



Your Choice Bank

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FIRST QUARTER
ENDED 31 MARCH 2019**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
ASSETS					
Cash and bank balances		818,907	833,602	816,029	831,426
Deposits and placements with financial institutions		150,038	330,028	150,038	330,028
Financial investments at fair value through profit or loss	1	1,060,293	742,297	1,060,293	742,297
Financial investments at fair value through other comprehensive income	2	23,267,906	22,329,782	23,267,898	22,329,773
Financial investments at amortised cost	3	9,989,312	10,155,789	9,989,312	10,155,789
Financing and advances	4	69,400,939	69,003,855	69,400,939	69,003,855
Trade receivables		4,023	2,459	-	-
Other assets	5	1,069,535	1,132,604	1,043,650	1,097,380
Inventories		8,793	8,018	-	-
Investment in subsidiaries		-	-	100,744	100,744
Property and equipment		706,554	713,862	614,875	621,876
Intangible assets		264,490	265,294	251,305	252,109
Investment properties		1,230,203	1,214,812	1,005,948	1,005,948
Prepaid lease payment		60,327	60,708	60,327	60,708
Tax recoverable		32,645	5,780	30,684	3,267
Deferred tax assets		15,644	86,333	15,000	86,000
TOTAL ASSETS		108,079,609	106,885,223	107,807,042	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 31 MARCH 2019 (CONTINUED)**

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
LIABILITIES					
Deposits from customers	6	84,235,994	82,735,900	84,235,994	82,735,900
Deposits and placements from banks and financial institutions		450,000	824,000	450,000	824,000
Trade payables		2,793	2,840	-	-
Recourse obligations on financing sold to Cagamas		700,591	710,335	700,591	710,335
Debt securities issued		2,744,263	3,143,366	2,744,262	3,143,366
Other liabilities	7	1,566,234	1,590,976	1,682,273	1,711,453
Provision for taxation		101	18	-	-
Deferred tax liabilities		8,254	4,064	-	-
TOTAL LIABILITIES		89,708,230	89,011,499	89,813,120	89,125,054
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,986,030	2,986,030	2,986,030
Share redemption fund		16,213	19,104	16,213	19,104
Reserves	8	15,369,136	14,868,590	14,991,679	14,491,012
TOTAL SHAREHOLDERS' FUND		18,371,379	17,873,724	17,993,922	17,496,146
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		108,079,609	106,885,223	107,807,042	106,621,200
COMMITMENT AND CONTINGENCIES	14	2,658,563	2,796,414	2,658,563	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 FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2019**

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Income	9	1,645,303	1,585,632	1,645,303	1,585,632
Expenditure	10	(852,572)	(808,187)	(852,572)	(808,187)
Net income		792,731	777,445	792,731	777,445
Allowance for impairment	11	(232,032)	(122,856)	(232,032)	(122,856)
Other operating income	12	179,517	66,882	179,517	66,882
Operating expenses	13	(313,471)	(269,765)	(313,471)	(269,765)
Profit before taxation and zakat		426,745	451,706	426,745	451,706
Taxation		(104,016)	(56,370)	(104,016)	(56,370)
Zakat		(8,917)	(8,930)	(8,917)	(8,930)
Profit after taxation and zakat		313,812	386,406	313,812	386,406
<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					
		186,755	(1,937)	186,755	(1,937)
Other comprehensive income for the period		186,755	(1,937)	186,755	(1,937)
Total comprehensive income for the period		500,567	384,469	500,567	384,469

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 FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2019 (CONTINUED)**

Bank	Note	1st Quarter Ended		Three Months Ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Income	9	1,624,718	1,575,879	1,624,718	1,575,879
Expenditure	10	(833,836)	(799,310)	(833,836)	(799,310)
Net income		790,882	776,569	790,882	776,569
Allowance for impairment	11	(232,032)	(122,856)	(232,032)	(122,856)
Other operating income	12	178,226	66,485	178,226	66,485
Operating expenses	13	(311,727)	(274,872)	(311,727)	(274,872)
Profit before taxation and zakat		425,349	445,326	425,349	445,326
Taxation		(102,666)	(55,175)	(102,666)	(55,175)
Zakat		(8,750)	(8,810)	(8,750)	(8,810)
Profit after taxation and zakat		313,933	381,341	313,933	381,341
<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					
		186,755	(1,937)	186,755	(1,937)
Other comprehensive income for the period		186,755	(1,937)	186,755	(1,937)
Total comprehensive income for the period		500,688	379,404	500,688	379,404

