating to originating temporary differences	22,204	2,711	22,204	2,711
	<b>41,231</b>	<b>40,763</b>	<b>41,231</b>	<b>40,763</b>
<b>Bank</b>	<b>31/3/2019</b>	<b>31/3/2018</b>	<b>31/3/2019</b>	<b>31/3/2018</b>
Malaysian Taxation :	RM'000	RM'000	RM'000	RM'000
- Income tax based on profit for the financial period	10,191	23,960	10,191	23,960
Deferred tax :				
- Relating to originating temporary differences	13,502	1,872	13,502	1,872
	<b>23,693</b>	<b>25,832</b>	<b>23,693</b>	<b>25,832</b>

For the current and preceding year's corresponding period, the Group's and the Bank effective tax rate were lower than the statutory tax rate, mainly due to certain expenses not deductible for tax purposes, net of certain income not subject to tax or subject to lower tax rate.

### B6. STATUS OF CORPORATE PROPOSALS

There were no changes in status of corporate proposals reported during the financial period under review.

**Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
<b>(i) <u>Deposits from Customers</u></b>				
<u>By Type of Deposit :</u>				
Money Market Deposits	946,681	1,256,223	946,681	1,256,223
Demand Deposits	6,182,073	6,830,259	3,773,456	4,245,815
Savings Deposits	2,165,661	2,109,239	1,559,638	1,508,539
Fixed Deposits	44,017,108	42,820,134	22,774,618	22,702,344
Negotiable Instruments of Deposits ("NID")	3,281,800	3,838,419	3,291,605	3,848,298
Commodity Murabahah Deposits	767,694	395,167	-	-
Others	69,758	97,006	-	-
	<b>57,430,775</b>	<b>57,346,447</b>	<b>32,345,998</b>	<b>33,561,219</b>
 Maturity structure of fixed deposits and NIDs are as follows :				
Due within six months	30,120,846	29,362,425	16,456,908	16,890,847
Six months to one year	13,276,036	14,371,114	7,149,658	7,579,649
One year to three years	3,499,324	2,521,314	2,433,882	2,054,033
Three years to five years	402,702	403,700	25,775	26,113
	<b>47,298,908</b>	<b>46,658,553</b>	<b>26,066,223</b>	<b>26,550,642</b>
 <u>By Type of Customer :</u>				
Government and statutory bodies	12,401,651	12,148,553	2,320,885	2,205,373
Business enterprises	13,515,786	15,343,682	7,386,401	9,111,267
Individuals	17,356,326	16,220,138	14,512,239	14,289,446
Domestic banking institutions	3,681,407	3,915,899	3,700,342	3,932,579
Domestic non-banking financial institutions	9,002,896	8,446,052	3,419,464	3,133,150
Foreign entities	649,080	547,452	526,338	431,780
Others	823,629	724,671	480,329	457,624
	<b>57,430,775</b>	<b>57,346,447</b>	<b>32,345,998</b>	<b>33,561,219</b>
 <b>(ii) <u>Deposits and Placements of Banks and Other Financial Institutions</u></b>				
<u>By Type of Institution :</u>				
Licensed banks	1,388,516	2,371,858	1,069,147	2,154,065
Licensed investment banks	10,627	153,398	-	-
Bank Negara Malaysia	268,677	361,359	268,677	361,359
Other financial institutions	2,039,888	1,960,297	1,708,533	1,785,424
	<b>3,707,708</b>	<b>4,846,912</b>	<b>3,046,357</b>	<b>4,300,848</b>
 <u>By Maturity Structure :</u>				
Due within six months	3,543,808	4,772,885	2,882,457	4,226,821
Six months to one year	163,900	74,027	163,900	74,027
	<b>3,707,708</b>	<b>4,846,912</b>	<b>3,046,357</b>	<b>4,300,848</b>
 <b>(iii) <u>Lease Liabilities</u></b>				
At beginning of financial period/year, on adoption of MFRS 16	72,777	-	58,307	-
Interest expense	505	-	375	-
Lease payment	(9,132)	-	(6,504)	-
At end of the financial period/year	<b>64,150</b>	<b>-</b>	<b>52,178</b>	<b>-</b>

**Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B7. DEPOSITS, LEASE LIABILITIES AND BORROWINGS (Cont.)**

	Group		Bank	
	31/3/2019 RM'000	31/12/2018 RM'000	31/3/2019 RM'000	31/12/2018 RM'000
(iv) <b>Borrowings</b>				
(a) Tier-2 Subordinated Medium Term Notes	2,009,568	2,036,144	2,009,568	2,036,144
(b) Additional Tier-1 Capital Securities	504,767	512,235	504,767	512,235
(c) Additional Tier-1 Sukuk Wakalah	307,662	303,483	-	-
(d) MTN Tier-2 Sukuk Murabahah	817,710	201,950	-	-
	<u>3,639,707</u>	<u>3,053,812</u>	<u>2,514,335</u>	<u>2,548,379</u>

(a) Tier-2 Subordinated Medium Term Notes ("Subordinated MTNs")

The Bank had on 7 February 2017 and 20 September 2017 issued 2 tranches of Tier-2 Subordinated MTNs of RM1.0 billion each out of its approved BASEL III Compliant MTN programme of up to RM6.0 billion in nominal value. The Subordinated MTNs were issued for a tenure of 10 years from the issue date on a 10-year non-callable 5 basis, at a coupon rate of 5.45% and 5.03% respectively. The MTNs were issued for the purpose of general banking business and working capital requirements of the Bank.

(b) Additional Tier-1 Capital Securities ("AT1CS")

The Bank had on 31 July 2018 issued AT1CS of RM500 million out of its approved BASEL III Compliant AT1CS programme of up to RM3.0 billion in nominal value. The AT1CS was on perpetual non-callable 5 years, at a coupon rate of 5.80%. The AT1CS was issued for the purpose of general banking business and working capital requirements of the Bank.

(c) Additional Tier 1 Sukuk Wakalah ("AT1S")

AFFIN Islamic Bank Berhad ("AiBB") had on 18 October 2018 issued first tranche of AT1S of RM300.0 million out of its approved BASEL III Complaint Islamic Medium Term Notes Programme ('Sukuk Programme') of up to RM5.0 billion in nominal value. The Sukuk Wakalah was on a perpetual non-callable 5 years, at a coupon rate of 5.65%. The Sukuk Wakalah was issued for the purpose of general banking business and working capital requirements of AiBB.

(d) MTN Tier-2 Sukuk Murabahah

AiBB had on 23 October 2018 issued a MTN Tier-2 Sukuk Murabahah of RM800.0 million out of its Sukuk Programme. The Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5 basis, at a coupon rate of 5.05%. The Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of AiBB.



## Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B8. MATERIAL LITIGATION

- a) A claim by the Plaintiff against the Bank vide Write of Summons and Statement of Claim dated 22 January 2016 ("Writ") for the following:-
- RM56,885,317.82 together with interest at 5% per annum from 1999 till full settlement as alleged damages;
  - SGD9,928,473.75 together with interest at 5% per annum from 2013 till full settlement as alleged losses;
  - RM776,331.00 being alleged losses of Plaintiff's shares in Berlian Ferries Pte. Ltd which was transferred out as a result of his bankruptcy in 2013 with interest at 5% per annum from 2013 till full settlement as alleged losses;
  - RM500,000 as cost in respect of legal proceedings in Singapore.

The Bank had on 25 January 1996 given Suria Barisan (M) Sdn Bhd ("Suria") a credit facility of RM21.6 million ("Facility") against security of unquoted shares belonging to Naval Dockyard Sdn Bhd and guaranteed by the Plaintiff and Puan Norashikin Binti Abdul Latiff ("Guarantor").

Suria, the Plaintiff and the Guarantor ("All") defaulted in the Facility which led to the Bank filing a debt recovery action against All of them in 1999. Judgement was obtained against All on 8 July 2004.

The Plaintiff was made bankrupt on 17 January 2013. The bankruptcy was set aside in September 2015 on the grounds that he was solvent due to a third party, Chenet Finance Ltd ("Chenet") being ordered by a Singapore Court to pay damages to the Director General of Insolvency Malaysia ("DGI") as receiver of Plaintiff's Estate. On 29 January 2018, the full trial of the suit has been fixed on 27, 28 and 29 August 2018. On 30 July 2018, the Court fixed Case Management on 15 August 2018. On 15 August 2018, full trial was fixed from 27 to 29 August 2018. Hearing was part heard on 27 and 28 August 2018, postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018. On 16 October 2018, the trial dates were vacated as the presiding Judge informed that he will be transferred and a new Judge will take over the matter. On 5 December 2018, matter came up Case Management morning before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court has fixed new trial dates on 25 to 28 March 2019 and 8 to 11 April 2019. On 11 April 2019, the Plaintiff requested for an adjournment as he was unwell. The High Court fixed 23 May 2019 for Case Management for parties to update on mediation efforts. Hearing dates have been fixed on 3 to 5 Sept 2019 and 21 to 24 September 2019.

