

**AFFIN BANK BERHAD**

(Company no. 25046-T)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 30 June 2019**

	Note	GROUP		BANK	
		30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>ASSETS</b>					
Cash and short-term funds		10,324,816	6,331,798	3,902,876	2,569,003
Deposits and placements with banks and other financial institutions		511,819	71,801	570,813	113,610
Investment accounts due from designated financial institutions		-	-	1,884,309	2,366,711
Financial assets at fair value through profit or loss ("FVTPL")	A9	710,652	606,462	191,763	373,638
Derivative financial assets	A29	97,587	88,805	57,930	61,831
Financial investments at fair value through other comprehensive income ("FVOCI")	A10	12,227,837	15,361,758	6,073,530	9,144,507
Financial investments at amortised cost	A11	150,238	163,027	105,682	114,646
Loans, advances and financing	A12	47,064,137	48,392,012	27,332,076	28,498,149
Trade receivables	A13	475,570	369,651	-	-
Commodity Gold at FVTPL		47,489	42,733	-	-
Other assets	A14	291,534	138,884	94,775	60,423
Amount due from subsidiaries		-	-	356,711	420
Amount due from joint ventures		32,163	31,295	-	-
Amount due from associates		57,870	57,717	57,370	57,217
Tax recoverable		70,334	62,271	28,741	31,182
Deferred tax assets		42,271	114,830	31,729	70,239
Statutory deposits with Bank Negara Malaysia		1,835,503	1,946,669	1,095,901	1,238,069
Investment in subsidiaries		-	-	3,053,899	3,053,899
Investment in joint ventures		175,830	158,051	178,940	163,640
Investment in associates		632,041	611,996	548,482	548,482
Right-of-use assets		58,757	-	48,687	-
Property and equipment		571,448	520,644	533,648	482,708
Intangible assets		906,024	906,068	188,377	182,235
<b>TOTAL ASSETS</b>		<b>76,283,920</b>	<b>75,976,472</b>	<b>46,336,239</b>	<b>49,130,609</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B7	59,248,076	57,346,447	33,114,983	33,561,219
Investment accounts of customers		1,965	875	-	-
Deposits and placements of banks and other financial institutions	B7	2,029,940	4,846,912	1,850,374	4,300,848
Obligation on securities sold under repurchase agreements		-	142,477	-	-
Derivative financial liabilities	A29	112,544	113,132	76,375	85,660
Bills and acceptances payable		32,419	32,585	32,419	32,585
Trade payables		899,196	600,974	-	-
Lease liabilities	B7	59,304	-	49,138	-
Other liabilities	A15	895,204	1,082,148	418,814	571,575
Amount due to subsidiaries		-	-	1,820	109,399
Provision for taxation		3,759	8,748	-	-
Deferred tax liabilities		13,538	7,126	-	-
Borrowings	B7	3,658,727	3,053,812	2,547,693	2,548,379
<b>TOTAL LIABILITIES</b>		<b>66,954,672</b>	<b>67,235,236</b>	<b>38,091,616</b>	<b>41,209,665</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)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 30 June 2019**

	Note	GROUP		BANK	
		30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 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	278,021	110,371	171,842	111,161
Regulatory reserves	A16	1,015,562	939,055	760,338	716,313
Foreign exchange reserves	A16	593	593	-	-
Retained profits	A16	3,163,719	2,928,584	2,537,671	2,408,718
Stock option reserves	A16	-	8,328	-	-
<b>Equity attributable to equity holders of the Bank</b>		<b>9,232,667</b>	8,671,683	<b>8,244,623</b>	7,920,944
Non-controlling interest		96,581	69,553	-	-
<b>TOTAL EQUITY</b>		<b>9,329,248</b>	8,741,236	<b>8,244,623</b>	7,920,944
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>76,283,920</b>	75,976,472	<b>46,336,239</b>	49,130,609
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>30,855,287</b>	30,873,074	<b>18,138,274</b>	20,469,123
<b>CAPITAL ADEQUACY RATIOS</b>	A31				
Before effect of proposed dividends :					
CET 1 capital ratio		12.676%	11.744%	10.566%	9.512%
Tier 1 capital ratio		14.365%	13.380%	12.170%	11.033%
Total capital ratio		21.147%	18.816%	19.556%	16.287%
After effect of proposed dividends :					
CET 1 capital ratio		12.676%	11.924%	10.566%	9.786%
Tier 1 capital ratio		14.365%	13.559%	12.170%	11.307%
Total capital ratio		21.147%	18.996%	19.556%	16.561%
<b>Net assets per share attributable to equity holders of the Bank (RM)</b>		<b>4.6</b>	4.5	<b>4.2</b>	4.1

*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 Income Statements for the Financial Quarter Ended 30 June 2019**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
		<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A17	574,255	588,152	1,165,875	1,171,516
Interest expense	A18	(387,270)	(377,638)	(790,507)	(745,195)
<b>Net interest income</b>		<b>186,985</b>	210,514	<b>375,368</b>	426,321
Income from Islamic banking business		104,722	104,705	202,117	203,222
		<b>291,707</b>	315,219	<b>577,485</b>	629,543
Fee and commission income	A19 (a)	146,321	160,185	279,496	334,397
Fee and commission expense	A19 (b)	(36,629)	(42,461)	(67,194)	(99,120)
Net fee and commission income	A19	109,692	117,724	212,302	235,277
Net gains on financial instruments	A20	83,866	33,852	155,377	67,085
Other income	A21	12,662	27,383	25,279	38,890
<b>Net income</b>		<b>497,927</b>	494,178	<b>970,443</b>	970,795
Other operating expenses	A22	(310,794)	(305,926)	(615,116)	(617,501)
<b>Operating profit before allowances</b>		<b>187,133</b>	188,252	<b>355,327</b>	353,294
Write-back of/(allowance for) credit impairment losses	A23	26,268	(91,872)	36,128	(76,188)
Allowances for impairment losses on other assets	A24	-	(382)	-	(6,382)
<b>Operating profit</b>		<b>213,401</b>	95,998	<b>391,455</b>	270,724
Share of results of a joint venture		2,070	483	320	(713)
Share of results of an associate		3,432	17,825	12,551	31,282
<b>Profit before zakat and taxation</b>		<b>218,903</b>	114,306	<b>404,326</b>	301,293
Zakat		(3,863)	(406)	(4,310)	(643)
<b>Profit before taxation</b>		<b>215,040</b>	113,900	<b>400,016</b>	300,650
Taxation	B5	(51,962)	(34,899)	(93,193)	(75,662)
<b>Net profit for the financial period</b>		<b>163,078</b>	79,001	<b>306,823</b>	224,988
<b>Profit for the financial period attributable to :-</b>					
- Equity holders of the Bank		156,031	73,306	293,262	214,773
- Non-controlling interest		7,047	5,695	13,561	10,215
		<b>163,078</b>	79,001	<b>306,823</b>	224,988
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic/fully diluted	B10	7.9	3.8	14.8	11.1

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 Comprehensive Income**  
**for the Financial Quarter Ended 30 June 2019**

<b>GROUP</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</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>163,078</b>	79,001	<b>306,823</b>	224,988
<b>Other comprehensive income :</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>75,897</b>	(62,335)	<b>249,293</b>	(75,084)
- Net credit impairment losses change in financial investments at FVOCI (debt instruments)	<b>(6,352)</b>	789	<b>(5,250)</b>	(132)
- Net gain on financial investments at FVOCI reclassified to profit or loss on disposal	<b>(32,784)</b>	(113)	<b>(40,003)</b>	(1,032)
- Deferred tax on financial investments at FVOCI	<b>(11,608)</b>	15,043	<b>(51,553)</b>	18,082
- Share of other comprehensive income/(loss) of a joint venture	<b>2,019</b>	(1,013)	<b>2,159</b>	(640)
- Share of other comprehensive income/(loss) of an associate	<b>3,684</b>	(7,776)	<b>7,494</b>	(7,492)
<u>Items that may not be reclassified subsequently to profit or loss :</u>				
- Net loss on disposal in financial investments at FVOCI (non-recycle to profit or loss)	<b>2,452</b>	-	<b>2,755</b>	-
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>33,308</b>	(55,405)	<b>164,895</b>	(66,298)
<b>Total comprehensive income for the financial period</b>	<b>196,386</b>	23,596	<b>471,718</b>	158,690
<b>Total comprehensive income for the financial period attributable to :-</b>				
- Equity holders of the Bank	<b>189,339</b>	17,901	<b>458,157</b>	148,563
- Non-controlling interest	<b>7,047</b>	5,695	<b>13,561</b>	10,127
	<b>196,386</b>	23,596	<b>471,718</b>	158,690

*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 Income Statements for the Financial Quarter Ended 30 June 2019**

	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
<b><u>BANK</u></b>					
Interest income	A17	512,940	532,456	1,045,302	1,058,226
Interest expense	A18	(344,178)	(344,952)	(703,865)	(677,873)
<b>Net interest income</b>		<b>168,762</b>	187,504	<b>341,437</b>	380,353
Fee and commission income	A19 (a)	26,694	25,687	51,802	58,456
Fee and commission expense	A19 (b)	(2,361)	(3,075)	(3,835)	(5,026)
Net fee and commission income	A19	24,333	22,612	47,967	53,430
Net gains on financial instruments	A20	41,825	12,228	72,250	19,712
Other income	A21	9,471	228,014	19,209	237,967
<b>Net income</b>		<b>244,391</b>	450,358	<b>480,863</b>	691,462
Other operating expenses	A22	(146,343)	(153,702)	(296,126)	(317,272)
<b>Operating profit before allowances</b>		<b>98,048</b>	296,656	<b>184,737</b>	374,190
Write-back of/(allowance for) credit impairment losses	A23	25,721	(89,317)	42,727	(58,825)
<b>Profit before zakat and taxation</b>		<b>123,769</b>	207,339	<b>227,464</b>	315,365
Zakat		-	-	-	-
<b>Profit before taxation</b>		<b>123,769</b>	207,339	<b>227,464</b>	315,365
Taxation	B5	(30,793)	(13,309)	(54,486)	(39,141)
<b>Net profit for the financial period</b>		<b>92,976</b>	194,030	<b>172,978</b>	276,224
Earnings per share attributable to the equity holders of the Bank (sen)					
- Basic /fully diluted	B10	4.7	10.0	8.7	14.2

*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 Comprehensive Income**  
**for the Financial Quarter Ended 30 June 2019**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
<b><u>BANK</u></b>				
<b>Net profit for the financial period</b>	<b>92,976</b>	194,030	<b>172,978</b>	276,224
<b>Other comprehensive income :</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>10,046</b>	(24,893)	<b>81,261</b>	(34,819)
- Net credit impairment losses change in financial investments at FVOCI (debt instruments)	<b>730</b>	109	<b>(1,077)</b>	(765)
- Deferred tax on financial investments at FVOCI	<b>(2,410)</b>	5,975	<b>(19,503)</b>	8,357
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>	<b>8,366</b>	(18,809)	<b>60,681</b>	(27,227)
<b>Total comprehensive income for the financial period</b>	<b>101,342</b>	175,221	<b>233,659</b>	248,997

