



**CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR  
ENDED 30 JUNE 2020**

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**UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	Group		Bank	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
<b>ASSETS</b>					
Cash and bank balances		<b>855,643</b>	1,060,218	<b>855,039</b>	1,059,600
Deposits and placements with financial institutions		<b>334,152</b>	700,069	<b>334,152</b>	700,069
Financial investments at fair value through profit or loss	1	<b>674,533</b>	636,693	<b>674,533</b>	636,693
Financial investments at fair value through other comprehensive income	2	<b>21,820,110</b>	22,273,842	<b>21,820,102</b>	22,273,834
Financial investments at amortised cost	3	<b>9,922,540</b>	10,261,091	<b>9,922,540</b>	10,261,091
Financing and advances	4	<b>72,835,854</b>	70,967,646	<b>72,931,400</b>	71,042,565
Trade receivables		<b>3,067</b>	324	-	-
Other assets	5	<b>555,933</b>	1,139,698	<b>544,024</b>	1,121,584
Right-of-use assets		<b>58,246</b>	64,287	<b>82,111</b>	90,230
Inventories		<b>5,076</b>	6,790	-	-
Investment in subsidiaries		-	-	<b>100,744</b>	100,744
Property and equipment		<b>687,593</b>	696,761	<b>590,986</b>	598,167
Intangible assets		<b>285,062</b>	294,321	<b>271,877</b>	281,136
Investment properties		<b>1,354,226</b>	1,322,726	<b>1,008,047</b>	1,008,047
Prepaid lease payment		<b>58,419</b>	59,182	<b>58,419</b>	59,182
Tax recoverable		<b>138,399</b>	139,957	<b>137,455</b>	137,455
Deferred tax assets		<b>572</b>	673	-	-
<b>TOTAL ASSETS</b>		<b>109,589,425</b>	109,624,278	<b>109,331,429</b>	109,370,397

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 2019

**UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2020 (CONTINUED)**

	Note	Group		Bank	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
<b>LIABILITIES</b>					
Deposits from customers	6	<b>84,789,009</b>	83,831,405	<b>84,789,009</b>	83,831,405
Deposits and placements from banks and financial institutions		<b>490,000</b>	1,300,000	<b>490,000</b>	1,300,000
Trade payables		<b>1,379</b>	1,652	-	-
Recourse obligations on financing sold to Cagamas		<b>350,371</b>	360,770	<b>350,371</b>	360,770
Debt securities issued		<b>2,211,252</b>	2,562,786	<b>2,211,252</b>	2,562,786
Cashline facility		-	200,607	-	200,607
Other liabilities	7	<b>1,556,183</b>	1,732,223	<b>1,724,463</b>	1,897,370
Provision for taxation		<b>551</b>	110	-	-
Deferred tax liabilities		<b>152,017</b>	80,017	<b>141,000</b>	69,000
<b>TOTAL LIABILITIES</b>		<b>89,550,762</b>	90,069,570	<b>89,706,095</b>	90,221,938
<b>SHAREHOLDERS' FUND</b>					
Share capital		<b>2,986,030</b>	2,986,030	<b>2,986,030</b>	2,986,030
Share redemption fund		<b>287</b>	9,860	<b>287</b>	9,860
Reserves	8	<b>17,052,346</b>	16,558,818	<b>16,639,015</b>	16,152,569
<b>TOTAL SHAREHOLDERS' FUND</b>		<b>20,038,663</b>	19,554,708	<b>19,625,332</b>	19,148,459
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUND</b>		<b>109,589,425</b>	109,624,278	<b>109,331,427</b>	109,370,397
<b>COMMITMENTS AND CONTINGENCIES</b>	14	<b>2,289,892</b>	2,340,818	<b>2,289,892</b>	2,340,818

