



**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR
ENDED 30 JUNE 2019**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
ASSETS					
Cash and bank balances		1,042,919	833,602	1,040,735	831,426
Deposits and placements with financial institutions		-	330,028	-	330,028
Financial investments at fair value through profit or loss	1	724,392	742,297	724,392	742,297
Financial investments at fair value through other comprehensive income	2	23,458,789	22,329,782	23,458,781	22,329,773
Financial investments at amortised cost	3	9,875,968	10,155,789	9,875,968	10,155,789
Financing and advances	4	69,655,149	69,003,855	69,655,149	69,003,855
Trade receivables		1,599	2,459	-	-
Other assets	5	1,099,488	1,132,604	1,070,268	1,097,380
Inventories		11,912	8,018	-	-
Investment in subsidiaries		-	-	100,744	100,744
Property and equipment		467,790	713,862	376,133	621,876
Intangible assets		494,705	265,294	481,520	252,109
Investment properties		1,231,519	1,214,812	1,005,948	1,005,948
Prepaid lease payment		59,945	60,708	59,945	60,708
Tax recoverable		44,654	5,780	42,726	3,267
Deferred tax assets		4,644	86,333	4,000	86,000
TOTAL ASSETS		108,173,473	106,885,223	107,896,309	106,621,200

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019 (CONTINUED)**

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
LIABILITIES					
Deposits from customers	6	83,394,468	82,735,900	83,394,468	82,735,900
Deposits and placements from banks and financial institutions		1,282,850	824,000	1,282,850	824,000
Trade payables		2,699	2,840	-	-
Recourse obligations on financing sold to Cagamas		690,799	710,335	690,799	710,335
Debt securities issued		2,713,818	3,143,366	2,713,818	3,143,366
Other liabilities	7	1,518,373	1,590,976	1,632,896	1,711,453
Provision for taxation		101	18	-	-
Deferred tax liabilities		8,254	4,064	-	-
TOTAL LIABILITIES		89,611,362	89,011,499	89,714,831	89,125,054
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,986,030	2,986,030	2,986,030
Share redemption fund		13,659	19,104	13,659	19,104
Reserves	8	15,562,422	14,868,590	15,181,789	14,491,012
TOTAL SHAREHOLDERS' FUND		18,562,111	17,873,724	18,181,478	17,496,146
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		108,173,473	106,885,223	107,896,309	106,621,200
COMMITMENT AND CONTINGENCIES	14	2,547,452	2,796,414	2,547,452	2,796,414

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2019**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income	9	1,640,819	1,619,963	3,286,122	3,205,595
Expenditure	10	(849,291)	(848,437)	(1,701,863)	(1,656,624)
Net income		791,528	771,526	1,584,259	1,548,971
Allowance for impairment	11	(145,577)	(182,554)	(377,609)	(305,410)
Other operating income	12	123,369	5,250	302,886	72,132
Operating expenses	13	(329,418)	(310,465)	(642,889)	(580,230)
Profit before taxation and zakat		439,902	283,757	866,647	735,463
Taxation		(40,388)	918	(144,404)	(55,452)
Zakat		(5,361)	(6,525)	(14,278)	(15,455)
Profit after taxation and zakat		394,153	278,150	707,965	664,556
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial investments at fair value through other comprehensive income					
		177,718	(100,216)	364,472	(102,153)
Other comprehensive income for the period		177,718	(100,216)	364,472	(102,153)
Total comprehensive income for the period		571,871	177,934	1,072,437	562,403

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)**

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income	9	1,622,606	1,613,392	3,247,324	3,189,271
Expenditure	10	(832,168)	(840,368)	(1,666,004)	(1,639,678)
Net income		790,438	773,024	1,581,320	1,549,593
Allowance for impairment	11	(145,577)	(182,554)	(377,609)	(305,410)
Other operating income	12	122,182	4,026	300,408	70,511
Operating expenses	13	(331,635)	(314,708)	(643,362)	(589,580)
Profit before taxation and zakat		435,408	279,788	860,757	725,114
Taxation		(39,222)	2,068	(141,888)	(53,107)
Zakat		(5,209)	(6,402)	(13,959)	(15,212)
Profit after taxation and zakat		390,977	275,454	704,910	656,795
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial investments at fair value through other comprehensive income					
		177,718	(100,216)	364,472	(102,153)
Other comprehensive income for the period		177,718	(100,216)	364,472	(102,153)
Total comprehensive income for the period		568,695	175,238	1,069,382	554,642