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**AFFIN BANK BERHAD**  
(Company no. 25046-T)  
**Unaudited Condensed Consolidated Statement Of Changes In Equity**  
**for the Financial Quarter Ended 30 June 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	-	-	-	-	-	293,262	<b>293,262</b>	13,561	<b>306,823</b>
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	155,242	-	-	-	-	<b>155,242</b>	-	<b>155,242</b>
- Net gain/(loss) transferred to retained profits (non-recycle to profit or loss)	-	2,755	-	-	-	(2,755)	-	-	-
- Share of other comprehensive income of a joint venture	-	2,159	-	-	-	-	<b>2,159</b>	-	<b>2,159</b>
- Share of other comprehensive income of an associate	-	7,494	-	-	-	-	<b>7,494</b>	-	<b>7,494</b>
Total comprehensive income for the financial period	-	167,650	-	-	-	290,507	<b>458,157</b>	13,561	<b>471,718</b>
Issuance of new shares	90,020	-	-	-	-	-	<b>90,020</b>	-	<b>90,020</b>
Options exercised during the period	-	-	-	-	(8,328)	8,328	-	-	-
Dilution of interest in subsidiaries	-	-	-	-	-	12,807	<b>12,807</b>	31,967	<b>44,774</b>
Transfer to regulatory reserves	-	-	76,507	-	-	(76,507)	-	-	-
Dividends	-	-	-	-	-	-	-	(18,500)	<b>(18,500)</b>
<b>At 30 June 2019</b>	<b>4,774,772</b>	<b>278,021</b>	<b>1,015,562</b>	<b>593</b>	-	<b>3,163,719</b>	<b>9,232,667</b>	<b>96,581</b>	<b>9,329,248</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 30 June 2019**

<b>GROUP</b>	<----- Attributable to Equity Holders of the Bank ----->						<b>Total shareholders' equity RM'000</b>	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			
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	-	-	-	-	-	214,773	<b>214,773</b>	10,215	<b>224,988</b>
Other comprehensive income (net of tax) :									
- Financial investments at FVOCI	-	(58,078)	-	-	-	-	<b>(58,078)</b>	(88)	<b>(58,166)</b>
- Share of other comprehensive loss of a joint venture	-	(640)	-	-	-	-	<b>(640)</b>	-	<b>(640)</b>
- Share of other comprehensive loss of an associate	-	(7,492)	-	-	-	-	<b>(7,492)</b>	-	<b>(7,492)</b>
Total comprehensive income for the financial period	-	(66,210)	-	-	-	214,773	<b>148,563</b>	10,127	<b>158,690</b>
Effects of predecessor accounting	-	-	-	-	-	101,563	<b>101,563</b>	-	<b>101,563</b>
Transfer to regulatory reserves	-	-	138,097	-	-	(138,097)	-	-	-
Dividends	-	-	-	-	-	-	-	(9,000)	<b>(9,000)</b>
<b>At 30 June 2018</b>	<b>4,684,752</b>	<b>(22,524)</b>	<b>762,246</b>	<b>151</b>	<b>-</b>	<b>2,884,773</b>	<b>8,309,398</b>	<b>59,135</b>	<b>8,368,533</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 Changes In Equity  
for the Financial Quarter Ended 30 June 2019**

	<-----Non-distributable----->			< Distributable >	
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></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	-	-	-	172,978	<b>172,978</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	60,681	-	-	<b>60,681</b>
Total comprehensive income for the financial period	-	60,681	-	172,978	<b>233,659</b>
Issuance of new shares	90,020	-	-	-	<b>90,020</b>
Transfer to regulatory reserves	-	-	44,025	(44,025)	-
<b>At 30 June 2019</b>	<b>4,774,772</b>	<b>171,842</b>	<b>760,338</b>	<b>2,537,671</b>	<b>8,244,623</b>

	<-----Non-distributable----->			< Distributable >	
	Share capital	FVOCI revaluation reserves	Regulatory reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></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	-	-	-	276,224	<b>276,224</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	(27,227)	-	-	<b>(27,227)</b>
Total comprehensive income for the financial period	-	(27,227)	-	276,224	<b>248,997</b>
Transfer to regulatory reserves	-	-	111,221	(111,221)	-
<b>At 30 June 2018</b>	<b>4,684,752</b>	<b>35,153</b>	<b>634,594</b>	<b>2,237,123</b>	<b>7,591,622</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 30 June 2019**

	GROUP		BANK	
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	400,016	300,650	227,464	315,365
Adjustment for items not involving the movement of cash and cash equivalents	(297,815)	(137,027)	(163,954)	(240,480)
Operating profit before changes in working capital	102,201	163,623	63,510	74,885
Net changes in operating assets	1,018,349	(2,464,243)	1,367,540	457,049
Net changes in operating liabilities	(891,442)	1,917,817	(2,996,995)	(1,445,047)
Tax and zakat paid	(45,210)	(62,797)	(33,037)	(56,020)
Net cash generated from/(used in) operating activities	<b>183,898</b>	(445,600)	<b>(1,598,982)</b>	(969,133)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received :				
- financial investments at FVOCI	235,051	236,155	157,802	166,261
- financial investments at amortised cost	4,097	4,136	2,839	2,839
Dividend income :				
- financial assets at FVTPL	3,104	2,217	-	-
- financial investments at FVOCI	2,905	2,537	656	595
- subsidiaries	-	-	1,000	178,000
Net disposal/(purchase) of :				
- financial assets at FVOCI	3,444,563	(496,088)	3,217,412	(262,750)
- financial investment at amortised cost	-	(39,784)	8,992	413
Net purchase of financial investments at amortised cost net of redemption	12,789	-	-	-
Purchase of :				
- property and equipment	(77,214)	(57,831)	(71,956)	(53,178)
- intangible assets	(1,903)	(1,075)	(884)	(256)
Proceeds from disposal of :				
- property and equipment	153	41,915	1	41,752
- foreclosed properties	1,860	307	1,860	-
Issuance of new shares	90,020	-	90,020	-
Subscription of shares in a joint venture	(15,300)	-	(15,300)	-
Exercise of stock options	44,773	-	-	-
Cash flow arising from Group Reorganisation	-	15,545	-	-
Net cash generated from/(used in) investing activities	<b>3,744,898</b>	(291,966)	<b>3,392,442</b>	73,676
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in borrowings	600,000	-	-	-
Interest payment on borrowings	(61,435)	(109,837)	(67,036)	(52,417)
Payment of dividend to non-controlling interest	(18,500)	(9,000)	-	-
Net cash generated from/(used in) financing activities	<b>520,065</b>	(118,837)	<b>(67,036)</b>	(52,417)
Net increase/(decrease) in cash and cash equivalents	4,448,861	(856,403)	1,726,424	(947,874)
Effect of exchange rate changes	5,657	(9,592)	4,506	(6,979)
Cash and cash equivalents at beginning of the financial period	6,324,663	4,347,433	2,653,725	2,410,566
Cash and cash equivalents at end of the financial period	<b>10,779,181</b>	3,481,438	<b>4,384,655</b>	1,455,713
<u>Cash and cash equivalents comprise the following:</u>				
Cash and short-term funds	10,324,816	3,530,250	3,902,876	1,455,713
Deposits and placements of banks and other financial institutions	511,819	15,445	570,813	84,350
	<b>10,836,635</b>	3,545,695	<b>4,473,689</b>	1,540,063
Less:				
Amount held on behalf of commissioned dealer's representatives	(48,219)	(48,812)	-	-
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months	(9,235)	(15,445)	(89,034)	(84,350)
	<b>10,779,181</b>	3,481,438	<b>4,384,655</b>	1,455,713

*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	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<u>At fair value</u>				
<u>Money market instruments</u>				
Malaysian Government Securities	72,908	50,387	-	-
Malaysian Government Investment Issues	106,032	10,115	-	-
Negotiable Instruments of Deposit	82,406	264,667	72,305	254,660
	<u>261,346</u>	<u>325,169</u>	<u>72,305</u>	<u>254,660</u>
<u>Quoted Securities</u>				
- Shares in Malaysia	27,104	21,531	-	-
- Unit Trusts in Malaysia	267,091	120,143	-	-
	<u>294,195</u>	<u>141,674</u>	<u>-</u>	<u>-</u>
<u>Unquoted Securities</u>				
- Shares in Malaysia	88,928	88,928	88,928	88,928
- Corporate Bonds/Sukuk in Malaysia	34,920	34,415	30,530	30,050
- Corporate Bonds/Sukuk outside Malaysia	31,263	16,276	-	-
	<u>155,111</u>	<u>139,619</u>	<u>119,458</u>	<u>118,978</u>
	<b><u>710,652</u></b>	<b><u>606,462</u></b>	<b><u>191,763</u></b>	<b><u>373,638</u></b>

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

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<u>At fair value</u>				
<u>Money market instruments</u>				
Malaysian Government Securities	455,178	726,620	151,971	479,538
Malaysian Government Investment Issues	1,411,790	2,026,362	355,570	644,531
Malaysian Government Treasury Bills	-	79,728	-	-
Khazanah Bonds/Sukuk	374,116	401,634	252,866	238,462
Cagamas Bonds/Sukuk	77,326	228,728	10,250	121,661
Sukuk Perumahan Kerajaan	326,095	320,790	234,026	230,042
Negotiable Instruments of Deposit and Islamic Debt Certificates	7,650	649,090	1,016,904	1,658,485
	<u>2,652,155</u>	<u>4,432,952</u>	<u>2,021,587</u>	<u>3,372,719</u>
<u>Quoted Securities</u>				
- REITs in Malaysia	12,796	18,406	-	-
- REITs outside Malaysia	-	41,126	-	-
	<u>12,796</u>	<u>59,532</u>	<u>-</u>	<u>-</u>
<u>Unquoted Securities</u>				
- Shares in Malaysia	171,190	171,383	149,308	149,501
- Corporate Bonds/Sukuk in Malaysia	9,151,849	10,267,617	3,791,065	5,343,312
- Corporate Bonds/Sukuk outside Malaysia	239,847	430,274	111,570	278,975
	<u>9,562,886</u>	<u>10,869,274</u>	<u>4,051,943</u>	<u>5,771,788</u>
	<b><u>12,227,837</u></b>	<b><u>15,361,758</u></b>	<b><u>6,073,530</u></b>	<b><u>9,144,507</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**

**A11. FINANCIAL INVESTMENTS AT AMORTISED COST**

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<u>At amortised cost</u>				
<u>Unquoted Securities</u>				
- Corporate Bonds/Sukuk in Malaysia	151,552	160,550	111,061	120,053
- Redeemable Secured Loan Stock in Malaysia	15,000	15,000	-	-
	166,552	175,550	111,061	120,053
Less : Expected Credit Losses ('ECL')	(16,314)	(12,523)	(5,379)	(5,407)
	<b>150,238</b>	<b>163,027</b>	<b>105,682</b>	<b>114,646</b>

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

30/6/2019 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
Changes due to change in credit risk	(39)	-	3,830	3,791
At end of the financial period	<b>539</b>	<b>-</b>	<b>15,775</b>	<b>16,314</b>