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 2019

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2020**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income	9	<b>1,513,720</b>	1,630,736	<b>3,117,379</b>	3,266,512
Expenditure	10	<b>(704,296)</b>	(849,291)	<b>(1,485,886)</b>	(1,701,863)
<b>Net income</b>		<b>809,424</b>	781,445	<b>1,631,493</b>	1,564,649
Allowance for impairment	11	<b>(273,196)</b>	(135,494)	<b>(446,526)</b>	(357,999)
Other operating income	12	<b>173,867</b>	123,369	<b>255,224</b>	302,886
Operating expenses	13	<b>(313,991)</b>	(329,418)	<b>(650,148)</b>	(642,889)
<b>Profit before taxation and zakat</b>		<b>396,104</b>	439,902	<b>790,043</b>	866,647
Taxation		<b>(69,517)</b>	(40,388)	<b>(97,479)</b>	(144,404)
Zakat		<b>(7,571)</b>	(5,361)	<b>(8,171)</b>	(14,278)
<b>Profit after taxation and zakat</b>		<b>319,016</b>	394,153	<b>684,393</b>	707,965
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial investments at fair value through other comprehensive income					
		<b>303,792</b>	177,718	<b>214,160</b>	364,472
<b>Other comprehensive income for the period</b>		<b>303,792</b>	177,718	<b>214,160</b>	364,472
<b>Total comprehensive income for the period</b>		<b>622,808</b>	571,871	<b>898,553</b>	1,072,437

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 2019

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)**

<b>Bank</b>	<b>Note</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
Income	9	<b>1,512,679</b>	1,612,523	<b>3,107,669</b>	3,227,714
Expenditure	10	<b>(703,267)</b>	(832,168)	<b>(1,478,022)</b>	(1,666,004)
<b>Net income</b>		<b>809,412</b>	780,355	<b>1,629,647</b>	1,561,710
Allowance for impairment	11	<b>(276,002)</b>	(135,494)	<b>(449,159)</b>	(357,999)
Other operating income	12	<b>165,780</b>	122,182	<b>247,143</b>	300,408
Operating expenses	13	<b>(312,241)</b>	(331,635)	<b>(649,003)</b>	(643,362)
<b>Profit before taxation and zakat</b>		<b>386,949</b>	435,408	<b>778,628</b>	860,757
Taxation		<b>(66,530)</b>	(39,222)	<b>(93,324)</b>	(141,888)
Zakat		<b>(7,493)</b>	(5,209)	<b>(7,993)</b>	(13,959)
<b>Profit after taxation and zakat</b>		<b>312,926</b>	390,977	<b>677,311</b>	704,910
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial investments at fair value through other comprehensive income					
		<b>303,792</b>	177,718	<b>214,160</b>	364,472
<b>Other comprehensive income for the period</b>		<b>303,792</b>	177,718	<b>214,160</b>	364,472
<b>Total comprehensive income for the period</b>		<b>616,718</b>	568,695	<b>891,471</b>	1,069,382

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 2019

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Group	Non-distributable			Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2019</b>	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
<b>At 30 June 2019</b>	2,986,030	13,659	6,900,168	8,662,254	18,562,111
<b>At 1 January 2020</b>	<b>2,986,030</b>	<b>9,860</b>	<b>7,450,144</b>	<b>9,108,674</b>	<b>19,554,708</b>
Total comprehensive income for the period	-	-	214,160	684,393	898,553
Issuance to new members	5,401	-	-	-	5,401
Share withdrawal	(14,974)	-	-	-	(14,974)
Transfer to share capital	9,573	(9,573)	-	-	-
Dividends	-	-	-	(405,484)	(405,484)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	459	459
<b>At 30 June 2020</b>	<b>2,986,030</b>	<b>287</b>	<b>7,664,304</b>	<b>9,388,042</b>	<b>20,038,663</b>

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 2019

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (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		
<b>At 1 January 2019</b>	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	
<b>At 30 June 2019</b>	2,986,030	13,659	6,900,909	8,280,880	18,181,478	
<b>At 1 January 2020</b>	<b>2,986,030</b>	<b>9,860</b>	<b>7,450,885</b>	<b>8,701,684</b>	<b>19,148,459</b>	
Total comprehensive income for the period	-	-	214,160	677,311	891,471	
Issuance to new members	5,401	-	-	-	5,401	
Share withdrawal	(14,974)	-	-	-	(14,974)	
Transfer to share capital	9,573	(9,573)	-	-	-	
Dividends	-	-	-	(405,484)	(405,484)	
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	459	459	
<b>At 30 June 2020</b>	<b>2,986,030</b>	<b>287</b>	<b>7,665,045</b>	<b>8,973,970</b>	<b>19,625,332</b>	