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 THREE MONTHS ENDED 31 MARCH 2019**

Group	← 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	5,967,351	7,638,532		16,628,353
Effect of adopting MFRS 9	-	-	52,125	(52,125)		-
Restated balance as at 1 January 2018						
	2,986,030	36,440	6,019,476	7,586,407		16,628,353
Total comprehensive income for the period	-	-	(1,937)	386,406		384,469
Issuance to new members	2,813	-	-	-		2,813
Share withdrawal	(6,957)	-	-	-		(6,957)
Transfer to share capital	4,144	(4,144)	-	-		-
Dividends	-	-	-	(469,754)		(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264		264
At 31 March 2018						
	2,986,030	32,296	6,017,539	7,503,323		16,539,188
At 1 January 2019						
	2,986,030	19,104	6,535,696	8,332,894		17,873,724
Total comprehensive income for the period	-	-	186,755	313,812		500,567
Issuance to new members	2,724	-	-	-		2,724
Share withdrawal	(5,615)	-	-	-		(5,615)
Transfer to share capital	2,891	(2,891)	-	-		-
Dividends	-	-	-	(21)		(21)
At 31 March 2019						
	2,986,030	16,213	6,722,451	8,646,685		18,371,379

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 THREE MONTHS ENDED 31 MARCH 2019 (CONTINUED)**

Bank	← 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	5,968,092	7,239,389	16,229,951
Effect of adopting MFRS 9	-	-	52,125	(52,125)	-
Restated balance as at 1 January 2018	2,986,030	36,440	6,020,217	7,187,264	16,229,951
Total comprehensive income for the period	-	-	(1,937)	381,341	379,404
Issuance to new members	2,813	-	-	-	2,813
Share withdrawal	(6,957)	-	-	-	(6,957)
Transfer to share capital	4,144	(4,144)	-	-	-
Dividends	-	-	-	(469,754)	(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264	264
At 31 March 2018	2,986,030	32,296	6,018,280	7,099,115	16,135,721
At 1 January 2019	2,986,030	19,104	6,536,437	7,954,575	17,496,146
Total comprehensive income for the period	-	-	186,755	313,933	500,688
Issuance to new members	2,724	-	-	-	2,724
Share withdrawal	(5,615)	-	-	-	(5,615)
Transfer to share capital	2,891	(2,891)	-	-	-
Dividends	-	-	-	(21)	(21)
At 31 March 2019	2,986,030	16,213	6,723,192	8,268,487	17,993,922

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 THREE MONTHS ENDED 31 MARCH 2019**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the period	313,812	386,406	313,933	381,341
Adjustments for:				
Taxation	104,016	56,370	102,666	55,175
Zakat	8,917	8,930	8,750	8,810
Profit expense on debt securities issued	35,484	39,325	35,484	39,325
Allowance for impairment on financing and advances	233,181	122,856	233,181	122,856
Allowance for impairment on financial investment at amortised cost	(1,149)	-	(1,149)	-
Depreciation of property and equipment	14,187	22,060	13,858	21,674
Amortisation of prepaid lease payment	381	381	381	381
Amortisation of intangible assets	6,081	-	6,081	-
Loss on property and equipment written off	3	2	2	2
Gain on disposal of property and equipment	(45)	(93)	(45)	-
Loss on financing written off	3,044	4,000	3,044	4,000
Gain on revaluation of investment properties	(1,219)	-	-	-
Allowance for doubtful debts no longer required	(117)	-	-	-
Net (gain)/loss on disposal of financial investment at fair value through profit or loss	(1,528)	34,652	(1,528)	34,652
Net (gain)/loss on revaluation of financial investments at fair value through profit or loss	(69,750)	5,956	(69,750)	5,956
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	8,301	8,743	8,301	8,743
Dividend from financial investments at fair value through profit or loss	(2,136)	(2,192)	(2,136)	(2,192)
Operating profit before working capital changes	651,334	687,183	650,944	680,510