**Bank**

At beginning of the financial period	412	-	4,995	5,407
Changes due to change in credit risk	(28)	-	-	(28)
At end of the financial period	<b>384</b>	<b>-</b>	<b>4,995</b>	<b>5,379</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	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>(a) BY TYPE</b>				
Overdrafts	1,903,333	1,874,549	1,518,141	1,500,470
Term loans/financing :				
- Housing loans/financing	11,346,168	10,562,367	4,343,085	4,128,165
- Hire purchase receivables	11,697,901	12,470,551	7,595,357	8,226,889
- Syndicated financing	1,527,536	1,826,729	676,675	897,168
- Business term loans/financing	13,757,332	14,806,235	8,745,141	9,214,982
- Other term loans/financing	496,928	643,887	-	-
Bills receivables	197,236	67,569	186,970	62,418
Trust receipts	123,567	219,522	104,835	203,193
Claims on customers under acceptances credits	1,660,259	1,508,583	1,159,055	1,156,149
Staff loans/financing of which :				
RM NIL to Directors (2018: RM NIL )	179,955	173,261	124,364	125,543
Credit cards	157,467	144,065	135,444	132,657
Revolving credits	4,136,410	4,335,508	3,144,038	3,289,095
Margin financing	429,475	336,644	-	-
Factoring	4,734	3,334	4,734	3,334
Gross loans, advances and financing	47,618,301	48,972,804	27,737,839	28,940,063
Less : ECL	(554,164)	(580,792)	(405,763)	(441,914)
<b>Total net loans, advances and financing</b>	<b>47,064,137</b>	<b>48,392,012</b>	<b>27,332,076</b>	<b>28,498,149</b>

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>(b) BY MATURITY STRUCTURE</b>				
Maturing within one year	9,606,941	9,644,235	6,805,346	6,732,081
One year to three years	3,733,516	4,404,240	2,867,091	3,357,228
Three years to five years	6,058,555	6,473,231	4,414,590	4,933,303
Over five years	28,219,289	28,451,098	13,650,812	13,917,451
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</b>	<b>28,940,063</b>

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>(c) BY TYPE OF CUSTOMER</b>				
Domestic banking financial institutions	1,287	330	1,287	330
Domestic non-banking institutions :				
- Others	531,515	669,959	453,199	457,191
Domestic business enterprises :				
- Small medium enterprises	8,528,382	9,105,395	6,437,565	7,000,688
- Others	14,224,542	14,837,156	9,251,154	9,600,947
Government and statutory bodies	795,240	1,140,619	23,014	76,472
Individuals	22,928,780	22,600,736	11,311,873	11,594,485
Other domestic entities	1,652	2,333	624	1,113
Foreign entities	606,903	616,276	259,123	208,837
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</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	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>(d) <u>BY INTEREST / PROFIT RATE SENSITIVITY</u></b>				
Fixed rate :				
- Housing loans/financing	348,495	357,863	301,020	309,886
- Hire purchase receivables	11,700,558	12,473,377	7,595,357	8,226,889
- Other fixed rate loans/financing	2,205,784	2,887,471	839,856	1,357,723
- Margin financing	429,475	336,644	-	-
Variable rate :				
- Base rate/base lending rate plus	22,720,840	21,847,166	11,975,678	11,796,822
- Cost plus	10,118,682	10,961,346	7,025,928	7,248,743
- Other variable rates	94,467	108,937	-	-
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</b>	<b>28,940,063</b>
<b>(e) <u>BY ECONOMIC PURPOSE</u></b>				
Construction	3,069,265	3,459,827	1,938,305	2,172,802
Purchase of landed property of which :				
- Residential	11,146,909	10,435,105	4,004,674	3,862,137
- Non-residential	6,493,801	6,654,767	4,248,707	4,399,872
Purchase of securities	1,502,606	1,615,833	621,283	763,647
Purchase of transport vehicles	12,197,319	12,799,056	7,995,305	8,457,093
Fixed assets other than land and building	333,508	343,047	240,074	207,634
Personal use	844,613	776,714	767,700	712,097
Credit card	157,471	144,065	135,444	132,657
Consumer durable	217	310	190	263
Merger and acquisition	66,721	76,571	66,721	76,571
Working capital	10,621,886	11,354,983	7,270,062	7,678,538
Others	1,183,985	1,312,526	449,374	476,752
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</b>	<b>28,940,063</b>
<b>(f) <u>BY ECONOMIC SECTOR</u></b>				
Primary agriculture	1,715,879	1,602,401	592,823	627,262
Mining and quarrying	376,353	432,848	67,497	108,752
Manufacturing	2,604,516	2,789,571	1,830,000	1,913,017
Electricity, gas and water supply	548,273	670,798	129,243	141,971
Construction	2,045,422	2,204,057	1,460,863	1,547,936
Real estate	7,218,772	7,878,494	5,156,673	5,694,222
Wholesale and retail trade and restaurants and hotels	3,479,395	3,484,431	2,849,066	2,806,868
Transport, storage and communication	1,729,239	1,765,261	1,331,031	1,342,780
Finance, insurance and business services	2,337,602	2,549,744	1,849,487	1,930,638
Education, health and others	2,398,567	2,853,306	1,078,861	1,149,443
Household	23,065,865	22,740,086	11,392,045	11,675,555
Others	98,418	1,807	250	1,619
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</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>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Perlis	254,227	214,640	19,750	21,659
Kedah	1,441,551	1,547,761	622,956	765,727
Pulau Pinang	2,560,232	2,687,196	1,694,895	1,872,124
Perak	1,535,779	1,714,148	930,955	934,576
Selangor	14,880,093	14,810,884	8,403,022	8,518,433
Wilayah Persekutuan	11,151,651	12,290,647	6,728,003	7,402,196
Negeri Sembilan	1,540,370	1,501,126	597,375	598,463
Melaka	943,979	997,552	663,445	711,373
Johor	6,099,787	5,961,598	3,558,192	3,527,873
Pahang	1,397,376	1,337,285	741,807	736,399
Terengganu	958,656	932,494	436,176	436,746
Kelantan	267,453	250,314	63,445	65,086
Sarawak	2,263,358	2,304,544	1,762,687	1,784,917
Sabah	2,117,130	2,246,427	1,406,414	1,500,876
Labuan	31,233	45,759	3,814	3,763
Outside Malaysia	175,426	130,429	104,903	59,852
	<b>47,618,301</b>	<b>48,972,804</b>	<b>27,737,839</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	325,885	1,340,576	170,951	765,110
Reclassified as non-impaired during the financial period/year	(165,972)	(629,919)	(102,716)	(512,689)
Amount written-back during the financial period/year	(71,082)	(208,680)	(48,447)	(172,774)
Amount written-off during the financial period/year	(15,023)	(77,960)	(13,014)	(59,683)
At end of the financial period/year	<b>1,663,705</b>	<b>1,589,897</b>	<b>984,992</b>	<b>978,218</b>
Gross impaired loans as a percentage of gross loans, advances and financing (*)	3.49%	3.25%	3.97%	3.75%

(\*) For the Bank, restricted investment accounts included in the ratio calculation amounting to RM1,891.2 million (2018 : RM2,369.7 million).

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

Construction	307,673	445,679	179,962	316,912
Purchase of landed property of which :				
- Residential	290,811	252,180	147,002	137,110
- Non-residential	306,927	306,676	81,831	83,017
Purchase of securities	122	65	90	58
Purchase of transport vehicles	410,269	233,957	380,829	208,161
Fixed assets other than land and building	5,307	497	5,244	435
Personal use	17,325	19,384	16,151	18,400
Credit card	1,163	1,025	1,054	1,012
Consumer durable	6	10	6	10
Working capital	309,087	317,693	167,766	208,040
Others	15,015	12,731	5,057	5,063
	<b>1,663,705</b>	<b>1,589,897</b>	<b>984,992</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>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</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	14,396	14,165	14,350	14,165
Mining and quarrying	13,431	14,738	10,850	12,157
Manufacturing	101,521	84,989	18,526	22,250
Electricity, gas and water supply	17	-	-	-
Construction	119,560	121,166	71,524	72,675
Real estate	358,809	363,440	34,517	39,975
Wholesale and retail trade and restaurants and hotels	51,532	53,427	46,876	47,558
Transport, storage and communication	429,834	418,564	417,304	418,149
Finance, insurance and business services	80,315	72,910	64,817	58,683
Education, health and others	86,617	86,122	65,315	64,905
Household	407,673	360,376	240,913	227,701
	<b>1,663,705</b>	<b>1,589,897</b>	<b>984,992</b>	<b>978,218</b>
(iv) <b><u>Impaired loans, advances and financing by geographical distribution</u></b>				
Perlis	2,518	2,677	372	542
Kedah	57,894	56,420	49,345	49,500
Pulau Pinang	40,871	37,318	32,523	34,043
Perak	106,199	101,432	76,724	73,703
Selangor	308,692	249,607	166,335	158,944
Wilayah Persekutuan	408,295	407,353	76,602	78,447
Negeri Sembilan	87,911	82,395	71,433	68,712
Melaka	16,739	18,594	13,440	16,411
Johor	47,867	45,830	32,322	32,849
Pahang	23,448	21,520	21,291	20,364
Terengganu	397,844	397,855	391,418	392,516
Kelantan	8,398	7,961	5,023	5,393
Sarawak	60,026	59,103	23,090	22,388
Sabah	26,494	31,266	25,074	24,406
Outside Malaysia	70,509	70,566	-	-
	<b>1,663,705</b>	<b>1,589,897</b>	<b>984,992</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.)**

**(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>30/6/2019</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	31,247	9,981	(41,228)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	42,245	(41,269)	(976)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,872)	55,530	(44,658)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(126)	(4,280)	4,406	-
Loans/Financing derecognised during the financial period (other than write-offs)	(43,454)	(3,417)	(78,730)	<b>(125,601)</b>
New loans/financing originated or purchased	32,942	1,570	72,923	<b>107,435</b>
Changes due to change in credit risk	(56,705)	1,509	61,775	<b>6,579</b>
Write-offs	-	-	(13,956)	<b>(13,956)</b>
Other adjustments :				
- Unwind of discount	-	-	(1,085)	<b>(1,085)</b>
At end of the financial period	<b>158,365</b>	<b>57,272</b>	<b>338,527</b>	<b>554,164</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)</b>	<b>Lifetime ECL not credit impaired (Stage 2)</b>	<b>Lifetime ECL credit impaired (Stage 3)</b>	<b>Total</b>
<b>30/6/2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period	139,978	36,542	265,394	<b>441,914</b>
Total transfer between stages	28,574	(1,915)	(26,659)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	37,891	(37,279)	(612)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(9,244)	37,836	(28,592)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(73)	(2,472)	2,545	-
Loans/Financing derecognised during the financial period (other than write-offs)	(25,497)	(1,846)	(77,578)	<b>(104,921)</b>
New loans/financing originated or purchased	15,425	639	72,915	<b>88,979</b>
Changes due to change in credit risk	(52,247)	11,835	33,207	<b>(7,205)</b>
Write-offs	-	-	(12,062)	<b>(12,062)</b>
Other adjustments :				
- Unwind of discount	-	-	(942)	<b>(942)</b>
At end of the financial period	<b>106,233</b>	<b>45,255</b>	<b>254,275</b>	<b>405,763</b>

<b>Bank</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	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	
	30/6/2019 RM'000	31/12/2018 RM'000
Amount due from stock-broking clients :		
- performing accounts	266,643	179,766
- impaired accounts (a)	202	424
Amount due from brokers	48,700	60,879
Amount due from Bursa Securities Clearing Sdn Bhd	-	40,142
Management fees receivable on fund management	160,277	88,908
	475,822	370,119
Less: ECL (b)	(252)	(468)
	<b>475,570</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	21	295
Amount written-back during the financial period/year	(243)	(654)
At end of the financial period/year	<b>202</b>	<b>424</b>

**(b) Movements in ECL**

	Group Lifetime ECL	
	30/6/2019 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	216	366
Amount written-back during the financial period/year	(432)	(612)
At end of the financial period/year	<b>252</b>	<b>468</b>