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

Group	← Non-distributable →			Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2018					
As previously stated	2,986,030	36,440	5,967,351	7,638,532	16,628,353
Effect of adopting MFRS 9	-	-	52,125	(47,388)	4,737
Restated balance as at 1 January 2018					
	2,986,030	36,440	6,019,476	7,591,144	16,633,090
Total comprehensive income for the period	-	-	(102,153)	664,556	562,403
Issuance to new members	9,468	-	-	-	9,468
Share withdrawal	(13,672)	-	-	-	(13,672)
Transfer to share capital	4,204	(4,204)	-	-	-
Dividends	-	-	-	(469,754)	(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264	264
At 30 June 2018					
	2,986,030	32,236	5,917,323	7,786,210	16,721,799
At 1 January 2019					
	2,986,030	19,104	6,535,696	8,332,894	17,873,724
Total comprehensive income for the period	-	-	364,472	707,965	1,072,437
Issuance to new members	5,064	-	-	-	5,064
Share withdrawal	(10,509)	-	-	-	(10,509)
Transfer to share capital	5,445	(5,445)	-	-	-
Dividends	-	-	-	(378,973)	(378,973)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	368	368
At 30 June 2019					
	2,986,030	13,659	6,900,168	8,662,254	18,562,111

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)**

Bank	← Non-distributable →			Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000		
At 1 January 2018						
As previously stated	2,986,030	36,440	5,968,092	7,239,389		16,229,951
Effect of adopting MFRS 9	-	-	52,125	(47,388)		4,737
Restated balance as at 1 January 2018						
	2,986,030	36,440	6,020,217	7,192,001		16,234,688
Total comprehensive income for the period	-	-	(102,153)	656,795		554,642
Issuance to new members	9,468	-	-	-		9,468
Share withdrawal	(13,672)	-	-	-		(13,672)
Transfer to share capital	4,204	(4,204)	-	-		-
Dividends	-	-	-	(469,754)		(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264		264
At 30 June 2018						
	2,986,030	32,236	5,918,064	7,379,306		16,315,636
At 1 January 2019						
	2,986,030	19,104	6,536,437	7,954,575		17,496,146
Total comprehensive income for the period	-	-	364,472	704,910		1,069,382
Issuance to new members	5,064	-	-	-		5,064
Share withdrawal	(10,509)	-	-	-		(10,509)
Transfer to share capital	5,445	(5,445)	-	-		-
Dividends	-	-	-	(378,973)		(378,973)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	368		368
At 30 June 2019						
	2,986,030	13,659	6,900,909	8,280,880		18,181,478

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Group		Bank	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	707,965	664,556	704,910	656,795
Adjustments for:				
Taxation	144,404	55,452	141,888	53,107
Zakat	14,278	15,455	13,959	15,212
Profit expense on debt securities issued	66,572	78,540	66,572	78,540
Allowance for impairment on financing and advances	378,875	305,410	378,875	305,410
Allowance for impairment on financial investment at fair value through other comprehensive income	220	-	220	-
Allowance for impairment on financial investment at amortised cost	(1,486)	-	(1,486)	-
Depreciation of property and equipment	28,161	43,331	27,493	42,591
Amortisation of prepaid lease payment	763	763	763	763
Amortisation of intangible assets	12,032	-	12,032	-
Loss on property and equipment written off	24	104	24	3
Gain on disposal of property and equipment	(76)	(247)	(74)	-
Loss on financing written off	6,874	8,129	6,874	8,129
Gain on revaluation of investment properties	(2,438)	-	-	-
Allowance for doubtful debts	-	37	-	-
Allowance for doubtful debts no longer required	(78)	(21)	-	-
Allowance for impairment loss on financial investment at amortised cost no longer required	-	(371)	-	(371)
Net (gain)/loss on disposal of financial investment at fair value through profit or loss	(7,659)	34,404	(7,659)	34,404
Net (gain)/loss on revaluation of financial investments at fair value through profit or loss	(90,706)	112,692	(90,706)	112,692
Net gain on disposal of financial investments at fair value through other comprehensive income	(129)	(213)	(129)	(213)
Profit expense on financing sold with recourse to Cagamas	16,487	17,376	16,487	17,376
Dividend from financial investments at fair value through profit or loss	(4,052)	(4,859)	(4,052)	(4,859)
Operating profit before working capital changes	1,270,031	1,330,538	1,265,991	1,319,579