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 2019

**UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES</b>				
Profit for the period	<b>684,393</b>	707,965	<b>677,311</b>	704,910
<b>Adjustments for:</b>				
Taxation	<b>97,479</b>	144,404	<b>93,324</b>	141,888
Zakat	<b>8,171</b>	14,278	<b>7,993</b>	13,959
Profit expense on debt securities issued	<b>57,268</b>	66,572	<b>57,268</b>	66,572
Allowance for impairment on financing and advances	<b>447,517</b>	359,265	<b>450,150</b>	359,265
(Writeback)/allowance for impairment on financial investment at fair value through other comprehensive income	<b>(95)</b>	220	<b>(95)</b>	220
Writeback for impairment on financial investment at amortised cost	<b>(896)</b>	(1,486)	<b>(896)</b>	(1,486)
Depreciation of property and equipment	<b>24,058</b>	28,161	<b>22,078</b>	27,493
Depreciation of right-of-use assets	<b>5,965</b>	-	<b>6,705</b>	-
Amortisation of prepaid lease payment	<b>763</b>	763	<b>763</b>	763
Amortisation of intangible assets	<b>11,790</b>	12,032	<b>11,790</b>	12,032
Property and equipment written off	<b>50</b>	24	<b>50</b>	24
Gain on disposal of property and equipment	-	(76)	-	(74)
Loss on financing written off	<b>5,403</b>	6,874	<b>5,403</b>	6,874
Gain on revaluation of investment properties	<b>(8,055)</b>	(2,438)	-	-
Impairment for trade and other receivables	<b>1,035</b>	-	<b>990</b>	-
Allowance for doubtful debts				
Writeback for impairment on trade receivables	-	(78)	-	-
Net gain on disposal of financial investment at fair value through profit or loss	<b>(10,961)</b>	(7,659)	<b>(10,961)</b>	(7,659)
Net loss/(gain) on revaluation of financial investments at fair value through profit or loss	<b>57,862</b>	(90,706)	<b>57,862</b>	(90,706)
Net gain on disposal of financial investments at fair value through other comprehensive income	<b>(120,305)</b>	(129)	<b>(120,305)</b>	(129)
Profit expense on financing sold with recourse to Cagamas	<b>8,947</b>	16,487	<b>8,947</b>	16,487
Profit expense on cashline facility	<b>1,988</b>	-	<b>1,988</b>	-
Dividend from financial investments at fair value through profit or loss	<b>(17,267)</b>	(4,052)	<b>(17,267)</b>	(4,052)
Operating profit before working capital changes	<b>1,255,110</b>	1,250,421	<b>1,253,098</b>	1,246,381

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 2019



**UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
<b>(Increase)/Decrease in assets:</b>				
Deposits and placements with financial institutions	365,917	330,028	365,917	330,028
Financing and advances	(2,296,090)	(1,017,433)	(2,319,350)	(1,017,433)
Trade receivables	(2,788)	938	-	-
Other assets	582,851	33,117	577,986	27,112
Inventories	1,714	(3,894)	-	-
<b>Increase/(Decrease) in liabilities:</b>				
Deposits from customers	957,604	658,568	957,604	658,568
Deposits and placements from banks and financial institutions	(810,000)	458,850	(810,000)	458,850
Trade payables	(273)	(141)	-	-
Recourse obligations on financing sold to Cagamas	(19,346)	(36,023)	(19,346)	(36,023)
Other liabilities	(209,924)	(82,159)	(207,211)	(88,150)
Cash generated from operations	(175,225)	1,592,272	(201,302)	1,579,333
Income tax paid	(23,379)	(97,316)	(21,324)	(99,347)
Zakat paid	(25,108)	(14,863)	(24,510)	(14,507)
<b>Net cash generated from operating activities</b>	<b>(223,712)</b>	<b>1,480,093</b>	<b>(247,136)</b>	<b>1,465,479</b>
<b>CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES</b>				
Purchases of financial investments at fair value through profit or loss	(1,340,000)	(1,920,000)	(1,340,000)	(1,920,000)
Net proceed from disposal of financial investments at fair value through profit or loss	1,255,259	2,036,270	1,255,259	2,036,270
Purchases of financial investments at fair value through other comprehensive income	(2,425,000)	(1,840,000)	(2,425,000)	(1,840,000)
Net proceed from disposal of financial investment at fair value through other comprehensive income	3,213,292	1,075,372	3,213,292	1,075,372