**A14. OTHER ASSETS**

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
Other debtors	141,848	51,811	13,651	13,386
Prepayments and deposits	24,596	16,126	22,861	15,384
Cheque clearing accounts	96,835	45,267	37,959	10,475
Foreclosed properties (a)	25,177	26,051	20,304	21,178
Collaterals pledged for derivative transactions	3,250	1,298	-	-
Clearing guarantee fund	1,955	-	-	-
	293,661	140,553	94,775	60,423
Less: ECL (b)	(2,127)	(1,669)	-	-
	<b>291,534</b>	<b>138,884</b>	<b>94,775</b>	<b>60,423</b>

**(a) Foreclosed properties**

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 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	726	6,335	726	3,907
Disposal during the financial period/year	(1,600)	(196)	(1,600)	-
At end of the financial period/year	<b>25,177</b>	<b>26,051</b>	<b>20,304</b>	<b>21,178</b>

**(b) Movements in ECL**

	Group Lifetime ECL	
	30/6/2019 RM'000	31/12/2018 RM'000
At beginning of the financial period/year	1,669	725
Reclassified from trade receivables	-	420
Allowance made during the financial period/year	723	1,439
Amount written-back during the financial period/year	(265)	(915)
At end of the financial period/year	<b>2,127</b>	<b>1,669</b>

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**A15. OTHER LIABILITIES**

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
BNM and CGC Funding programmes	25,486	32,009	24,599	31,009
Margin and collateral deposits	107,549	127,948	90,549	114,120
Commissioned dealer's representatives trust balances	48,219	48,537	-	-
Defined contribution plan	12,920	21,098	12,134	19,761
Collaterals pledged for derivative transactions	-	29	-	-
Other creditors and accruals	135,494	166,410	46,072	64,776
Accrued employee benefits	84,246	113,960	33,964	43,021
Amounts payable to commissioned and salaried dealer's representatives	37,701	37,874	-	-
Cheque clearing accounts	-	7,874	-	7,874
Provision for zakat	5,295	2,397	308	320
Sundry creditors	232,530	197,892	180,086	151,274
Securities borrowings and lending - borrow	127,806	127,194	-	-
Unearned income	23,208	31,969	19,472	26,986
ESOS liabilities	-	8,028	-	-
Puttable liabilities	34,328	34,328	-	-
Dividend payable	-	97,147	-	97,147
ECL (a) :				
- loan/financing commitments and financial guarantees	20,422	27,454	11,630	15,287
	<b>895,204</b>	<b>1,082,148</b>	<b>418,814</b>	<b>571,575</b>

(a) Movement in ECL	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 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	(11,550)	(40,668)	(7,461)	(29,635)
New loan/financing commitments and financial guarantees issued	4,518	18,305	3,804	12,164
At end of the financial period/year	<b>20,422</b>	<b>27,454</b>	<b>11,630</b>	<b>15,287</b>

**A16. RESERVES**

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
FVOCI revaluation reserves (a)	278,021	110,371	171,842	111,161
Regulatory reserves (b)	1,015,562	939,055	760,338	716,313
Stock option reserves (c)	-	8,328	-	-
Foreign exchange reserves	593	593	-	-
Retained profits	3,163,719	2,928,584	2,537,671	2,408,718
	<b>4,457,895</b>	<b>3,986,931</b>	<b>3,469,851</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>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan, advances and financing	434,052	455,716	874,330	906,922
Money at call and deposits placements with financial institutions	27,661	8,444	49,917	23,993
Financial investments at FVOCI	109,021	121,766	235,051	236,155
Financial investments at amortised cost	2,068	2,084	4,097	4,136
Subordinated term loan	931	34	1,851	34
Others	522	108	629	276
	<b>574,255</b>	<b>588,152</b>	<b>1,165,875</b>	<b>1,171,516</b>
of which :-				
Interest income earned on impaired loans, advances and financing	2,155	6,696	3,470	9,120
	<b>2,155</b>	<b>6,696</b>	<b>3,470</b>	<b>9,120</b>
<b>Bank</b>				
Loan, advances and financing	388,453	407,227	782,560	809,017
Money at call and deposits placements with financial institutions	50,133	37,836	100,250	80,075
Financial investments at FVOCI	71,972	85,932	157,802	166,261
Financial investments at amortised cost	1,451	1,427	2,839	2,839
Subordinated term loan	931	34	1,851	34
	<b>512,940</b>	<b>532,456</b>	<b>1,045,302</b>	<b>1,058,226</b>
of which :-				
Interest income earned on impaired loans, advances and financing	1,015	5,767	1,314	7,341
	<b>1,015</b>	<b>5,767</b>	<b>1,314</b>	<b>7,341</b>

**A18. INTEREST EXPENSE**

<b>Group</b>				
Deposits from customers	345,142	330,715	690,385	647,366
Deposits and placements of banks and other financial institutions	6,842	18,339	29,766	39,744
Obligation on securities sold under repurchase agreements	255	890	790	2,751
Subordinated medium term notes	33,358	26,128	66,350	51,969
Foreign currency borrowing	106	473	288	973
Interest expense on the lease liability	631	-	1,136	-
Others	936	1,093	1,792	2,392
	<b>387,270</b>	<b>377,638</b>	<b>790,507</b>	<b>745,195</b>
<b>Bank</b>				
Deposits from customers	287,274	287,629	577,920	566,541
Deposits and placements of banks and other financial institutions	22,930	31,059	58,504	56,337
Obligation on securities sold under repurchase agreements	-	-	-	2,751
Subordinated medium term notes	33,358	26,128	66,350	51,969
Interest expense on the lease liability	523	-	898	-
Others	93	136	193	275
	<b>344,178</b>	<b>344,952</b>	<b>703,865</b>	<b>677,873</b>

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

**A19. NET FEE AND COMMISSION INCOME**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Fee and commission income :				
Net brokerage	17,545	19,737	34,459	42,167
Underwriting fees	674	-	2,117	-
Portfolio management fees	73,606	77,516	144,076	151,639
Corporate advisory fees	5,087	3,418	5,738	5,292
Commission	6,861	7,256	12,372	13,580
Service charges and fees	13,231	15,316	25,892	36,886
Guarantee fees	6,878	5,408	16,055	11,392
Arrangement fees	970	575	1,070	1,425
Agency fees	520	249	1,045	2,014
Initial service charges	19,274	23,926	33,168	61,699
Other fee income	1,675	6,784	3,504	8,303
	<b>146,321</b>	<b>160,185</b>	<b>279,496</b>	<b>334,397</b>
(b) Fee and commission expenses :				
Commission and referral expense	(36,629)	(42,461)	(67,194)	(99,120)
Net fee and commission income	<b>109,692</b>	<b>117,724</b>	<b>212,302</b>	<b>235,277</b>
<b>Bank</b>				
(a) Fee and commission income :				
Commission	6,966	5,144	12,554	11,218
Service charges and fees	13,124	15,135	25,710	36,407
Guarantee fees	6,604	5,408	13,538	10,831
	<b>26,694</b>	<b>25,687</b>	<b>51,802</b>	<b>58,456</b>
(b) Fee and commission expense :				
Commission and referral expense	(2,361)	(3,075)	(3,835)	(5,026)
Net fee and commission income	<b>24,333</b>	<b>22,612</b>	<b>47,967</b>	<b>53,430</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>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income from financial instruments:</b>				
Gains/(losses) arising on financial assets at FVTPL :				
- net gain on disposal	11,876	15,513	29,152	33,507
- unrealised gain/(loss)	(14,457)	3,832	501	3,123
- interest income	7,111	9,516	14,638	18,368
- gross dividend income	1,954	550	3,104	2,217
Gains/(losses) on derivatives instruments :				
- realised	-	16	299	113
- unrealised	(53)	2,214	326	4,729
- interest (expense)/income	455	(22)	605	167
Gains arising on financial investments at FVOCI :				
- net gain on disposal	75,091	116	103,847	2,324
- gross dividend income	1,889	2,117	2,905	2,537
	<b>83,866</b>	<b>33,852</b>	<b>155,377</b>	<b>67,085</b>
<b>Bank</b>				
<b>Income from financial instruments:</b>				
Gains/(losses) arising on financial assets at FVTPL :				
- net loss on disposal	-	-	-	(15)
- unrealised gain/(loss)	(9,483)	5,810	184	5,228
- interest income	2,386	4,322	5,214	8,499
Gains/(losses) on derivatives instruments :				
- realised	-	70	299	167
- unrealised	484	1,428	274	3,990
- interest (expense)/income	311	(2)	448	24
Gains arising on financial investments at FVOCI :				
- net gain on disposal	47,577	5	65,175	1,224
- gross dividend income	550	595	656	595
	<b>41,825</b>	<b>12,228</b>	<b>72,250</b>	<b>19,712</b>