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 THREE MONTHS ENDED 31 MARCH 2019 (CONTINUED)**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	179,990	80,669	179,990	80,669
Financing and advances	(633,308)	332,653	(633,308)	332,653
Trade receivables	(1,564)	(3,687)	-	-
Other assets	63,186	26,191	53,730	28,632
Inventories	(775)	(2,477)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	1,500,094	231,546	1,500,094	231,546
Deposits and placements from banks and financial institutions	(374,000)	800,000	(374,000)	800,000
Trade payables	(47)	(475)	-	-
Recourse obligations on financing sold to Cagamas	(18,045)	(18,449)	(18,045)	(18,449)
Other liabilities	(36,217)	(186,064)	(40,488)	(190,952)
Cash generated from operations	1,330,648	1,947,090	1,318,917	1,944,609
Income tax paid	(55,918)	(2,045)	(59,083)	-
Zakat paid	(3,057)	(2,599)	(3,057)	(2,594)
Net cash from operating activities	1,271,673	1,942,446	1,256,777	1,942,015
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchases of financial investments at fair value through profit or loss	(1,200,000)	(580,000)	(1,200,000)	(580,000)
Net proceed from disposal of financial investments at fair value through profit or loss	953,282	442,240	953,282	442,240
Purchases of financial investments at fair value through other comprehensive income	(1,295,000)	(1,951,000)	(1,295,000)	(1,951,000)
Net proceed from disposal of financial investment at fair value through other comprehensive income	543,758	357,646	543,758	357,631

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 THREE MONTHS ENDED 31 MARCH 2019 (CONTINUED)**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES (CONTINUED)				
Purchases of financial investments at amortised cost	(505,000)	(572,000)	(505,000)	(572,000)
Proceed from disposal of financial investments at amortised cost	672,627	856,377	672,627	856,377
Purchases of investment property	(14,171)	(727)	-	-
Purchases of property and equipment	(6,883)	(13,011)	(6,860)	(12,924)
Purchases of intangible assets	(5,277)	-	(5,277)	-
Proceeds from disposal of property and equipment	45	123	45	(1)
Dividend from financial investments at fair value through profit or loss	2,136	2,192	2,136	2,192
Net cash used in investing activities	(854,483)	(1,458,160)	(840,289)	(1,457,485)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issue of shares to members	2,724	2,813	2,724	2,813
Dividend paid	(21)	(469,754)	(21)	(469,754)
Payment of profit expenses on debt securities issued	(434,588)	(9,838)	(434,588)	(9,838)
Payment of financing from other financial institution	-	(47)	-	-
Net cash used in financing activities	(431,885)	(476,826)	(431,885)	(476,779)
Net (decrease)/increase in cash and cash equivalents	(14,695)	7,460	(15,397)	7,751
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	818,907	1,063,764	816,029	1,057,370

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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 2019.

Debt and Equity Securities

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

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

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Debt instruments at fair value through profit or loss:		
Government investment issues	442,526	203,600
Government sukuk	20,720	-
Islamic redeemable convertible preference shares	202,095	202,096
	665,341	405,696
Equity securities at fair value through profit or loss:		
Quoted shares	393,478	335,182
Unit trust shares	1,474	1,419
	394,952	336,601
Total financial investments at fair value through profit or loss	1,060,293	742,297

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 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	5,113,014	4,766,558	5,113,014	4,766,558
Government investment issues	9,790,454	9,218,783	9,790,454	9,218,783
Government sukuk	5,836,864	5,637,781	5,836,864	5,637,781
Khazanah sukuk	220,604	217,208	220,604	217,208
Cagamas sukuk	2,269,163	2,451,645	2,269,163	2,451,645
	23,230,099	22,291,975	23,230,099	22,291,975
Equity securities at fair value through other comprehensive income:				
Unquoted shares	37,807	37,807	37,799	37,798
	37,807	37,807	37,799	37,798
Total financial investments at fair value through other comprehensive income	23,267,906	22,329,782	23,267,898	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	-
At 31 March 2019	475