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 2019

**UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES (CONTINUED)</b>				
Purchases of financial investments at amortised cost	(1,860,000)	(505,000)	(1,860,000)	(990,000)
Proceed from disposal of financial investments at amortised cost	2,199,447	786,308	2,199,447	1,271,308
Purchases of investment property	(23,445)	(14,269)	-	-
Purchases of property and equipment	(15,017)	(352,124)	(14,954)	(13,963)
Purchases of intangible assets	(2,531)	(9,254)	(2,531)	(9,254)
Proceeds from disposal of property and equipment	77	337,898	7	74
Dividend from financial investments at fair value through profit or loss	17,267	4,052	17,267	4,052
<b>Net cash used in investing activities</b>	<b>1,019,349</b>	<b>(400,747)</b>	<b>1,042,787</b>	<b>(386,141)</b>
<b>CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES</b>				
Proceeds from issue of shares to members	5,401	5,064	5,401	5,064
Dividend paid	(405,484)	(378,973)	(405,484)	(378,973)
Fund received from government	23,885	-	23,885	-
Payment of profit expenses on debt securities issued	(408,802)	(496,120)	(408,802)	(496,120)
Repayment of lease liabilities	(12,617)	-	(12,617)	-
Repayment of cashline facility	(602,595)	-	(602,595)	-
Receipt of cashline facility	400,000	-	400,000	-
<b>Net cash used in financing activities</b>	<b>(1,000,212)</b>	<b>(870,029)</b>	<b>(1,000,212)</b>	<b>(870,029)</b>
Net decrease in cash and cash equivalents	(204,575)	209,317	(204,561)	209,309
Cash and cash equivalents at beginning of period	1,060,218	833,602	1,059,600	831,426
<b>Cash and cash equivalents at end of period</b>	<b>855,643</b>	<b>1,042,919</b>	<b>855,039</b>	<b>1,040,735</b>

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 2019

## **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 2020 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 2019. 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 2019.

### **Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the audited financial statements for the financial year ended 31 December 2019 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 2020.

### **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 2020.

### **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 2020.

### **Debt and Equity Securities**

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

### **Dividends Paid and Distributed**

During the six months ended 30 June 2020, final dividend for the year ended 31 December 2019 was paid amounting to RM 405,484,000 comprising of 14% cash dividend.

**EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134  
("MFRS 134") (CONTINUED)**

**Significant Changes in Regulatory Requirements**

Based on the BNM's revised guideline on Financial Reporting for Development Financial Institutions, the prescribed development financial institutions ("DFIs") shall make one-time election in 2020 to apply revision to the original effective profit rate in respect of any modifications made to the contractual cash flows of the financing. In the event of election, the requirements shall apply for two financial years beginning on or after 1 January 2020 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these two financial years.

The Group and the Bank elected to adopt the modified accounting treatment and in the midst of assessing the financial implication of the modified accounting treatment. The impact will be reflected accordingly beginning third quarter financial reporting ended 30 September 2020.

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

	<b>Group and Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Debt instruments at fair value through profit or loss:</b>		
Government investment issues	<b>302,723</b>	157,486
Islamic redeemable convertible preference shares	<b>203,465</b>	211,282
	<b>506,188</b>	368,768
<b>Equity securities at fair value through profit or loss:</b>		
Quoted shares	<b>166,806</b>	266,325
Unit trust shares	<b>1,539</b>	1,600
	<b>168,345</b>	267,925
<b>Total financial investments at fair value through profit or loss</b>	<b>674,533</b>	636,693