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	330,028	822,562	330,028	822,561
Financing and advances	(1,037,043)	490,556	(1,037,043)	490,556
Trade receivables	938	(1,994)	-	-
Other assets	33,117	69,852	27,112	72,349
Inventories	(3,894)	(8,687)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	658,568	809,835	658,568	809,835
Deposits and placements from banks and financial institutions	458,850	300,000	458,850	300,000
Trade payables	(141)	(828)	-	-
Recourse obligations on financing sold to Cagamas	(36,023)	(36,370)	(36,023)	(36,370)
Other liabilities	(82,159)	(183,261)	(88,150)	(198,142)
Cash generated from operations	1,592,272	3,592,203	1,579,333	3,580,368
Income tax paid	(97,316)	(3,349)	(99,347)	-
Zakat paid	(14,863)	(15,210)	(14,507)	(15,210)
Net cash from operating activities	1,480,093	3,573,644	1,465,479	3,565,158
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchases of financial investments at fair value through profit or loss	(1,920,000)	(980,000)	(1,920,000)	(980,000)
Net proceed from disposal of financial investments at fair value through profit or loss	2,036,270	622,162	2,036,270	622,162
Purchases of financial investments at fair value through other comprehensive income	(1,840,000)	(3,201,000)	(1,840,000)	(3,201,000)
Net proceed from disposal of financial investment at fair value through other comprehensive income	1,075,372	764,789	1,075,372	764,423

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2018

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES (CONTINUED)				
Purchases of financial investments at amortised cost	(505,000)	(1,814,260)	(990,000)	(1,814,260)
Proceed from disposal of financial investments at amortised cost	786,308	1,888,354	1,271,308	1,888,354
Purchases of investment property	(14,269)	(1,797)	-	-
Purchases of property and equipment	(352,124)	(229,719)	(13,963)	(229,611)
Purchases of intangible assets	(9,254)	-	(9,254)	-
Proceeds from disposal of property and equipment	337,898	214	74	-
Dividend from financial investments at fair value through profit or loss	4,052	4,859	4,052	4,859
Net cash used in investing activities	(400,747)	(2,946,398)	(386,141)	(2,945,073)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	5,064	9,468	5,064	9,468
Dividend paid	(378,973)	(469,754)	(378,973)	(469,754)
Payment of profit expenses on debt securities issued	(496,120)	(78,212)	(496,120)	(78,212)
Payment of financing from other financial institution	-	(8,844)	-	-
Net cash used in financing activities	(870,029)	(547,342)	(870,029)	(538,498)
Net increase in cash and cash equivalents	209,317	79,904	209,309	81,587
Cash and cash equivalents at beginning of period	833,602	1,056,304	831,426	1,049,619
Cash and cash equivalents at end of period	1,042,919	1,136,208	1,040,735	1,131,206

These 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

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

Basis of Preparation

The unaudited interim financial statements for the second quarter and six months ended 30 June 2019 have been prepared under historical cost convention except for the following assets and liabilities which are stated at fair values, i.e. financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134; Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”). The unaudited interim 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. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2018.

Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 31 December 2018 was not qualified.

Comments on Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the second quarter and six months ended 30 June 2019.

Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, shareholders’ fund, net income or cash flows of the Group and the Bank in the second quarter and six months ended 30 June 2019.

Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the second quarter and six months ended 30 June 2019.

Debt and Equity Securities

There were no new issuance of debt securities by the Bank during the period.

Dividends Paid and Distributed

During the six months ended 30 June 2019, final dividend for the year ended 31 December 2018 was paid amounting to RM 378,972,869 comprising of 13% cash dividend.