The Plaintiff's claim ("Claim") is premised on alleged wrongful acts by the Bank as follows:-

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ("NDSB shares") which was pledged by Suria to the Bank as security for the Facility on a timely basis. On this claim, Plaintiff claims damages under (i) above;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- the Bank had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore. Plaintiff has alleged conspiracy between the Bank and the opponent of the Plaintiff in Singapore. On this claim, Plaintiff claims losses under (ii) above;
- the Bank had wrongfully made Plaintiff a bankrupt in 2013 which bankruptcy was set aside in 2015. On this claim, Plaintiff claims losses under (iii) above;
- the Plaintiff is also claiming the amount of (iv) above being cost of proceedings incurred by him in Singapore.

The Bank has a good defence ("Defence") on the merits with regard to each of the alleged wrongful act as follows:-

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement and the price has to be based on the offer from the approved prospective buyer;
- the release of the Guarantor is the prerogative of the Bank pursuant to the terms of the Guarantee Agreement;
- the Plaintiff's bankruptcy is based on a judgement of Court;
- the Bank's legal firm has corresponded with the legal firm of the Plaintiff's opponent in Singapore only to inform the status of the Plaintiff proceedings in Malaysia and any alleged conspiracy is denied;
- the Claim for cost is unreasonable as the Bank was not in any way involved in the Singapore proceedings.

The above Claim against the Bank by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of the Bank are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will only materialize if the Court rules in the Plaintiff's favour, the Writ and Statement of Claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank for the period under review.

## Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

### B8. MATERIAL LITIGATION (continued)

- b) Affin Bank Berhad (the “Bank” or “ABB”) and its wholly-owned subsidiary, Affin Hwang Investment Bank Berhad (“AHIB”), together with another bank (collectively the “Participating Banks”) are the syndicated lenders in the syndicated facility for the sum of up to RM165 million (“Syndicated Facility”) comprising revolving credit (“RC”) facility, letter of credit (“LC”) facility and bank guarantee (“BG”) facility granted to Zecon Berhad (“Zecon”).

Under the Syndicated Facility, the Bank granted a RC and LC facility in the sum of RM15 million and RM50 million respectively whilst AHIB had granted a BG facility in the sum of RM25 million. Zecon defaulted in its payment of the Syndicated Facility and the Participating Banks filed a claim for the amount owing of RM102,785,249.87, of which approximately RM33 million are attributable to the Bank and AHIB.

Zecon filed its Defence and Counter-claim (“Counter-claim”) claiming amongst others, return of the 3rd party charge document given to secure the Syndicated Facility, general damages and costs against the Participating Banks. The Court had on 29 April 2019 fixed the matter for Case Management on 29 May 2019.

The Board of Directors of the Bank are of the view that save for the orders, cost and relief sought by Zecon which will only materialize if the Court rules in Zecon’s favour, the Counter-claim is not expected to result in any immediate losses, material, financial and operational impact on the Bank.

- c) There are various legal suits against the Bank in respect of claims and counter claims of approximately RM19.2 million (2018: RM26.1 million). Based on legal advice, the Directors are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against the Bank is remote.

### B9. DIVIDENDS

No dividend has been proposed for the quarter under review.

### B10. EARNINGS PER SHARE

Group	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
Net profit attributable to equity holders of the Bank (RM'000)	137,231	141,467	137,231	141,467
Weighted average number of ordinary shares in issue	1,975,970,089	1,942,948,547	1,975,970,089	1,942,948,547
Basic earnings per share (sen)	6.9	7.3	6.9	7.3

  

Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
Net profit attributable to equity holders of the Bank (RM'000)	80,002	82,194	80,002	82,194
Weighted average number of ordinary shares in issue	1,975,970,089	1,942,948,547	1,975,970,089	1,942,948,547
Basic earnings per share (sen)	4.0	4.2	4.0	4.2