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Debt instruments at fair value through other comprehensive income:</b>				
Islamic debt securities	<b>5,098,173</b>	4,608,879	<b>5,098,173</b>	4,608,879
Government investment issues	<b>6,347,569</b>	9,100,909	<b>6,347,569</b>	9,100,909
Government sukuk	<b>7,927,793</b>	6,134,061	<b>7,927,793</b>	6,134,061
Khazanah sukuk	<b>231,093</b>	229,607	<b>231,093</b>	229,607
Cagamas sukuk	<b>2,168,636</b>	2,153,540	<b>2,168,636</b>	2,153,540
	<b>21,773,264</b>	22,226,996	<b>21,773,264</b>	22,226,996
<b>Equity securities at fair value through other comprehensive income:</b>				
Unquoted shares	<b>46,846</b>	46,846	<b>46,838</b>	46,838
	<b>46,846</b>	46,846	<b>46,838</b>	46,838
<b>Total financial investments at fair value through other comprehensive income</b>	<b>21,820,110</b>	22,273,842	<b>21,820,102</b>	22,273,834

Movement of allowance for Expected Credit Loss (“ECL”) by stage for debt instruments at fair value through other comprehensive income is as follows:

<b>Group and Bank</b>	<b>12-month ECL Stage 1 RM'000</b>
At 1 January 2019	475
Changes in credit risk	(201)
At 31 December 2019 / 1 January 2020	<b>274</b>
Changes in credit risk	(95)
At 30 June 2020	<b>179</b>

### NOTE 3: FINANCIAL INVESTMENTS AT AMORTISED COST

	<b>Group and Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>At amortised cost</b>		
Islamic debt securities	701,890	735,102
Government investment issues	4,953,696	5,480,591
Government sukuk	2,962,520	2,900,312
Khazanah sukuk	235,022	304,401
Cagamas sukuk	708,869	711,149
Negotiable Islamic debt certificates	299,945	99,599
Islamic commercial papers	79,625	49,860
	<b>9,941,567</b>	<b>10,281,014</b>
Less: Allowance for ECL		
Negotiable Islamic debt certificates	-	(17)
Islamic debt securities	(19,027)	(19,906)
	<b>(19,027)</b>	<b>(19,923)</b>
<b>Total financial investments at amortised cost</b>	<b>9,922,540</b>	<b>10,261,091</b>

Movement of allowance for ECL by stage is as follows:

<b>Group and Bank</b>	<b>12-month ECL Stage 1 RM'000</b>	<b>Lifetime ECL Credit Impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
	At 1 January 2019	55	22,169
Changes in credit risk	39	(2,340)	(2,301)
At 31 December 2019 / 1 January 2020	<b>94</b>	<b>19,829</b>	<b>19,923</b>
Changes in credit risk	<b>(40)</b>	<b>(856)</b>	<b>(896)</b>
At 30 June 2020	<b>54</b>	<b>18,973</b>	<b>19,027</b>

#### NOTE 4: FINANCING AND ADVANCES

(i) By type of financing

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
<b>At amortised cost</b>				
Term financing				
- Personal financing	<b>56,911,966</b>	55,525,588	<b>56,911,966</b>	55,525,588
- House financing	<b>6,986,785</b>	6,653,654	<b>7,094,691</b>	6,738,300
- Hire-purchase receivables	<b>1,861,634</b>	1,854,630	<b>1,861,634</b>	1,854,630
- Syndicated financing	<b>307,633</b>	237,085	<b>307,633</b>	237,085
- Bridging financing	<b>337,558</b>	283,521	<b>337,558</b>	283,521
- Other term financing	<b>4,958,027</b>	4,637,701	<b>4,958,027</b>	4,637,701
Pawn broking	<b>1,943,574</b>	1,944,649	<b>1,943,574</b>	1,944,649
Cashline	<b>95,793</b>	66,503	<b>95,793</b>	66,503
Revolving credit	<b>361,179</b>	347,700	<b>361,179</b>	347,700
Credit card	<b>348,423</b>	406,699	<b>348,423</b>	406,699
Staff financing	<b>466,445</b>	458,250	<b>466,445</b>	458,250
Gross financing and advances, net of unearned income	<b>74,579,017</b>	72,415,980	<b>74,686,923</b>	72,500,626
<b>Allowance for ECL on financing and advances:</b>				
Stage 1 - 12 months ECL	<b>(446,455)</b>	(240,167)	<b>(458,815)</b>	(249,894)
Stage 2 - lifetime ECL not credit impaired	<b>(438,200)</b>	(397,011)	<b>(438,200)</b>	(397,011)
Stage 3 - lifetime ECL credit impaired	<b>(858,508)</b>	(811,156)	<b>(858,508)</b>	(811,156)
<b>Net financing and advances</b>	<b>72,835,854</b>	70,967,646	<b>72,931,400</b>	71,042,565