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**A21. OTHER INCOME**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange gain/(loss) :				
- realised	5,895	22,925	13,970	34,010
- unrealised	3,354	(6,275)	5,657	(9,592)
Rental income	2	(27)	4	-
Gain on disposal of property and equipment	(89)	4,624	(40)	4,723
Gain on disposal of foreclosed properties	260	-	260	111
Other non-operating income	3,240	6,136	5,428	9,638
<b>Total other income</b>	<b>12,662</b>	<b>27,383</b>	<b>25,279</b>	<b>38,890</b>
<b>Bank</b>				
Foreign exchange gain/(loss) :				
- realised	2,466	19,377	9,644	26,709
- unrealised	3,840	(6,749)	4,506	(6,979)
Rental income	26	26	51	53
Gain on winding-up of a subsidiary	-	31,031	-	31,031
Gain on disposal of property and equipment	(155)	4,602	(154)	4,602
Gain on disposal of foreclosed properties	260	-	260	-
Gross dividend received from subsidiaries	1,000	178,000	1,000	178,000
Other non-operating income	2,034	1,727	3,902	4,551
<b>Total other income</b>	<b>9,471</b>	<b>228,014</b>	<b>19,209</b>	<b>237,967</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>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</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	153,327	147,892	301,108	298,938
Defined contribution plan	25,545	24,682	48,950	48,444
Other personnel costs	28,150	28,937	50,069	55,841
	<u>207,022</u>	<u>201,511</u>	<u>400,127</u>	<u>403,223</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	5,845	4,951	12,625	10,723
Entertainment	1,927	1,689	3,839	3,484
Travelling and accommodation	2,370	2,805	4,515	5,058
Dealers' handling fees	300	300	600	600
Commission and brokerage expenses	2,612	3,726	6,866	7,109
Others marketing expenses	1,134	1,177	2,784	3,145
	<u>14,188</u>	<u>14,648</u>	<u>31,229</u>	<u>30,119</u>
<u>Establishment-related expenses</u>				
Rental of premises	(1,869)	9,872	2,297	19,747
Equipment rental	857	945	1,472	1,714
Repair and maintenance	11,703	9,593	25,946	23,006
Depreciation of property and equipment	6,541	5,875	12,849	12,239
Depreciation of right-of-use assets	8,904	-	17,877	-
Amortisation of intangible assets	8,056	6,767	15,455	13,472
IT consultancy fee	10,013	9,673	19,822	19,519
Dataline rental	5,472	4,219	10,673	7,071
Security services	4,564	3,955	9,080	8,205
Electricity, water and sewerage	3,447	2,981	6,323	6,345
Insurance/Takaful and indemnities	4,150	7,153	7,150	14,349
Other establishment costs	1,568	1,827	2,268	3,168
	<u>63,406</u>	<u>62,860</u>	<u>131,212</u>	<u>128,835</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	3,996	3,459	8,053	7,780
Auditors' remuneration :				
(i) Statutory audit fees	773	602	1,518	1,199
(ii) Regulatory related fees	25	14	35	31
(iii) Tax fees	2	3	8	6
(iv) Non-audit fees	261	120	479	163
Professional fees	5,023	4,660	10,883	8,220
Property and equipment written-off	(3)	13	16	150
Intangible asset written-off	-	(12)	-	-
Mail and courier charges	861	705	1,743	1,760
Stationery and consumables	3,064	4,313	6,187	8,407
Directors' fees and allowances	798	753	1,570	1,661
Donations	795	856	1,367	1,423
Settlement, clearing and bank charges	4,023	2,978	7,669	6,803
Stamp duties	81	42	123	638
Operational and litigation write-off expenses	2,025	-	2,051	-
Subscription fees	2,957	2,668	5,753	4,613
GST input tax-non recoverable	-	2,929	358	6,280
Other administration and general expenses	1,497	2,804	4,735	6,190
	<u>26,178</u>	<u>26,907</u>	<u>52,548</u>	<u>55,324</u>
<b>Total other operating expenses</b>	<b>310,794</b>	<b>305,926</b>	<b>615,116</b>	<b>617,501</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>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</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	66,171	67,483	128,386	138,463
Defined contribution plan	10,996	11,409	21,428	22,411
Other personnel costs	11,628	14,052	23,935	27,692
	<u>88,795</u>	<u>92,944</u>	<u>173,749</u>	<u>188,566</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	2,866	2,439	6,507	5,810
Entertainment	922	789	1,823	1,858
Travelling and accommodation	880	1,313	1,631	2,384
Commission and brokerage expenses	1,984	3,184	5,475	5,698
Others marketing expenses	376	358	986	911
	<u>7,028</u>	<u>8,083</u>	<u>16,422</u>	<u>16,661</u>
<u>Establishment-related expenses</u>				
Rental of premises	(790)	4,551	117	9,212
Equipment rental	647	460	1,161	865
Repair and maintenance	6,525	5,442	15,902	15,350
Depreciation of property and equipment	3,923	3,374	7,630	7,225
Depreciation of right-of-use assets	6,236	-	12,572	-
Amortisation of intangible assets	4,364	3,149	8,107	6,262
IT consultancy fee	6,921	7,150	14,246	14,539
Dataline rental	3,387	3,151	6,970	5,592
Security services	2,771	2,640	5,723	5,884
Electricity, water and sewerage	2,059	1,747	3,520	3,662
Insurance/Takaful and indemnities	1,020	6,932	5,347	13,958
Other establishment costs	(1,881)	(429)	(5,545)	(1,549)
	<u>35,182</u>	<u>38,167</u>	<u>75,750</u>	<u>81,000</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	1,054	738	2,006	2,331
Auditors' remuneration :				
(i) Statutory audit fees	426	330	820	660
(ii) Non-audit fees	225	80	417	113
Professional fees	3,318	3,839	8,124	6,992
Property and equipment written-off	(4)	1	12	135
Mail and courier charges	595	558	1,227	1,620
Stationery and consumables	2,080	2,635	4,137	5,642
Directors' fees and allowances	648	718	1,259	1,279
Donations	795	661	1,353	1,218
Settlement, clearing and bank charges	3,107	2,209	5,921	5,212
Stamp duties	53	38	92	630
Operational and litigation write-off expenses	2,025	-	2,051	-
GST input tax-non recoverable	-	1,371	349	3,477
Other administration and general expenses	1,016	1,330	2,437	1,736
	<u>15,338</u>	<u>14,508</u>	<u>30,205</u>	<u>31,045</u>
<b>Total other operating expenses</b>	<b>146,343</b>	<b>153,702</b>	<b>296,126</b>	<b>317,272</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 (ALLOWANCE FOR) CREDIT IMPAIRMENT LOSSES**

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
ECL (written-back)/made on :				
- loans, advances and financing and trade receivables	(12,117)	103,908	(11,803)	103,063
- securities and placements	(2,375)	90	(927)	(1,019)
- loan and financing commitments and financial guarantee	(3,549)	(4,391)	(7,032)	(10,013)
Bad debts and financing :				
- recovered	(9,376)	(8,689)	(18,051)	(17,187)
- written-off	1,149	954	1,685	1,344
	<b>(26,268)</b>	<b>91,872</b>	<b>(36,128)</b>	<b>76,188</b>
<b>Bank</b>				
ECL (written-back)/made on :				
- loans, advances and financing and trade receivables	(18,542)	102,273	(23,147)	85,214
- securities and placements	584	224	(1,272)	(935)
- loan and financing commitments and financial guarantee	(715)	(5,597)	(3,657)	(10,118)
Bad debts and financing :				
- recovered	(8,098)	(8,511)	(16,200)	(16,652)
- written-off	1,050	928	1,549	1,316
	<b>(25,721)</b>	<b>89,317</b>	<b>(42,727)</b>	<b>58,825</b>

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

<b>Group</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowances for impairment losses :				
- other debtors	-	382	-	382
- advances to joint ventures	-	-	-	6,000
	<b>-</b>	<b>382</b>	<b>-</b>	<b>6,382</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 30 June 2019 and 30 June 2018 are as follows:

	< ----- Current year's individual quarter ended 30 June 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	347,144	147,702	-	3,081	-	497,927
Intersegment revenue	6,426	(5,235)	-	319	(1,510)	-
Segment revenue	<u>353,570</u>	<u>142,467</u>	<u>-</u>	<u>3,400</u>	<u>(1,510)</u>	<u>497,927</u>
Operating expenses of which :-	(211,579)	(97,027)	-	(2,698)	510	(310,794)
Depreciation of property and equipment	(4,121)	(2,380)	-	(40)	-	(6,541)
Depreciation of right-of-use assets	(6,573)	(2,331)	-	-	-	(8,904)
Amortisation of intangible assets	(4,409)	(3,634)	-	(13)	-	(8,056)
Write-back of credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	22,115	4,075	-	-	78	26,268
<b>Segment results</b>	<u>164,106</u>	<u>49,515</u>	<u>-</u>	<u>702</u>	<u>(922)</u>	<u>213,401</u>
Share of results of a joint venture (net of tax)	-	-	2,070	-	-	2,070
Share of results of an associate (net of tax)	-	-	3,432	-	-	3,432
Profit before zakat and taxation	<u>164,106</u>	<u>49,515</u>	<u>5,502</u>	<u>702</u>	<u>(922)</u>	<u>218,903</u>
Zakat	-	-	-	-	-	(3,863)
Profit before taxation	<u>164,106</u>	<u>49,515</u>	<u>5,502</u>	<u>702</u>	<u>(922)</u>	<u>215,040</u>
Taxation						(51,962)
Net profit for the individual quarter						<u>163,078</u>

	< ----- Preceding year's individual quarter ended 30 June 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	356,373	140,280	-	(2,475)	-	494,178
Intersegment revenue	174,133	(2,256)	-	6,994	(178,871)	-
Segment revenue	<u>530,506</u>	<u>138,024</u>	<u>-</u>	<u>4,519</u>	<u>(178,871)</u>	<u>494,178</u>
Operating expenses of which :-	(208,811)	(95,344)	-	(2,642)	871	(305,926)
Depreciation of property and equipment	(3,564)	(2,269)	-	(42)	-	(5,875)
Amortisation of intangible assets	(3,170)	(3,582)	-	(15)	-	(6,767)
Allowances for credit impairment losses on loans advances, financing and trade receivable/ securities/other assets	(88,045)	(4,209)	-	-	-	(92,254)
<b>Segment results</b>	<u>233,650</u>	<u>38,471</u>	<u>-</u>	<u>1,877</u>	<u>(178,000)</u>	<u>95,998</u>
Share of results of a joint venture (net of tax)	-	-	483	-	-	483
Share of results of an associate (net of tax)	-	-	17,825	-	-	17,825
Profit before zakat and taxation	<u>233,650</u>	<u>38,471</u>	<u>18,308</u>	<u>1,877</u>	<u>(178,000)</u>	<u>114,306</u>
Zakat	-	(406)	-	-	-	(406)
Profit before taxation	<u>233,650</u>	<u>38,065</u>	<u>18,308</u>	<u>1,877</u>	<u>(178,000)</u>	<u>113,900</u>
Taxation						(34,899)
Net profit for the individual quarter						<u>79,001</u>

**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 (Cont.)**

The segment analysis by activity for the individual and cumulative quarters ended 30 June 2019 and 30 June 2018 are as follows (Cont.):

	< ----- Current year's cumulative quarter ended 30 June 2019 ----- >					
	Commercial	Investment	Insurance	Others	Eliminations	Group
	Banking	Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	676,781	287,444	-	6,218	-	970,443
Intersegment revenue	10,673	(9,397)	-	723	(1,999)	-
Segment revenue	<u>687,454</u>	<u>278,047</u>	<u>-</u>	<u>6,941</u>	<u>(1,999)</u>	<u>970,443</u>
Operating expenses of which :-	(422,767)	(187,938)	-	(5,410)	999	(615,116)
Depreciation of property and equipment	(8,058)	(4,706)	-	(85)	-	(12,849)
Depreciation of right-of-use assets	(13,247)	(4,630)	-	-	-	(17,877)
Amortisation of intangible assets	(8,192)	(7,237)	-	(26)	-	(15,455)
Write-back of credit impairment losses on loans, advances, financing and trade receivables/securities/other assets	33,773	2,065	-	-	290	36,128
<b>Segment results</b>	<u>298,460</u>	<u>92,174</u>	<u>-</u>	<u>1,531</u>	<u>(710)</u>	<u>391,455</u>
Share of results of a joint venture (net of tax)	-	-	320	-	-	320
Share of results of an associate (net of tax)	-	-	12,551	-	-	12,551
Profit before zakat and taxation	<u>298,460</u>	<u>92,174</u>	<u>12,871</u>	<u>1,531</u>	<u>(710)</u>	<u>404,326</u>
Zakat	-	-	-	-	-	(4,310)
Profit before taxation	<u>298,460</u>	<u>92,174</u>	<u>12,871</u>	<u>1,531</u>	<u>(710)</u>	<u>400,016</u>
Taxation	-	-	-	-	-	(93,193)
Net profit for the cumulative quarter	-	-	-	-	-	<u>306,823</u>