NOTE 3: FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
At amortised cost		
Islamic debt securities	688,850	701,498
Government investment issues	5,954,235	5,912,370
Government sukuk	2,200,055	2,312,408
Khazanah sukuk	344,095	340,579
Cagamas sukuk	683,399	698,173
Negotiable Islamic debt certificates	99,899	148,698
Islamic commercial papers	39,853	64,287
	10,010,386	10,178,013
Less: Accumulated impairment losses		
Islamic debt securities	(21,074)	(22,224)
	9,989,312	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	-	(1,150)	(1,150)
At 31 March 2019	55	21,019	21,074

NOTE 4: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
At amortised cost		
Term financing		
- Personal financing	55,274,353	54,877,113
- House financing	6,086,565	5,922,323
- Hire-purchase receivables	1,631,315	1,574,551
- Syndicated financing	358,963	356,259
- Bridging financing	245,410	232,863
- Other term financing	4,458,551	4,473,239
Pawn broking	1,682,793	1,728,090
Cashline	20,217	-
Revolving credit	361,421	367,287
Credit card	436,306	444,036
Staff financing	435,768	425,103
Gross financing and advances, net of unearned income	70,991,662	70,400,864
Allowance for impairment on financing and advances:		
Collective assessment impairment - 12 months expected credit loss (ECL)	(455,075)	(428,090)
Collective assessment impairment - lifetime ECL	(775,156)	(591,287)
Individual assessment impairment - lifetime ECL	(360,492)	(377,632)
Net financing and advances	69,400,939	69,003,855

(ii) By type of customer

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Individuals	66,724,330	66,148,042
Business enterprises	1,956,104	1,928,258
Non-bank financial institutions - Co-operatives	2,233,218	2,224,996
Foreign entities	1,380	1,489
Other entities	76,630	98,079
	70,991,662	70,400,864

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Purchase of securities	44,134	186,904
Purchase of non-residential property	1,583,453	45,169
Consumption credit	65,221,795	65,951,587
Agriculture	88,898	100,667
Manufacturing	47,041	120,681
Electricity, gas and water	1,153	182
Construction	877,367	906,823
Wholesale and retail trade	199,337	167,938
Transportation and communication	75,997	80,817
Financial, takaful and business services	2,566,239	2,560,520
Community, social and personal services	286,248	279,576
	70,991,662	70,400,864

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Purchase of securities	75	65
Purchase of non-residential property	141,105	111,397
Consumption credit	714,270	568,030
Agriculture	21	-
Manufacturing	15,276	83,723
Construction	317,502	361,126
Wholesale and retail trade	62	-
Transportation and communication	-	11,149
Financial, takaful and business services	358,614	354,982
Community, social and personal services	84	278
	1,547,009	1,490,750

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
As of 1 January	1,490,750	1,575,025
Classified as impaired during the period	308,271	1,360,789
Amount written-back in respect of recoveries	(222,140)	(972,603)
Amount written-off during the period	(29,872)	(472,461)
	56,259	(84,275)
Closing balance	1,547,009	1,490,750
Gross impaired financing and advances as a percentage of gross financing and advances	2.18%	2.12%

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

	Group and Bank	
	31 March 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	6,785	(71,668)
Amount written off during the period	(23,925)	(11,687)
Closing balance	360,492	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 RM'000	Stage 2 RM'000	Stage 2 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)	56	(220)	(165)	(329)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(50,271)	133,412	(63,857)	19,284
- Transfer to lifetime ECL credit impaired (Stage 3)	(768)	(9,269)	161,825	151,788
New financial assets originated	30,599	218	395	31,212
Changes in credit risk	67,684	(36,905)	37,697	68,476
Financial assets derecognised	(20,315)	(634)	(8,696)	(29,645)
Amount written off	-	-	(29,932)	(29,932)
At 31 March 2019	455,075	205,363	569,793	1,230,231

NOTE 5: OTHER ASSETS

	Group		Bank	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	20,856	18,492
Other receivables	662,196	725,311	663,806	721,511
Allowance for doubtful debts	(15,613)	(15,730)	(15,258)	(15,258)
Refundable deposits	55,565	54,991	10,013	10,004
Prepayments	167,387	168,032	164,233	162,631
Contribution to Central Liquidity Monetary Fund	200,000	200,000	200,000	200,000
	1,069,535	1,132,604	1,043,650	1,097,380