NOTE 1: FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Debt instruments at fair value through profit or loss:		
Government investment issues	95,547	203,600
Government sukuk	5,320	-
Islamic redeemable convertible preference shares	203,583	202,096
	304,450	405,696
Equity securities at fair value through profit or loss:		
Quoted shares	418,380	335,182
Unit trust shares	1,562	1,419
	419,942	336,601
Total financial investments at fair value through profit or loss	724,392	742,297

NOTE 2: FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Financial investments at fair value through other comprehensive income				
Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	5,156,298	4,766,558	5,156,298	4,766,558
Government investment issues	9,689,116	9,218,783	9,689,116	9,218,783
Government sukuk	6,084,651	5,637,781	6,084,651	5,637,781
Khazanah sukuk	224,658	217,208	224,658	217,208
Cagamas sukuk	2,268,088	2,451,645	2,268,088	2,451,645
	23,422,811	22,291,975	23,422,811	22,291,975
Equity securities at fair value through other comprehensive income:				
Unquoted shares	35,978	37,807	35,970	37,798
	35,978	37,807	35,970	37,798
Total financial investments at fair value through other comprehensive income	23,458,789	22,329,782	23,458,781	22,329,773

Movement of accumulated impairment losses for debt instruments at fair value through other comprehensive income is as follows:

	12-month ECL Stage 1 RM'000
At 1 January 2018	-
Changes in credit risk	475
At 31 December 2018 / 1 January 2019	475
Changes in credit risk	220
At 30 June 2019	695

NOTE 3: FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost		
Islamic debt securities	678,706	701,498
Government investment issues	6,045,623	5,912,370
Government sukuk	2,014,502	2,312,408
Khazanah sukuk	347,688	340,579
Cagamas sukuk	675,719	698,173
Negotiable Islamic debt certificates	99,570	148,698
Islamic commercial papers	34,898	64,287
	9,896,706	10,178,013
Less: Accumulated impairment losses		
Islamic debt securities	(20,736)	(22,224)
Islamic commercial papers	(2)	-
	9,875,968	10,155,789

Movement of accumulated impairment losses is as follows:

	12-month ECL	Lifetime ECL Credit Impaired	Total RM'000
	Stage 1 RM'000	Stage 3 RM'000	
At 1 January 2018	-	22,957	22,957
Changes in credit risk	55	(788)	(733)
At 31 December 2018 / 1 January 2019	55	22,169	22,224
Changes in credit risk	35	(1,521)	(1,486)
At 30 June 2019	90	20,648	20,738

NOTE 4: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost		
Term financing		
- Personal financing	55,400,985	54,877,113
- House financing	6,255,369	5,922,323
- Hire-purchase receivables	1,688,433	1,574,551
- Syndicated financing	289,183	356,259
- Bridging financing	246,362	232,863
- Other term financing	4,431,785	4,473,239
Pawn broking	1,617,483	1,728,090
Cashline	44,053	-
Revolving credit	364,680	367,287
Credit card	433,692	444,036
Staff financing	444,278	425,103
Gross financing and advances, net of unearned income	71,216,303	70,400,864
Allowance for impairment on financing and advances:		
Collective assessment impairment - 12 months expected credit loss (ECL)	(598,464)	(428,090)
Collective assessment impairment - lifetime ECL	(595,054)	(591,287)
Individual assessment impairment - lifetime ECL	(367,636)	(377,632)
Net financing and advances	69,655,149	69,003,855

(ii) By type of customer

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Individuals	66,996,011	66,148,042
Business enterprises	1,913,693	1,928,258
Non-bank financial institutions - Co-operatives	2,219,458	2,224,996
Foreign entities	1,369	1,489
Other entities	85,772	98,079
	71,216,303	70,400,864

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of securities	36,861	186,904
Purchase of non-residential property	185,694	45,169
Consumption credit	66,908,504	65,951,587
Agriculture	97,148	100,667
Manufacturing	43,490	120,681
Electricity, gas and water	2,539	182
Construction	851,157	906,823
Wholesale and retail trade	214,855	167,938
Transportation and communication	76,492	80,817
Financial, takaful and business services	2,574,895	2,560,520
Community, social and personal services	224,670	279,576
	71,216,303	70,400,864