	< ----- Preceding year's cumulative quarter ended 30 June 2018 ----- >					
	Commercial	Investment	Insurance	Others	Eliminations	Group
	Banking	Banking				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	694,599	275,507	-	689	-	970,795
Intersegment revenue	178,445	(4,910)	-	7,790	(181,325)	-
Segment revenue	<u>873,044</u>	<u>270,597</u>	<u>-</u>	<u>8,479</u>	<u>(181,325)</u>	<u>970,795</u>
Operating expenses of which :-	(426,258)	(188,834)	-	(5,734)	3,325	(617,501)
Depreciation of property and equipment	(7,612)	(4,541)	-	(86)	-	(12,239)
Amortisation of intangible assets	(6,295)	(7,147)	-	(30)	-	(13,472)
Allowances for credit impairment losses on loans advances, financing and trade receivable/ securities/other assets	(78,489)	(4,081)	-	-	-	(82,570)
<b>Segment results</b>	<u>368,297</u>	<u>77,682</u>	<u>-</u>	<u>2,745</u>	<u>(178,000)</u>	<u>270,724</u>
Share of results of a joint venture (net of tax)	-	-	(713)	-	-	(713)
Share of results of an associate (net of tax)	-	-	31,282	-	-	31,282
Profit before zakat and taxation	<u>368,297</u>	<u>77,682</u>	<u>30,569</u>	<u>2,745</u>	<u>(178,000)</u>	<u>301,293</u>
Zakat	-	(643)	-	-	-	(643)
Profit before taxation	<u>368,297</u>	<u>77,039</u>	<u>30,569</u>	<u>2,745</u>	<u>(178,000)</u>	<u>300,650</u>
Taxation	-	-	-	-	-	(75,662)
Net profit for the cumulative quarter	-	-	-	-	-	<u>224,988</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 make 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>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</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 *	519,590	613,796	422,766	415,834
Transaction-related contingent items	1,959,347	1,943,980	1,606,583	1,662,775
Short-term self-liquidating trade-related contingencies	484,299	432,728	187,218	113,759
Forward asset purchases	10,000	-	-	-
Obligations under an on-going underwriting agreement	-	27,000	-	-
Foreign exchange related contracts #				
- Less than one year	11,943,360	11,009,067	7,460,621	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	846,000	946,000	1,000	251,000
- One year to less than five years	3,638,148	2,800,148	1,258,148	990,148
- Five years and above	585,000	1,025,000	555,000	995,000
Irrevocable commitments to extend credit				
- Maturity less than one year	6,718,967	7,690,157	5,119,981	6,060,241
- Maturity more than one year	2,371,273	2,755,103	820,670	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	518,619	615,870	32,304	133,561
Unutilised credit card lines	550,939	613,506	370,853	417,558
	<b>30,855,287</b>	<b>30,873,074</b>	<b>18,138,274</b>	<b>20,469,123</b>

\* Included in direct credit substitutes are financial guarantee contracts of RM515.9 million and RM419.1 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 30 June 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	3,680,057	219,385	-	<b>3,899,442</b>	21,036	4,100	-	<b>25,136</b>	17,606	4,530	-	<b>22,136</b>
- Cross currency swaps	5,163,044	303,130	-	<b>5,466,174</b>	19,313	1,841	-	<b>21,154</b>	17,955	30,069	-	<b>48,024</b>
- Currency swaps	3,100,259	187,230	-	<b>3,287,489</b>	11,077	3,507	-	<b>14,584</b>	8,900	1,581	-	<b>10,481</b>
Interest rate contracts :												
- Interest rate swaps	846,000	1,610,148	2,613,000	<b>5,069,148</b>	404	6,928	29,381	<b>36,713</b>	212	9,356	22,335	<b>31,903</b>
	<b>12,789,360</b>	<b>2,319,893</b>	<b>2,613,000</b>	<b>17,722,253</b>	<b>51,830</b>	<b>16,376</b>	<b>29,381</b>	<b>97,587</b>	<b>44,673</b>	<b>45,536</b>	<b>22,335</b>	<b>112,544</b>
<b>As at 31 December 2018</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	3,318,872	168,437	-	<b>3,487,309</b>	24,052	2,928	-	<b>26,980</b>	18,452	5,201	-	<b>23,653</b>
- Cross currency swaps	6,195,787	96,030	-	<b>6,291,817</b>	23,768	349	-	<b>24,117</b>	34,775	29,114	-	<b>63,889</b>
- Currency swaps	1,494,408	136,252	-	<b>1,630,660</b>	11,129	3,869	-	<b>14,998</b>	7,032	166	-	<b>7,198</b>
Interest rate contracts :												
- Interest rate swaps	946,000	2,800,148	1,025,000	<b>4,771,148</b>	795	2,265	19,650	<b>22,710</b>	1,324	3,636	13,432	<b>18,392</b>
	<b>11,955,067</b>	<b>3,200,867</b>	<b>1,025,000</b>	<b>16,180,934</b>	<b>59,744</b>	<b>9,411</b>	<b>19,650</b>	<b>88,805</b>	<b>61,583</b>	<b>38,117</b>	<b>13,432</b>	<b>113,132</b>



**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 30 June 2019</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	2,297,577	-	-	<b>2,297,577</b>	12,026	-	-	<b>12,026</b>	6,320	-	-	<b>6,320</b>
- Cross currency swaps	5,163,044	303,130	-	<b>5,466,174</b>	20,485	1,841	-	<b>22,326</b>	20,490	30,069	-	<b>50,559</b>
Interest rate contracts :												
- Interest rate swaps	1,000	470,148	1,343,000	<b>1,814,148</b>	2	3,557	20,019	<b>23,578</b>	1	4,709	14,786	<b>19,496</b>
	<b>7,461,621</b>	<b>773,278</b>	<b>1,343,000</b>	<b>9,577,899</b>	<b>32,513</b>	<b>5,398</b>	<b>20,019</b>	<b>57,930</b>	<b>26,811</b>	<b>34,778</b>	<b>14,786</b>	<b>76,375</b>
<b>As at 31 December 2018</b>												
<b>Trading derivatives</b>												
Foreign exchange contracts :												
- Currency forwards	1,623,046	-	-	<b>1,623,046</b>	14,436	-	-	<b>14,436</b>	5,532	-	-	<b>5,532</b>
- Cross currency swaps	6,953,920	96,030	-	<b>7,049,950</b>	27,879	349	-	<b>28,228</b>	35,588	29,113	-	<b>64,701</b>
Interest rate contracts :												
- Interest rate swaps	251,000	250,148	1,735,000	<b>2,236,148</b>	751	1,533	16,883	<b>19,167</b>	788	1,484	13,155	<b>15,427</b>
	<b>8,827,966</b>	<b>346,178</b>	<b>1,735,000</b>	<b>10,909,144</b>	<b>43,066</b>	<b>1,882</b>	<b>16,883</b>	<b>61,831</b>	<b>41,908</b>	<b>30,597</b>	<b>13,155</b>	<b>85,660</b>

**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 RM112.8 million (FYE 31/12/2018: RM69.5 million), while the notional amount of interest rate contract was RM751.9 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 RM178.4 million (FYE 31/12/2018: RM272.5 million) and RM99.3 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>30 June 2019</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	261,346	-	261,346
- Shares and unit trusts	294,195	-	88,928	383,123
- Corporate bonds/Sukuk	-	35,653	30,530	66,183
Derivative financial assets	-	97,587	-	97,587
Financial investments at FVOCI* :				
- Money market instruments	-	2,652,155	-	2,652,155
- Shares, unit trusts and REITs	12,796	61	171,129	183,986
- Corporate bonds/Sukuk	-	9,391,696	-	9,391,696
	<b>306,991</b>	<b>12,438,498</b>	<b>290,587</b>	<b>13,036,076</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>112,544</b>	-	<b>112,544</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

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

<b>Bank</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>30 June 2019</b>				
<b>Assets</b>				
Financial assets at FVTPL :				
- Money market instruments	-	72,305	-	72,305
- Unquoted shares	-	-	88,928	88,928
- Corporate bonds/Sukuk	-	-	30,530	30,530
Derivative financial assets	-	57,930	-	57,930
Financial investments at FVOCI* :				
- Money market instruments	-	2,021,587	-	2,021,587
- Unquoted shares	-	-	149,308	149,308
- Corporate bonds/Sukuk	-	3,902,635	-	3,902,635
	<b>-</b>	<b>6,054,457</b>	<b>268,766</b>	<b>6,323,223</b>
<b>Liabilities</b>				
Derivative financial liabilities	-	<b>76,375</b>	-	<b>76,375</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>30/6/2019</b>	<b>31/12/2018</b>	<b>30/6/2019</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	(7)	20	(7)	20
Total gains recognised in other comprehensive income	294	10,427	294	9,217
At end of the financial period/year	<b>290,587</b>	<b>290,300</b>	<b>268,766</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.

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**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		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 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	3,011,675	2,928,584	2,444,695	2,408,718
Unrealised gains on FVOCI instruments	278,021	110,371	171,842	111,161
Other disclosed reserves	-	8,328	-	-
Foreign exchange reserves	593	593	-	-
	<u>8,065,061</u>	<u>7,732,628</u>	<u>7,391,309</u>	<u>7,204,631</u>
Less Regulatory adjustments :				
- Goodwill and other intangibles	(906,024)	(906,068)	(188,377)	(182,235)
- Deferred tax assets	(28,733)	(107,704)	(31,729)	(70,239)
- 55% of cumulative unrealised gains on FVOCI instruments	(152,912)	(60,704)	(94,513)	(61,138)
- Investment in subsidiaries, joint ventures and associates	(807,871)	(770,047)	(3,781,321)	(3,766,021)
Total CET 1 Capital	<u>6,169,521</u>	<u>5,888,105</u>	<u>3,295,369</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	21,666	19,783	-	-
	<u>821,666</u>	<u>819,783</u>	<u>500,000</u>	<u>500,000</u>
Total Tier 1 Capital	<u>6,991,187</u>	<u>6,707,888</u>	<u>3,795,369</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	558,293	583,115	360,872	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>3,300,881</u>	<u>2,725,703</u>	<u>2,303,460</u>	<u>1,726,120</u>
<b>Total Capital</b>	<b><u>10,292,068</u></b>	<b><u>9,433,591</u></b>	<b><u>6,098,829</u></b>	<b><u>5,351,118</u></b>
<b>b) The breakdown of risk-weighted assets :</b>				
Credit risk	44,663,419	46,649,190	28,869,793	30,682,574
Market risk	905,801	523,804	460,532	272,300
Operational risk	<u>3,100,065</u>	<u>2,962,066</u>	<u>1,856,855</u>	<u>1,899,866</u>
<b>Total risk-weighted assets</b>	<b><u>48,669,285</u></b>	<b><u>50,135,060</u></b>	<b><u>31,187,180</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	12.676%	11.744%	10.566%	9.512%
Tier 1 capital ratio	14.365%	13.380%	12.170%	11.033%
Total capital ratio	<u>21.147%</u>	<u>18.816%</u>	<u>19.556%</u>	<u>16.287%</u>
<u>After effect of proposed dividends :</u>				
CET 1 capital ratio	12.676%	11.924%	10.566%	9.786%
Tier 1 capital ratio	14.365%	13.559%	12.170%	11.307%
Total capital ratio	<u>21.147%</u>	<u>18.996%</u>	<u>19.556%</u>	<u>16.561%</u>

**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 (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 30 June 2019, RIA assets included in the Total Capital Ratio calculation amounted to RM1,891.2 million (2018: RM2,369.7 million).

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

	Economic Entity		Bank	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
CET 1 capital ratio	10.820%	10.869%	10.820%	10.869%
Tier 1 capital ratio	12.835%	12.882%	12.835%	12.882%
Total capital ratio	19.381%	19.438%	19.381%	19.438%

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

	The Group		Bank	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
CET 1 capital ratio	33.914%	30.644%	38.848%	34.177%
Tier 1 capital ratio	34.508%	31.194%	38.848%	34.177%
Total capital ratio	35.331%	32.005%	39.738%	35.099%
<u>Net of proposed dividends</u>				
CET 1 capital ratio	32.268%	30.644%	36.694%	34.177%
Tier 1 capital ratio	32.862%	31.194%	36.694%	34.177%
Total capital ratio	33.685%	32.005%	37.584%	35.099%

**A32. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

The following credit exposures are based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with the Connected Parties, which are effective on 1 January 2008.