NOTE 6: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Savings deposits		
Qard	6,030,895	5,733,537
Term deposits		
Tawarruq	71,519,599	68,929,351
General investment deposits		
Mudarabah	-	12
Negotiable Islamic debt certificate	6,685,500	8,073,000
	84,235,994	82,735,900

(ii) By type of customer

	Group and Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Government	36,656,164	35,013,502
Business enterprises	29,999,673	31,067,164
Co-operatives	2,072,073	1,947,233
Individuals	13,419,809	12,627,150
Others	2,088,275	2,080,851
	84,235,994	82,735,900

NOTE 7: OTHER LIABILITIES

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Amount due to subsidiaries	-	-	125,681	129,703
Sundry creditors	303,292	265,305	309,905	272,765
Income payable	738,765	676,657	738,765	676,657
Other liabilities and accruals	321,681	417,904	306,640	402,265
Government fund	156,037	190,511	156,037	190,511
Zakat payable	46,459	40,599	45,245	39,552
	1,566,234	1,590,976	1,682,273	1,711,453

NOTE 8: RESERVES

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Retained profits	8,646,685	8,332,894	8,268,487	7,954,575
Statutory reserve	6,082,581	6,082,580	6,082,581	6,082,580
Capital reserve	14,617	14,617	15,358	15,358
Fair value reserve of financial investments at FVOCI	295,581	108,827	295,581	108,827
Regulatory reserve	329,672	329,672	329,672	329,672
	15,369,136	14,868,590	14,991,679	14,491,012

NOTE 9: INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Income derived from investment of depositors' fund (i)	1,276,482	1,255,484	1,276,482	1,255,484
Income derived from investment of shareholders' fund (ii)	348,236	320,395	348,236	320,395
Income generated by subsidiary companies (iii)	20,585	9,753	20,585	9,753
	1,645,303	1,585,632	1,645,303	1,585,632

NOTE 9: INCOME (CONTINUED)

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,276,482	1,255,484	1,276,482	1,255,484
Income derived from investment of shareholders' fund (ii)	348,236	320,395	348,236	320,395
	1,624,718	1,575,879	1,624,718	1,575,879

(i) Income derived from investment of depositors' fund

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	1,012,839	1,012,957	1,012,839	1,012,957
Income from deposits and placements with bank and financial institutions	965	3,512	965	3,512
Income from financial investments	262,678	239,015	262,678	239,015
	1,276,482	1,255,484	1,276,482	1,255,484

(ii) Income derived from investment of shareholders' fund

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	276,312	258,503	276,312	258,503
Income from deposits and placements with bank and financial institutions	263	896	263	896
Income from financial investments	71,661	60,996	71,661	60,996
	348,236	320,395	348,236	320,395

NOTE 9: INCOME (CONTINUED)

(iii) Income generated by subsidiary companies

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Agency income	2,268	1,149	2,268	1,149
Pawning income	14,800	5,265	14,800	5,265
Rental income	847	1,376	847	1,376
Management fee	2,586	1,809	2,586	1,809
Sale of goods	83	26	83	26
Other charges	1	128	1	128
	20,585	9,753	20,585	9,753

NOTE 10: EXPENDITURE

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	788,732	750,294	788,732	750,294
Profit expense on financing sold with recourse to Cagamas	8,301	8,743	8,301	8,743
Profit expense on debt securities issued	35,484	39,325	35,484	39,325
Cost of sales	20,055	9,825	20,055	9,825
	852,572	808,187	852,572	808,187

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	790,051	751,242	790,051	751,242
Profit expense on financing sold with recourse to Cagamas	8,301	8,743	8,301	8,743
Profit expense on debt securities issued	35,484	39,325	35,484	39,325
	833,836	799,310	833,836	799,310

NOTE 10: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Non-Mudarabah	781,330	746,635	781,330	746,635
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	7,402	3,659	7,402	3,659
	788,732	750,294	788,732	750,294

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Non-Mudarabah	782,649	747,583	782,649	747,583
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	7,402	3,659	7,402	3,659
	790,051	751,242	790,051	751,242

NOTE 11: ALLOWANCE FOR IMPAIRMENT

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	233,181	122,856	233,181	122,856
Allowance for impairment on financial investments (ii)	(1,149)	-	(1,149)	-
	232,032	122,856	232,032	122,856