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of securities	135	65
Purchase of non-residential property	143,225	111,397
Consumption credit	681,898	568,030
Agriculture	10	-
Manufacturing	2,576	83,723
Construction	307,708	361,126
Wholesale and retail trade	152	-
Transportation and communication	-	11,149
Financial, takaful and business services	360,818	354,982
Community, social and personal services	21	278
	1,496,543	1,490,750

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
As of 1 January	1,490,750	1,575,025
Classified as impaired during the period	655,479	1,360,789
Amount written-back in respect of recoveries	(454,896)	(972,603)
Amount written-off during the period	(194,790)	(472,461)
	5,793	(84,275)
Closing balance	1,496,543	1,490,750
Gross impaired financing and advances as a percentage of gross financing and advances	2.10%	2.12%

(vi) Movement in allowance for individual assessment impairment on financing and advances

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Individual assessment impairment		
As of 1 January		
as previously stated	377,632	448,749
effect of adopting MFRS 9	-	12,238
Restated balance as of 1 January	377,632	460,987
Charge/(write back) to profit or loss, net	25,663	(71,668)
Amount written off during the period	(35,659)	(11,687)
Closing balance	367,636	377,632

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(vii) Movement in allowance for collective assessment impairment on financing and advances

	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Collective assessment impairment				
As of 1 January 2018				991,019
as previously stated				
effect of adopting MFRS 9				(305)
Restated balance as of 1 January	398,815	176,090	415,809	990,714
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	7,838	(17,125)	(33,194)	(42,481)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(13,510)	65,054	(46,938)	4,606
- Transfer to lifetime ECL credit impaired (Stage 3)	(4,611)	(11,209)	643,360	627,540
New financial assets originated	131,353	4,771	8,651	144,775
Changes in credit risk	(51,150)	(86,619)	30,910	(106,859)
Financial assets derecognised	(40,645)	(12,201)	(85,298)	(138,144)
Amount written off	-	-	(460,774)	(460,774)
At 31 December 2018	428,090	118,761	472,526	1,019,377
As of 1 January 2019	428,090	118,761	472,526	1,019,377
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	1,873	(494)	(244)	1,135
- Transfer to lifetime ECL not credit impaired (Stage 2)	(49,119)	113,611	(101,129)	(36,637)
- Transfer to lifetime ECL credit impaired (Stage 3)	(2,378)	(12,473)	329,249	314,398
New financial assets originated	63,021	3,103	2,394	68,518
Changes in credit risk	(5,419)	(10,154)	107,395	91,822
Financial assets derecognised	(44,408)	(5,550)	(20,019)	(69,977)
Amount written off	-	-	(195,118)	(195,118)
At 30 June 2019	391,660	206,804	595,054	1,193,518

NOTE 5: OTHER ASSETS

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Amount due from subsidiaries	-	-	20,743	18,492
Other receivables	690,556	725,311	688,751	721,511
Allowance for doubtful debts	(15,613)	(15,730)	(15,258)	(15,258)
Refundable deposits	55,664	54,991	9,962	10,004
Prepayments	168,881	168,032	166,070	162,631
Contribution to Central Liquidity Monetary Fund	200,000	200,000	200,000	200,000
	1,099,488	1,132,604	1,070,268	1,097,380

NOTE 6: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Savings deposits		
Qard	6,433,483	5,733,537
Term deposits		
Tawarruq	70,327,960	68,929,351
General investment deposits		
Mudarabah	-	12
Negotiable Islamic debt certificate	6,633,025	8,073,000
	83,394,468	82,735,900

(ii) By type of customer

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Government	37,269,736	35,013,502
Business enterprises	28,535,516	31,067,164
Co-operatives	1,880,658	1,947,233
Individuals	13,894,189	12,627,150
Others	1,814,369	2,080,851
	83,394,468	82,735,900

NOTE 7: OTHER LIABILITIES

	Group		Bank	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiaries	-	-	119,802	129,703
Sundry creditors	270,432	265,305	279,119	272,765
Income payable	792,631	676,657	792,631	676,657
Other liabilities and accruals	258,096	417,904	245,140	402,265
Government fund	157,200	190,511	157,200	190,511
Zakat payable	40,014	40,599	39,004	39,552
	1,518,373	1,590,976	1,632,896	1,711,453