	The Group		Bank	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	5,639,683	6,705,082	3,403,694	4,014,985
(ii) The percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	7%	8%	7%	8%
(iii) The percentage of outstanding credit exposures with connected parties which is impaired or in default	Nil	Nil	Nil	Nil

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

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

	Economic Entity	
	30/6/2019 RM'000	31/12/2018 RM'000
<b>ASSETS</b>		
Cash and short-term funds	5,558,666	3,210,533
Derivative financial assets	3,631	2,042
Financial investments at fair value through other comprehensive income ("FVOCI")	2,501,874	2,804,257
Financing, advances and other financing	18,559,160	18,617,860
Other assets	66,294	43,194
Amount due from holding company	-	107,722
Amount due from joint ventures	32,163	31,295
Amount due from associate	500	500
Deferred tax assets	6,649	17,993
Statutory deposits with Bank Negara Malaysia	571,000	512,000
Investment in associate	750	750
Property and equipment	2,210	2,677
Right-of-use assets	698	-
Intangible assets	728	670
<b>TOTAL ASSETS</b>	<b>27,304,323</b>	<b>25,351,493</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		
Deposits from customers	21,645,508	19,687,388
Investment accounts of customers	1,965	875
Deposits and placements of banks and other financial institutions	283,409	245,582
Investment accounts due to designated financial institutions	1,890,739	2,368,295
Derivative financial liabilities	2,252	4,289
Other liabilities	93,280	89,863
Amount due to holding company	356,711	-
Provision for taxation	3,482	8,743
Lease liabilities	701	-
Subordinated term financing and medium term notes	1,111,034	1,111,231
<b>TOTAL LIABILITIES</b>	<b>25,389,081</b>	<b>23,516,266</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>		
Share capital	1,060,000	1,060,000
Reserves	855,242	775,227
<b>Total Islamic Banking Capital Funds</b>	<b>1,915,242</b>	<b>1,835,227</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>	<b>27,304,323</b>	<b>25,351,493</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>4,743,994</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**

	Economic Entity			
	Individual Quarter Ended 30/6/2019	30/6/2018	Cumulative Quarter Ended 30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	291,629	234,419	561,743	445,034
Income derived from investment of investment accounts	26,671	22,399	53,319	45,949
Income derived from investment of shareholders' funds	25,902	23,027	50,589	44,557
Allowances for impairment losses on financing, advances and other financing	(3,645)	1,272	(7,461)	(13,664)
<b>Total distributable income</b>	<b>340,557</b>	<b>281,117</b>	<b>658,190</b>	<b>521,876</b>
Income attributable to the depositors and others	(236,081)	(172,625)	(460,260)	(327,173)
<b>Total net income</b>	<b>104,476</b>	<b>108,492</b>	<b>197,930</b>	<b>194,703</b>
Other operating expenses	(65,293)	(55,144)	(126,755)	(109,082)
<b>Profit before zakat and taxation</b>	<b>39,183</b>	<b>53,348</b>	<b>71,175</b>	<b>85,621</b>
Zakat	(3,000)	-	(3,000)	-
<b>Profit before taxation</b>	<b>36,183</b>	<b>53,348</b>	<b>68,175</b>	<b>85,621</b>
Taxation	(10,729)	(12,815)	(18,285)	(20,497)
<b>Net profit for the financial period</b>	<b>25,454</b>	<b>40,533</b>	<b>49,890</b>	<b>65,124</b>

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

	Economic Entity			
	Individual Quarter Ended 30/6/2019	30/6/2018	Cumulative Quarter Ended 30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the financial period</b>	<b>25,454</b>	<b>40,533</b>	<b>49,890</b>	<b>65,124</b>
Other comprehensive income :				
<u>Items that may be reclassified subsequently to profit and loss :</u>				
- Net fair value change in financial investments at FVOCI	6,223	(11,732)	39,431	(12,207)
- Net credit impairment losses change in financial investments at FVOCI	175	(6)	157	(6)
- Deferred tax on financial investments at FVOCI	(1,493)	2,816	(9,463)	2,930
Other comprehensive income for the financial period, net of tax	4,905	(8,922)	30,125	(9,283)
<b>Total comprehensive income for the financial period</b>	<b>30,359</b>	<b>31,611</b>	<b>80,015</b>	<b>55,841</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	-	-	-	49,890	<b>49,890</b>
Other comprehensive income (net of tax) :					
- Financial investments at FVOCI	-	30,125	-	-	<b>30,125</b>
Total comprehensive income for the financial period	-	30,125	-	49,890	<b>80,015</b>
Transfer to regulatory reserves	-	-	33,150	(33,150)	-
<b>At 30 June 2019</b>	<b>1,060,000</b>	<b>33,297</b>	<b>227,534</b>	<b>594,411</b>	<b>1,915,242</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 equity RM'000</b>
At 1 January 2018, as previously stated	1,060,000	-	(6,915)	94,866	610,202	<b>1,758,153</b>
- Adjustment arising from adoption of MFRS 9	-	(6,700)	6,915	(19,067)	(26,388)	<b>(45,240)</b>
<b>At 1 January 2018, as restated</b>	<b>1,060,000</b>	<b>(6,700)</b>	<b>-</b>	<b>75,799</b>	<b>583,814</b>	<b>1,712,913</b>
Comprehensive income :						
- Net profit for the financial year	-	-	-	-	65,124	<b>65,124</b>
Other comprehensive income (net of tax) :						
- Financial investments at FVOCI	-	(9,283)	-	-	-	<b>(9,283)</b>
Total comprehensive income for the financial period	-	(9,283)	-	-	65,124	<b>55,841</b>
Transfer to regulatory reserves	-	-	-	25,751	(25,751)	-
<b>At 30 June 2018</b>	<b>1,060,000</b>	<b>(15,983)</b>	<b>-</b>	<b>101,550</b>	<b>623,187</b>	<b>1,768,754</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.)**

	Economic Entity	
	30/6/2019	31/12/2018
	RM'000	RM'000
<b>(v) Financing, advances and other financing</b>		
By type		
Cash line	385,192	374,079
Term financing		
- Housing financing	7,003,083	6,434,202
- Syndicated financing	682,131	700,118
- Hire purchase receivables	4,102,544	4,243,662
- Business term financing	5,012,191	5,591,252
Bills receivables	10,266	5,150
Trust receipts	18,732	16,329
Claims on customers under acceptance credits	501,205	352,435
Staff financing of which RM Nil to Directors (2018: RM Nil)	49,743	42,224
Credit/charge cards	22,022	11,408
Revolving credit	911,306	976,018
<b>Gross financing, advances and other financing</b>	<b>18,698,415</b>	<b>18,746,877</b>
Less : ECL	(139,255)	(129,017)
<b>Total net financing, advances and other financing</b>	<b>18,559,160</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 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	122,200	551,758
Reclassified as non-impaired during the financial period/year	(63,256)	(117,229)
Amount recovered during the financial period/year	(19,456)	(27,139)
Amount written-off during the financial period/year	(2,008)	(18,277)
At end of the financial period/year	<b>568,309</b>	<b>530,829</b>
Ratio of gross impaired financing, advances and other financing to gross financing, advances and other financing (excludes restricted investment accounts)	2.23%	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**

	12-Month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
<b>Economic Entity</b>				
<b>30/6/2019</b>				
At beginning of the financial period	50,292	10,864	67,861	129,017
Total transfer between stages	2,946	11,841	(14,787)	-
Changes due to change in credit risk :				
- Transfer to 12-month ECL (Stage 1)	4,354	(3,990)	(364)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(1,399)	17,465	(16,066)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(9)	(1,634)	1,643	-
Financing, advances and other financing derecognised during the financial period (other than write-offs)	(17,781)	(1,571)	(1,152)	(20,504)
New financing, advances and other financing originated or purchased	17,449	931	8	18,388
Changes due to change in credit risk	(3,527)	(10,558)	28,476	14,391
Write-offs	-	-	(1,894)	(1,894)
Other adjustments	-	-	(143)	(143)
At end of the financial period	<b>49,379</b>	<b>11,507</b>	<b>78,369</b>	<b>139,255</b>
<b>Economic Entity</b>				
<b>31/12/2018</b>				
At beginning of the financial year, on adoption of MFRS 9	54,528	10,975	58,334	123,837
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)	(35,900)
New financing, advances and other financing originated or purchased	40,327	1,130	7	41,464
Changes due to change in credit risk	(20,186)	(2,887)	41,966	18,893
Write-offs	-	-	(18,225)	(18,225)
Other adjustments	-	-	(1,052)	(1,052)
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**

	Economic Entity 30/6/2019 RM'000	Economic Entity 31/12/2018 RM'000
<u>Qard</u>		
Demand deposits	2,090,666	2,598,371
Savings deposits	621,740	600,701
	<u>2,712,406</u>	<u>3,199,072</u>
<u>Mudarabah</u>		
General investment deposits	64,358	68,476
<u>Tawarruq</u>		
Savings deposits	39	-
Murabahah term deposits	18,336,885	16,024,673
Commodity Murabahah Deposit	531,820	395,167
	<u>18,868,744</u>	<u>16,419,840</u>
<b>Total deposits from customers</b>	<b>21,645,508</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 30/6/2019 against preceding year's corresponding quarter ended 30/6/2018

	Individual Quarter Ended		Changes		Cumulative Quarter Ended		Changes	
	30/6/2019 RM'000	30/6/2018 RM'000	RM'000	%	30/6/2019 RM'000	30/6/2018 RM'000	RM'000	%
Net Income	497,927	494,178	3,749	0.76	970,443	970,795	(352)	(0.04)
Operating Profit	213,401	95,998	117,403	122.30	391,455	270,724	120,731	44.60
Profit Before Zakat and Tax	218,903	114,306	104,597	91.51	404,326	301,293	103,033	34.20
Profit Before Tax	215,040	113,900	101,140	88.80	400,016	300,650	99,366	33.05
Profit After Tax	163,078	79,001	84,077	106.42	306,823	224,988	81,835	36.37
Profit attributable to equity holders of the Bank	156,031	73,306	82,725	112.85	293,262	214,773	78,489	36.54

The Group reported a higher profit before taxation ("PBT") of RM215.0 million for the current financial quarter as compared to RM113.9 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, the Group reported a PBT of RM400.0 million as compared to RM300.7 million for the corresponding half-year ended 30 June 2018. The improved performance was mainly due to write-back of credit impairment losses of RM36.1 million as compared to allowance of RM76.2 million in 30 June 2018 and higher net gain on financial instruments of RM88.3 million. These were partially offset by lower net interest income, other income, share of result of an associate and net fee and commission income of RM50.9 million, RM13.6 million, RM18.7 million and RM22.9 million respectively.

Commercial Banking

ABB reported a lower PBT of RM123.8 million for the current financial quarter as compared to RM207.3 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, ABB reported a lower PBT of RM227.5 million as compared to RM315.4 million achieved in the same period previous year. For the period under review, higher write-back of credit impairment losses of RM42.7 million as compared to allowance of RM58.8 million in 30 June 2018, higher net gain on financial instruments by RM52.5 million and lower overhead expenses of RM21.1 million, was not sufficient to cushion both the decrease in other income of RM218.8 million and net interest income of RM38.9 million. Higher other income in 30 June 2018, was mainly attributable to higher dividend income received from subsidiaries of RM178.0 million and gain of RM31.0 million on winding-up of AFFIN Recoveries.

AFFIN Islamic Bank (AiBB) registered a lower PBT of RM36.2 million for the current financial quarter as compared to RM53.3 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, AiBB also registered a lower PBT of RM68.2 million as compared to RM85.6 million achieved in the same period previous year, mainly due to lower net finance income of RM31.6 million and higher overhead expenses of RM17.7 million, net of higher net gain on financial instruments of RM31.9 million and lower allowance for credit impairment losses of RM6.2 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.