#### NOTE 4: FINANCING AND ADVANCES (CONTINUED)

##### (ii) By type of customer

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Individuals	69,541,852	67,910,842	69,541,852	67,910,842
Business enterprises	2,450,486	1,931,899	2,558,392	2,016,545
Non-bank financial institutions				
- Co-operatives	2,408,620	2,426,352	2,408,620	2,426,352
Non-bank financial institutions				
- Others	-	319	-	319
Foreign entities	5,439	2,097	5,439	2,097
Other entities	172,620	144,471	172,620	144,471
	<b>74,579,017</b>	<b>72,415,980</b>	<b>74,686,923</b>	<b>72,500,626</b>

##### (iii) By economic sector

	Group		Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Purchase of securities	1,361	1,815	1,361	1,815
Purchase of non-residential property	880,579	820,354	880,579	820,354
Consumption credit	69,106,484	67,508,049	69,106,484	67,508,049
Agriculture	90,662	62,930	90,662	62,930
Manufacturing	106,040	141,538	106,040	141,538
Electricity, gas and water	1,799	990	1,799	990
Construction	1,101,568	749,747	1,101,568	749,747
Wholesale and retail trade	319,520	232,079	319,520	232,079
Transportation and communication	250,886	85,094	250,886	85,094
Financial, takaful and business services	2,668,516	2,614,715	2,776,422	2,699,361
Community, social and personal services	51,602	198,669	51,602	198,669
	<b>74,579,017</b>	<b>72,415,980</b>	<b>74,686,923</b>	<b>72,500,626</b>



**NOTE 4: FINANCING AND ADVANCES (CONTINUED)**

## (iv) Impaired financing and advances by economic sector

	<b>Group and Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Purchase of securities	92	68
Purchase of non-residential property	24,662	25,784
Consumption credit	581,832	518,303
Agriculture	23,343	22,893
Manufacturing	71,186	70,185
Construction	222,783	241,195
Wholesale and retail trade	31,956	5,743
Transportation and communication	11,478	11,040
Financial, takaful and business services	519,292	501,063
	<b>1,486,624</b>	<b>1,396,274</b>

## (v) Movement in impaired financing and advances

	<b>Group and Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
As of 1 January	1,396,274	1,490,750
Classified as impaired during the period	593,596	1,287,592
Amount written back in respect of recoveries	(375,596)	(894,879)
Amount written off during the period	(127,650)	(487,189)
	<b>90,350</b>	<b>(94,476)</b>
Closing balance	1,486,624	1,396,274
Gross impaired financing and advances as a percentage of gross financing and advances	1.99%	1.93%

#### NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(vi) Movements in allowance for ECL on financing and advances are as follows:

Group	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>ECL Allowance</b>				
As of 1 January 2019	428,090	118,761	850,158	1,397,009
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	2,191	(2,099)	(5,168)	(5,076)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(50,784)	112,093	(96,693)	(35,384)
- Transfer to lifetime ECL credit impaired (Stage 3)	(4,745)	(12,735)	555,456	537,976
New financial assets originated	123,344	12,566	34,175	170,085
Changes in credit risk	(65,936)	(39,143)	29,071	(76,008)
Financial assets derecognised	(77,757)	(17,440)	(44,026)	(139,223)
Changes to models used for ECL calculations	(114,236)	225,008	(24,628)	86,144
Amount written off	-	-	(487,189)	(487,189)
At 31 December 2019	240,167	397,011	811,156	1,448,334
As of 1 January 2020	<b>240,167</b>	<b>397,011</b>	<b>811,156</b>	<b>1,448,334</b>
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	<b>4,089</b>	<b>(17,813)</b>	<b>(214)</b>	<b>(13,938)</b>
- Transfer to lifetime ECL not credit impaired (Stage 2)	<b>(8,264)</b>	<b>76,526</b>	<b>(71,868)</b>	<b>(3,606)</b>
- Transfer to lifetime ECL credit impaired (Stage 3)	<b>(678)</b>	<b>(31,629)</b>	<b>181,463</b>	<b>149,156</b>
New financial assets originated	<b>45,078</b>	<b>1,220</b>	<b>21,775</b>	<b>68,073</b>
Changes in credit risk	<b>179,026</b>	<b>25,356</b>	<b>59,384</b>	<b>263,766</b>
Financial assets derecognised	<b>(12,963)</b>	<b>(12,471)</b>	<b>(15,538)</b>	<b>(40,972)</b>
Amount written off	-	-	<b>(127,650)</b>	<b>(127,650)</b>
At 30 June 2020	<b>446,455</b>	<b>438,200</b>	<b>858,508</b>	<b>1,743,163</b>

#### NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(vi) Movements in allowance for ECL on financing and advances are as follows:

Bank	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>ECL Allowance</b>				
As of 1 January 2019	428,090	118,761	850,158	1,397,009
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	2,191	(2,099)	(5,168)	(5,076)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(50,784)	112,093	(96,693)	(35,384)
- Transfer to lifetime ECL credit impaired (Stage 3)	(4,745)	(12,735)	555,456	537,976
New financial assets originated	133,071	12,566	34,175	179,812
Changes in credit risk	(65,936)	(39,143)	29,071	(76,008)
Financial assets derecognised	(77,757)	(17,440)	(44,026)	(139,223)
Changes to models used for ECL calculations	(114,236)	225,008	(24,628)	86,144
Amount written off	-	-	(487,189)	(487,189)
<b>At 31 December 2019</b>	<b>249,894</b>	<b>397,011</b>	<b>811,156</b>	<b>1,458,061</b>
As of 1 January 2020	<b>249,894</b>	<b>397,011</b>	<b>811,156</b>	<b>1,458,061</b>
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	<b>4,089</b>	<b>(17,813)</b>	<b>(214)</b>	<b>(13,938)</b>
- Transfer to lifetime ECL not credit impaired (Stage 2)	<b>(8,264)</b>	<b>76,526</b>	<b>(71,868)</b>	<b>(3,606)</b>
- Transfer to lifetime ECL credit impaired (Stage 3)	<b>(678)</b>	<b>(31,629)</b>	<b>181,463</b>	<b>149,156</b>
New financial assets originated	<b>45,078</b>	<b>1,220</b>	<b>21,775</b>	<b>68,073</b>
Changes in credit risk	<b>181,659</b>	<b>25,356</b>	<b>59,384</b>	<b>266,399</b>
Financial assets derecognised	<b>(12,963)</b>	<b>(12,471)</b>	<b>(15,538)</b>	<b>(40,972)</b>
Amount written off	-	-	<b>(127,650)</b>	<b>(127,650)</b>
<b>At 30 June 2020</b>	<b>458,815</b>	<b>438,200</b>	<b>858,508</b>	<b>1,755,523</b>

**NOTE 5: OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due from subsidiaries	-	-	<b>26,667</b>	13,148
Other receivables	<b>160,541</b>	737,812	<b>158,304</b>	741,208
Allowance for ECL	<b>(30,533)</b>	(20,563)	<b>(29,783)</b>	(19,813)
Refundable deposits	<b>46,973</b>	45,440	<b>10,214</b>	10,185
Prepayments	<b>178,952</b>	177,009	<b>178,622</b>	176,856
Contribution to Central Liquidity Monetary Fund	<b>200,000</b>	200,000	<b>200,000</b>	200,000
	<b>555,933</b>	1,139,698	<b>544,024</b>	1,121,584

**NOTE 6: DEPOSITS FROM CUSTOMERS**

(i) By type of deposit

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Savings deposits</b>		
Qard	<b>7,333,643</b>	6,600,630
<b>Term deposits</b>		
Tawarruq	<b>73,625,366</b>	71,217,750
<b>Negotiable Islamic debt certificate</b>	<b>3,830,000</b>	6,013,025
	<b>84,789,009</b>	83,831,405