(i) Allowance for impairment on financing and advances

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Individual impairment	(17,140)	(3,441)	(17,140)	(3,441)
Individual impairment on rescheduled financing	9,527	7,963	9,527	7,963
Collective impairment	240,794	118,334	240,794	118,334
	233,181	122,856	233,181	122,856

(ii) Allowance for impairment on financial investments

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial investments at amortised cost	(1,149)	-	(1,149)	-
	(1,149)	-	(1,149)	-

NOTE 12: OTHER OPERATING INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	26,520	11,540	26,520	11,540
Other income (ii)	152,997	55,342	152,997	55,342
	179,517	66,882	179,517	66,882

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	26,520	11,540	26,520	11,540
Other income (ii)	151,706	54,945	151,706	54,945
	178,226	66,485	178,226	66,485

(i) Fees and commission

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Takaful commission	10,238	3,505	10,238	3,505
ATM service fees	2,909	3,243	2,909	3,243
Wasiat commission	1,479	248	1,479	248
Other commission	9,072	1,152	9,072	1,152
Processing fees	-	2	-	2
MEPS fees	2,283	2,796	2,283	2,796
Other fees	539	594	539	594
	26,520	11,540	26,520	11,540

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	2,136	2,192	2,136	2,192
Net gain on disposal of financial investments at fair value through profit or loss	1,528	3,999	1,528	3,999
Net gain/(loss) on revaluation of financial investments at fair value through profit or loss	69,750	(44,607)	69,750	(44,607)
Net gain on disposal of financial investments at fair value through other comprehensive income	129	213	129	213
Others				
Rental income	5,362	6,289	5,362	6,289
Compensation for late payment	975	1,130	975	1,130
Charges from credit card services	2,930	3,160	2,930	3,160
Other service charges	3,114	2,761	3,114	2,761
Recoveries from financing written off	57,461	62,729	57,461	62,729
Gain on revaluation of investment properties	1,219	-	1,219	-
Gain on disposal of property and equipment	45	93	45	93
Other income	8,348	17,383	8,348	17,383
	152,997	55,342	152,997	55,342

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	2,136	2,192	2,136	2,192
Net gain on disposal of financial investments at fair value through profit or loss	1,528	3,999	1,528	3,999
Net gain/(loss) on revaluation of financial investments at fair value through profit or loss	69,750	(44,607)	69,750	(44,607)
Net gain on disposal of financial investments at fair value through other comprehensive income	129	213	129	213
Others				
Rental income	5,365	6,678	5,365	6,678
Compensation for late payment	975	1,130	975	1,130
Charges from credit card services	2,930	3,160	2,930	3,160
Other service charges	3,114	2,761	3,114	2,761
Recoveries from financing written off	57,461	62,729	57,461	62,729
Gain on disposal of property and equipment	45	-	45	-
Other income	8,273	16,690	8,273	16,690
	151,706	54,945	151,706	54,945

NOTE 13: OPERATING EXPENSES

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Personnel expenses (i)	186,395	157,743	186,395	157,743
Other overheads and expenditure (ii)	127,076	112,022	127,076	112,022
	313,471	269,765	313,471	269,765

NOTE 13: OPERATING EXPENSES (CONTINUED)

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	182,099	153,488	182,099	153,488
Other overheads and expenditure (ii)	129,628	121,384	129,628	121,384
	311,727	274,872	311,727	274,872

(i) Personnel expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	91,738	89,709	91,738	89,709
Allowances, compensation and bonuses	56,116	38,208	56,116	38,208
Defined contribution plan - EPF	26,788	19,422	26,788	19,422
Social security contributions - SOCSO	1,203	1,116	1,203	1,116
Other staff related costs	10,550	9,288	10,550	9,288
	186,395	157,743	186,395	157,743

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	88,960	87,023	88,960	87,023
Allowances, compensation and bonuses	55,177	37,210	55,177	37,210
Defined contribution plan - EPF	26,393	19,052	26,393	19,052
Social security contributions - SOCSO	1,142	1,058	1,142	1,058
Other staff related costs	10,427	9,145	10,427	9,145
	182,099	153,488	182,099	153,488