The AFFIN Hwang IB Group reported a higher PBT of RM51.6 million for the current financial quarter as compared to RM41.1 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, the AFFIN Hwang IB Group's also reported a higher PBT of RM96.8 million as compared to RM83.0 million achieved last year. The improved performance was mainly due higher net gain on financial instruments of RM35.8 million, net of lower in both net fee and commission income and net interest income of RM21.5 million and RM7.7 million respectively. In addition, there was a write-back of credit impairment losses of RM2.1 million as compared to allowance of RM3.7 million in 30 June 2018.

The 63%-owned subsidiary namely AFFIN Hwang Asset Management Berhad ("AHAM"), contributed a lower PBT of RM25.0 million for the current financial quarter as compared to RM25.1 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, AHAM however registered a higher PBT RM50.2 million as compared to RM45.8 million achieved in the previous year, mainly due to higher net gain on financial instruments of RM5.0 million, higher other income of RM2.2 million and lower overhead expenses of RM1.8 million, net of lower net fee and commission income of RM4.6 million.

**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 profit of RM7.7 million for the current financial quarter as compared to RM1.2 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, AALI reported a pre-tax profit of RM3.0 million as compared to the pre-tax loss of RM1.9 million for the corresponding period last year. This was mainly due to higher investment income of RM12.8 million and lower expenses of RM11.8 million. However, these were offset by higher reserves for future policyholders' liabilities of RM19.7 million as a result of movement in MGS rate.

AAGI reported a lower pre-tax profit of RM1.7 million for the current financial quarter as compared to RM48.4 million for the preceding year's corresponding quarter. For the half-year ended 30 June 2019, AAGI reported a lower pre-tax profit of RM30.8 million as compared to RM86.4 million for the corresponding period previous year, mainly due to higher net claims incurred of RM57.7 million attributed largely to Motor and Personal Accident, lower gain on disposal of investments of RM14.6 million and lower earned premium of RM13.4 million. This was offset by increase in investment income of RM7.5 million and lower both overhead expenses and net commission of RM11.0 million and RM7.1 million respectively.

Other business segment

The results of other business segment was made up of the pretax profit of RM1.3 million of AFFIN Moneybrokers Sdn Bhd ("AMB") for the half year ended 30 June 2019.

AMB reported a higher PBT of RM0.6 million for the current financial quarter as compared to RM0.4 million for preceding year's corresponding quarter. For the half-year ended 30 June 2019, AMB also reported a higher PBT of RM1.3 million as compared to RM0.6 million achieved in the previous year, mainly due to higher brokerage income of RM1.4 million, net of higher overhead expenses of RM0.7 million.

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

Table 2 : Financial review for current quarter against preceding quarter

	Current Financial Quarter	Preceding Financial Quarter	Changes	
	30/6/2019 RM'000	31/03/2019 RM'000	RM'000	%
Net income	497,927	472,516	25,411	5.38
Operating Profit	213,401	178,054	35,347	19.85
Profit Before Zakat and Tax	218,903	185,423	33,480	18.06
Profit Before Tax	215,040	184,976	30,064	16.25
Profit After Tax	163,078	143,745	19,333	13.45
Profit attributable to equity holders of the Bank	156,031	137,231	18,800	13.70

For the current financial quarter, the Group reported a higher pre-tax profit of RM215.0 million as compared to RM185.0 million achieved in the preceding quarter. This was mainly due to higher write-back of credit impairment losses of RM16.4 million, higher net gain on financial instruments of RM12.4 million and higher net fee and commission income of RM7.1 million, offset by the increase in overhead expenses of RM6.5 million and lower share of profit in associate of RM5.7 million.

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

### B3. PROSPECTS FOR FINANCIAL YEAR 2019

Malaysia's real GDP growth remained steady at 4.5% yoy in the first quarter of 2019, slightly slower than the 4.7% yoy growth in 4Q2018. Domestic demand and private consumption remained supportive of economic growth led by steady income as well as employment growth. It is expected that Malaysia's real GDP growth to slowdown in 2Q2019 before recovering in 2H2019, with a full year average of around 4.5% for 2019 which is still within the official forecast range of 4.3% to 4.8%.

IMF has cautioned that the global growth projection for 2019 and 2020 will likely be revised downwards, which is expected to drag down Malaysia's GDP growth for both years. The full year inflation might stay within the range of 1.2% to 1.3% in 2019 from the previous forecast of 0.7% to 1.7% depending on commodity prices especially the global oil prices. The growth in the country's total investment which has been dragged down by cautious business and global sentiments will likely recover in the forthcoming quarters supported by re-implementation of infrastructure development projects, capital spending in the manufacturing and services sectors and the mutual resolution of US-China trade disputes.

Domestically, BNM is expected to remain cautious on economic outlook as uncertainty in the external environment will remain prevalent stemming from the unresolved trade tensions. With the headline inflation remain manageable, BNM is expected to leave the OPR unchanged at least until the end of 2019, after the last 25bps cut at its last meeting in May 2019. The move to cut the rate could support growth in domestic demand, especially private consumption from higher disposable income with slightly lower monthly mortgage repayments.

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 the 2H2019, customers can look forward to more digital offerings with the new AFFIN Pay @ E-Wallet which was launched in June 2019. The new Retail Internet Banking and Mobile Internet Banking are also in the pipeline. 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	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	46,537	26,963	65,533	65,015
(Over)/under provision in prior years	(9)	12,626	22	12,626
Deferred tax expense/(income):				
- Relating to originating temporary differences	5,434	(4,690)	27,638	(1,979)
	<b>51,962</b>	<b>34,899</b>	<b>93,193</b>	<b>75,662</b>

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

For the preceding year's corresponding period, the Group's effective tax rates was higher 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.

#### Bank

Malaysian income tax	25,288	5,701	35,479	29,661
(Over)/under provision in prior years	-	12,626	-	12,626
Deferred tax expense/(income):				
- Relating to originating temporary differences	5,505	(5,018)	19,007	(3,146)
	<b>30,793</b>	<b>13,309</b>	<b>54,486</b>	<b>39,141</b>

For the current and preceding year's corresponding period, the Bank's effective tax rate was 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.

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

**B6. STATUS OF CORPORATE PROPOSALS**

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

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

	Group		Bank	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
<b>(i) Deposits from Customers</b>				
<u>By Type of Deposit :</u>				
Money Market Deposits	1,350,860	1,256,223	1,350,860	1,256,223
Demand Deposits	6,041,196	6,830,259	3,952,057	4,245,815
Savings Deposits	2,208,342	2,109,239	1,586,564	1,508,539
Fixed Deposits	47,138,677	42,820,134	24,316,973	22,702,344
Negotiable Instruments of Deposits ("NID")	1,909,415	3,838,419	1,908,529	3,848,298
Commodity Murabahah Deposits	531,820	395,167	-	-
Others	67,766	97,006	-	-
	<u>59,248,076</u>	<u>57,346,447</u>	<u>33,114,983</u>	<u>33,561,219</u>
 Maturity structure of fixed deposits and NIDs are as follows :				
Due within six months	28,315,461	29,362,425	14,330,916	16,890,847
Six months to one year	14,316,173	14,371,114	8,012,487	7,579,649
One year to three years	6,076,561	2,521,314	3,852,069	2,054,033
Three years to five years	407,663	403,700	30,030	26,113
	<u>49,115,858</u>	<u>46,658,553</u>	<u>26,225,502</u>	<u>26,550,642</u>
 <u>By Type of Customer :</u>				
Government and statutory bodies	13,254,880	12,148,553	2,522,087	2,205,373
Business enterprises	13,410,365	15,343,682	7,619,792	9,111,267
Individuals	20,180,726	16,220,138	16,128,329	14,289,446
Domestic banking institutions	2,161,120	3,915,899	2,172,828	3,932,579
Domestic non-banking financial institutions	8,771,389	8,446,052	3,575,217	3,133,150
Foreign entities	734,546	547,452	576,266	431,780
Others	735,050	724,671	520,464	457,624
	<u>59,248,076</u>	<u>57,346,447</u>	<u>33,114,983</u>	<u>33,561,219</u>
 <b>(ii) Deposits and Placements of Banks and Other Financial Institutions</b>				
<u>By Type of Institution :</u>				
Licensed banks	865,595	2,371,858	898,857	2,154,065
Licensed investment banks	-	153,398	-	-
Bank Negara Malaysia	-	361,359	-	361,359
Other financial institutions	1,164,345	1,960,297	951,517	1,785,424
	<u>2,029,940</u>	<u>4,846,912</u>	<u>1,850,374</u>	<u>4,300,848</u>
 <u>By Maturity Structure :</u>				
Due within six months	1,987,788	4,772,885	1,830,234	4,226,821
Six months to one year	42,152	74,027	20,140	74,027
	<u>2,029,940</u>	<u>4,846,912</u>	<u>1,850,374</u>	<u>4,300,848</u>
 <b>(iii) Lease Liabilities</b>				
At beginning of financial period/year, on adoption of MFRS 16	72,777	-	58,307	-
Additions	3,963	-	2,952	-
Termination of contracts	(112)	-	-	-
Interest expense	238	-	-	-
Lease payment	(17,562)	-	(12,121)	-
At end of the financial period/year	<u>59,304</u>	<u>-</u>	<u>49,138</u>	<u>-</u>



**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	
	30/6/2019 RM'000	31/12/2018 RM'000	30/6/2019 RM'000	31/12/2018 RM'000
(iv) <b>Borrowings</b>				
(a) Tier-2 Subordinated Medium Term Notes	2,035,696	2,036,144	2,035,696	2,036,144
(b) Additional Tier-1 Capital Securities	511,997	512,235	511,997	512,235
(c) Additional Tier-1 Sukuk Wakalah	303,425	303,483	-	-
(d) MTN Tier-2 Sukuk Murabahah	807,609	201,950	-	-
	<u>3,658,727</u>	<u>3,053,812</u>	<u>2,547,693</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")

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 the Case Management on 15 August 2018. Hearing was part heard on 27 August 2018 and was postponed to 2 October 2018 which was further postponed to 16 and 17 October 2018 as plaintiff was admitted to hospital. 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 for Case Management before the new Judge, YA Dato' Ahmad bin Bache (who took over the matter from the previous Judge), whereby the Court 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 September 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. Case Management on 29 May 2019 was postponed to 28 June 2019 to hear an Intervener’s application by Zecon Capital Ventures Sdn Bhd (3rd party chargor). After a few postponements, during the Case Management on 9 August 2019, the Intervener’s application was dismissed with costs. Case Management was then fixed on 20 August 2019. On 20 August 2019, the Court was informed that summary judgment and striking-out had been filed on 19 August 2019 against the Defendant and Case Management was fixed on 4 October 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 RM21.2 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	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
Net profit attributable to equity holders of the Bank (RM'000)	156,031	73,306	293,262	214,773
Weighted average number of ordinary shares in issue	1,981,022,868	1,942,948,547	1,981,022,868	1,942,948,547
Basic earnings per share (sen)	7.9	3.8	14.8	11.1
Bank	Individual Quarter Ended		Cumulative Quarter Ended	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
Net profit attributable to equity holders of the Bank (RM'000)	92,976	194,030	172,978	276,224
Weighted average number of ordinary shares in issue	1,981,022,868	1,942,948,547	1,981,022,868	1,942,948,547
Basic earnings per share (sen)	4.7	10.0	8.7	14.2