NOTE 8: RESERVES

	Group		Bank	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Retained profits	8,662,254	8,332,894	8,280,880	7,954,575
Statutory reserve	6,082,581	6,082,580	6,082,581	6,082,580
Capital reserve	14,616	14,617	15,357	15,358
Fair value reserve of financial investments at FVOCI	473,299	108,827	473,299	108,827
Regulatory reserve	329,672	329,672	329,672	329,672
	15,562,422	14,868,590	15,181,789	14,491,012

NOTE 9: INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,278,162	1,285,451	2,554,644	2,540,935
Income derived from investment of shareholders' fund (ii)	344,444	327,941	692,680	648,336
Income generated by subsidiary companies (iii)	18,213	6,571	38,798	16,324
	1,640,819	1,619,963	3,286,122	3,205,595

NOTE 9: INCOME (CONTINUED)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,278,162	1,285,451	2,554,644	2,540,935
Income derived from investment of shareholders' fund (ii)	344,444	327,941	692,680	648,336
	1,622,606	1,613,392	3,247,324	3,189,271

(i) Income derived from investment of depositors' fund

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	1,012,094	1,018,030	2,024,933	2,030,987
Income from deposits and placements with bank and financial institutions	1,123	7,757	2,088	11,269
Income from financial investments	264,945	259,664	527,623	498,679
	1,278,162	1,285,451	2,554,644	2,540,935

(ii) Income derived from investment of shareholders' fund

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	272,740	259,717	549,052	518,220
Income from deposits and placements with bank and financial institutions	303	1,979	566	2,875
Income from financial investments	71,401	66,245	143,062	127,241
	344,444	327,941	692,680	648,336

NOTE 9: INCOME (CONTINUED)

(iii) Income generated by subsidiary companies

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Agency income	519	468	2,787	1,617
Pawning income	14,779	4,311	29,579	9,576
Rental income	749	338	1,596	1,714
Management fee	2,091	1,318	4,677	3,127
Sale of goods	75	16	158	42
Other charges	-	120	1	248
	18,213	6,571	38,798	16,324

NOTE 10: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	791,905	792,071	1,580,637	1,542,365
Profit expense on financing sold with recourse to Cagamas	8,186	8,633	16,487	17,376
Profit expense on debt securities issued	31,088	39,215	66,572	78,540
Cost of sales	18,112	8,518	38,167	18,343
	849,291	848,437	1,701,863	1,656,624

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	792,894	792,520	1,582,945	1,543,762
Profit expense on financing sold with recourse to Cagamas	8,186	8,633	16,487	17,376
Profit expense on debt securities issued	31,088	39,215	66,572	78,540
	832,168	840,368	1,666,004	1,639,678

NOTE 10: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Non-Mudarabah	784,854	788,735	1,566,184	1,535,370
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	7,051	3,336	14,453	6,995
	791,905	792,071	1,580,637	1,542,365
<hr/>				
Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Non-Mudarabah	785,843	789,184	1,568,492	1,536,767
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	7,051	3,336	14,453	6,995
	792,894	792,520	1,582,945	1,543,762

NOTE 11: ALLOWANCE FOR IMPAIRMENT

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	145,694	182,554	378,875	305,410
Allowance for impairment on financial investments (ii)	(117)	-	(1,266)	-
	145,577	182,554	377,609	305,410

(i) Allowance for impairment on financing and advances

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Individual impairment	7,144	(45,693)	(9,996)	(49,134)
Individual impairment on rescheduled financing	10,083	8,998	19,610	16,961
Collective impairment	128,467	219,249	369,261	337,583
	145,694	182,554	378,875	305,410

(ii) Allowance for impairment on financial investments

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial investments at financial investment at fair value through other comprehensive income	220	-	220	-
Financial investments at amortised cost	(337)	-	(1,486)	-
	(117)	-	(1,266)	-