NOTE 13: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Establishment				
Rental	4,576	4,173	4,576	4,173
Depreciation of property and equipment	14,187	22,060	14,187	22,060
Amortisation of prepaid lease payment	381	381	381	381
Amortisation of intangible assets	6,081	-	6,081	-
Repair and maintenance	18,034	14,673	18,034	14,673
Takaful	3,901	3,333	3,901	3,333
	47,160	44,620	47,160	44,620
Promotion				
Advertisement and publicity	1,606	1,935	1,606	1,935
	1,606	1,935	1,606	1,935
General expenses				
Legal and professional fees	1,759	1,832	1,759	1,832
Auditors' remuneration	560	436	560	436
Communication expenses	7,881	8,104	7,881	8,104
Utilities expenses	8,092	8,682	8,092	8,682
Printing and stationery	3,973	4,239	3,973	4,239
Postage and courier	1,014	1,261	1,014	1,261
Security expenses	8,598	7,232	8,598	7,232
Service charges	7,740	4,837	7,740	4,837
Loss on financing written off	3,044	4,000	3,044	4,000
Loss on property and equipment written off	3	2	3	2
Commission expenses	17,684	10,145	17,684	10,145
Travelling and transportation	2,873	2,615	2,873	2,615
Others	15,089	12,082	15,089	12,082
	78,310	65,467	78,310	65,467
	127,076	112,022	127,076	112,022

NOTE 13: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Establishment				
Rental	5,881	5,851	5,881	5,851
Depreciation of property and equipment	13,858	21,674	13,858	21,674
Amortisation of prepaid lease payment	381	381	381	381
Amortisation of intangible assets	6,081	-	6,081	-
Repair and maintenance	17,993	14,620	17,993	14,620
Takaful	3,874	3,294	3,874	3,294
	48,068	45,820	48,068	45,820
Promotion				
Advertisement and publicity	1,503	1,861	1,503	1,861
	1,503	1,861	1,503	1,861
General expenses				
Legal and professional fees	1,471	1,657	1,471	1,657
Auditors' remuneration	490	385	490	385
Communication expenses	7,823	8,054	7,823	8,054
Utilities expenses	8,070	8,660	8,070	8,660
Printing and stationery	3,930	4,167	3,930	4,167
Postage and courier	991	1,251	991	1,251
Security expenses	8,584	7,231	8,584	7,231
Service charges	13,388	11,905	13,388	11,905
Loss on financing written off	3,044	4,000	3,044	4,000
Loss on property and equipment written off	2	2	2	2
Commission expenses	17,684	10,145	17,684	10,145
Travelling and transportation	3,726	3,874	3,726	3,874
Others	10,854	12,372	10,854	12,372
	80,057	73,703	80,057	73,703
	129,628	121,384	129,628	121,384

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	
	31 March 2019 RM'000	31 December 2018 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	480,652	479,730
Claims for damages from litigation taken against the Bank	131,074	131,885
Commitments		
Undrawn financing	2,046,837	2,184,799
	2,658,563	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	
	31 March 2019	31 December 2018
Before deducting final dividend		
Core capital ratio	23.02%	21.87%
Risk-weighted capital ratio	21.58%	23.25%
After deducting final dividend		
Core capital ratio	23.02%	21.33%
Risk-weighted capital ratio	21.58%	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	
	31 March 2019 RM'000	31 December 2018 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	7,954,554	7,954,575
Other reserves	6,097,939	6,097,938
Total Tier I capital (core)	17,038,523	17,038,543
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	603,757	546,851
Regulatory reserve	329,672	329,672
Total Tier II capital	1,233,429	1,176,523
Total capital	18,271,952	18,215,066
Less: Investment in subsidiaries	(100,744)	(100,744)
	(100,744)	(100,744)
Total capital base	18,171,208	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	
	31 March 2019 RM'000	31 December 2018 RM'000
Total assets assigned 20% risk-weighted	640,500	725,709
Total assets assigned 50% risk-weighted	2,498,009	2,890,810
Total assets assigned 100% risk-weighted	74,509,107	72,926,532
Off-Balance Sheet claims assigned 100% risk-weighted	1,295,619	1,353,289
	78,943,235	77,896,340