NOTE 12: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	28,654	17,027	55,174	28,567
Other income (ii)	94,715	(11,777)	247,712	43,565
	123,369	5,250	302,886	72,132

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	28,654	17,027	55,174	28,567
Other income (ii)	93,528	(13,001)	245,234	41,944
	122,182	4,026	300,408	70,511

(i) Fees and commission

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Takaful commission	10,367	4,881	20,605	8,386
ATM service fees	2,916	3,933	5,825	7,176
Wasiat commission	1,943	406	3,422	654
Other commission	10,643	2,528	19,715	3,680
Processing fees	2	2,000	2	2,002
MEPS fees	2,252	2,714	4,535	5,510
Other fees	531	565	1,070	1,159
	28,654	17,027	55,174	28,567

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	1,916	2,667	4,052	4,859
Net gain on disposal of financial investments at fair value through profit or loss	6,131	2,229	7,659	6,228
Net gain/(loss) on revaluation of financial investments at fair value through profit or loss	20,956	(108,717)	90,706	(153,324)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	129	213
Others				
Rental income	4,040	6,912	9,402	13,201
Compensation for late payment	1,290	1,288	2,265	2,418
Charges from credit card services	2,932	3,038	5,862	6,198
Other service charges	3,046	2,795	6,160	5,556
Recoveries from financing written off	41,599	65,317	99,060	128,046
Allowance for doubtful debts no longer required	78	21	78	21
Allowance for impairment loss on financial investment at amortised cost no longer required	-	371	-	371
Gain on revaluation of investment properties	1,219	-	2,438	-
Gain on disposal of property and equipment	31	154	76	247
Other income	11,477	12,148	19,825	29,531
	94,715	(11,777)	247,712	43,565

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	1,916	2,667	4,052	4,859
Net gain on disposal of financial investments at fair value through profit or loss	6,131	2,229	7,659	6,228
Net gain/(loss) on revaluation of financial investments at fair value through profit or loss	20,956	(108,717)	90,706	(153,324)
Net gain on disposal of financial investments at fair value through other comprehensive income	-	-	129	213
Others				
Rental income	4,234	6,515	9,599	13,193
Compensation for late payment	1,290	1,288	2,265	2,418
Charges from credit card services	2,932	3,038	5,862	6,198
Other service charges	3,046	2,795	6,160	5,556
Recoveries from financing written off	41,599	65,317	99,060	128,046
Allowance for impairment loss on financial assets at amortised cost no longer required	-	371	-	371
Gain on disposal of property and equipment	29	-	74	-
Other income	11,395	11,496	19,668	28,186
	93,528	(13,001)	245,234	41,944

NOTE 13: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	195,585	182,418	381,980	340,161
Other overheads and expenditure (ii)	133,833	128,047	260,909	240,069
	329,418	310,465	642,889	580,230

NOTE 13: OPERATING EXPENSES (CONTINUED)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	190,855	178,334	372,954	331,822
Other overheads and expenditure (ii)	140,780	136,374	270,408	257,758
	331,635	314,708	643,362	589,580

(i) Personnel expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	97,350	80,564	189,088	170,273
Allowances, compensation and bonuses	55,000	63,503	111,116	101,711
Defined contribution plan - EPF	27,210	22,232	53,998	41,654
Social security contributions - SOCSO	1,202	1,142	2,405	2,258
Other staff related costs	14,823	14,977	25,373	24,265
	195,585	182,418	381,980	340,161

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	94,171	77,649	183,130	164,672
Allowances, compensation and bonuses	54,078	63,026	109,256	100,236
Defined contribution plan - EPF	26,787	21,804	53,180	40,856
Social security contributions - SOCSO	1,142	1,082	2,284	2,140
Other staff related costs	14,677	14,773	25,104	23,918
	190,855	178,334	372,954	331,822

NOTE 13: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Establishment				
Rental	5,108	5,863	9,684	10,036
Depreciation of property and equipment	13,974	21,271	28,161	43,331
Amortisation of prepaid lease payment	382	382	763	763
Amortisation of intangible assets	5,951	-	12,032	-
Repair and maintenance	20,111	19,863	38,145	34,536
Takaful	1,768	1,395	5,669	4,728
	47,294	48,774	94,454	93,394
Promotion				
Advertisement and publicity	4,388	5,632	5,994	7,567
	4,388	5,632	5,994	7,567
General expenses				
Legal and professional fees	2,138	2,800	3,897	4,632
Auditors' remuneration	574	439	1,134	875
Communication expenses	8,607	8,086	16,488	16,190
Utilities expenses	8,244	7,343	16,336	16,025
Printing and stationery	3,414	5,384	7,387	9,623
Postage and courier	1,548	2,960	2,562	4,221
Security expenses	4,975	6,803	13,573	14,035
Service charges	6,094	3,817	13,834	8,654
Loss on financing written off	3,830	4,129	6,874	8,129
Loss on property and equipment written off	21	102	24	104
Commission expenses	20,550	15,240	38,234	25,385
Travelling and transportation	3,092	1,782	5,965	4,397
Others	19,064	14,756	34,153	26,838
	82,151	73,641	160,461	139,108
	133,833	128,047	260,909	240,069

NOTE 13: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Establishment				
Rental	6,703	6,605	12,584	12,456
Depreciation of property and equipment	13,635	20,917	27,493	42,591
Amortisation of prepaid lease payment	382	382	763	763
Amortisation of intangible assets	5,951	-	12,032	-
Repair and maintenance	20,043	19,766	38,036	34,386
Takaful	1,753	1,351	5,627	4,645
	48,467	49,021	96,535	94,841
Promotion				
Advertisement and publicity	4,376	5,628	5,879	7,489
	4,376	5,628	5,879	7,489
General expenses				
Legal and professional fees	1,875	2,702	3,346	4,359
Auditors' remuneration	491	385	981	770
Communication expenses	8,560	8,024	16,383	16,078
Utilities expenses	8,219	7,323	16,289	15,983
Printing and stationery	3,331	5,303	7,261	9,470
Postage and courier	1,533	2,942	2,524	4,193
Security expenses	4,963	6,801	13,547	14,032
Service charges	12,258	11,145	25,646	23,050
Loss on financing written off	3,830	4,129	6,874	8,129
Loss on property and equipment written off	21	1	24	3
Commission expenses	20,550	15,240	38,234	25,385
Travelling and transportation	3,811	3,315	7,537	7,189
Others	18,495	14,415	29,348	26,787
	87,937	81,725	167,994	155,428
	140,780	136,374	270,408	257,758

NOTE 14: COMMITMENT 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.

	Group and Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	479,874	479,730
Claims for damages from litigation taken against the Bank	130,802	131,885
Commitments		
Undrawn financing	1,936,776	2,184,799
	2,547,452	2,796,414

NOTE 15: CAPITAL ADEQUACY

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	30 June 2019	31 December 2018
Before proposed dividend		
Core capital ratio	21.05%	21.87%
Risk-weighted capital ratio	22.48%	23.25%
After proposed dividend		
Core capital ratio	21.05%	21.33%
Risk-weighted capital ratio	22.48%	22.72%

NOTE 15: CAPITAL ADEQUACY (CONTINUED)

The capital ratios are derived by taking into account the core capital and capital base against the risk weighted assets of the Bank. Components of the capital are as follows:

	Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	7,575,970	7,954,575
Other reserves	6,097,938	6,097,938
Total Tier I capital (core)	16,659,938	17,038,543
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	598,464	546,851
Regulatory reserve	329,672	329,672
Total Tier II capital	1,228,136	1,176,523
Total capital	17,888,074	18,215,066
Less: Investment in subsidiaries	(100,744)	(100,744)
	(100,744)	(100,744)
Total capital base	17,787,330	18,114,322

* This is surplus amount allowable after taking into account collective impairment allowance on impaired financing of the Bank.

Assets in various categories are risk-weighted as follows:

	Bank	
	30 June 2019 RM'000	31 December 2018 RM'000
Total assets assigned 20% risk-weighted	608,675	725,709
Total assets assigned 50% risk-weighted	2,530,807	2,890,810
Total assets assigned 100% risk-weighted	74,748,850	72,926,532
Off-Balance Sheet claims assigned 100% risk-weighted	1,252,701	1,353,289
	79,141,033	77,896,340