(ii) By type of customer

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Government	<b>37,921,637</b>	36,682,261
Business enterprises	<b>24,867,449</b>	26,572,859
Co-operatives	<b>2,404,495</b>	2,286,547
Individuals	<b>18,412,613</b>	16,531,690
Others	<b>1,182,815</b>	1,758,048
	<b>84,789,009</b>	83,831,405

**NOTE 7: OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to subsidiaries	-	-	<b>155,305</b>	196,557
Sundry creditors	<b>198,731</b>	207,017	<b>217,505</b>	217,285
Income payable	<b>640,007</b>	675,759	<b>640,007</b>	675,759
Other liabilities and accruals	<b>406,195</b>	561,203	<b>377,565</b>	495,972
Lease liabilities	<b>54,687</b>	65,875	<b>79,786</b>	92,116
Allowance for ECL on financial guarantee	<b>36,151</b>	11,113	<b>36,151</b>	11,113
Government fund	<b>189,709</b>	163,616	<b>189,709</b>	163,616
Zakat payable	<b>30,703</b>	47,640	<b>28,435</b>	44,952
	<b>1,556,183</b>	1,732,223	<b>1,724,463</b>	1,897,370

**NOTE 8: RESERVES**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Retained profits	<b>9,388,042</b>	9,108,674	<b>8,973,970</b>	8,701,684
Statutory reserve	<b>6,492,462</b>	6,492,462	<b>6,492,462</b>	6,492,462
Capital reserve	<b>14,617</b>	14,617	<b>15,358</b>	15,358
Fair value reserve of financial investments at FVOCI	<b>827,553</b>	613,393	<b>827,553</b>	613,393
Regulatory reserve	<b>329,672</b>	329,672	<b>329,672</b>	329,672
	<b>17,052,346</b>	16,558,818	<b>16,639,015</b>	16,152,569

**NOTE 9: INCOME**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' fund (i)	<b>1,187,334</b>	1,270,220	<b>2,433,030</b>	2,539,217
Income derived from investment of shareholders' fund (ii)	<b>322,214</b>	342,303	<b>669,659</b>	688,497
Income generated by subsidiaries (iii)	<b>4,172</b>	18,213	<b>14,690</b>	38,798
	<b>1,513,720</b>	1,630,736	<b>3,117,379</b>	3,266,512

**NOTE 9: INCOME (CONTINUED)**

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of depositors' fund (i)	<b>1,189,793</b>	1,270,220	<b>2,436,935</b>	2,539,217
Income derived from investment of shareholders' fund (ii)	<b>322,886</b>	342,303	<b>670,734</b>	688,497
	<b>1,512,679</b>	1,612,523	<b>3,107,669</b>	3,227,714

(i) Income derived from investment of depositors' fund

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income from financing and advances	<b>933,764</b>	1,004,153	<b>1,913,952</b>	2,009,506
Income from deposits and placements with bank and financial institutions	<b>6,525</b>	1,123	<b>10,179</b>	2,088
Income from financial investments	<b>247,045</b>	264,944	<b>508,899</b>	527,623
	<b>1,187,334</b>	1,270,220	<b>2,433,030</b>	2,539,217

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income from financing and advances	<b>936,223</b>	1,004,153	<b>1,917,857</b>	2,009,506
Income from deposits and placements with bank and financial institutions	<b>6,525</b>	1,123	<b>10,179</b>	2,088
Income from financial investments	<b>247,045</b>	264,944	<b>508,899</b>	527,623
	<b>1,189,793</b>	1,270,220	<b>2,436,935</b>	2,539,217

**NOTE 9: INCOME (CONTINUED)**

## (ii) Income derived from investment of shareholders' fund

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income from financing and advances	<b>253,399</b>	270,599	<b>526,790</b>	544,869
Income from deposits and placements with bank and financial institutions	<b>1,782</b>	303	<b>2,801</b>	566
Income from financial investments	<b>67,033</b>	71,401	<b>140,068</b>	143,062
	<b>322,214</b>	342,303	<b>669,659</b>	688,497

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income from financing and advances	<b>254,070</b>	270,599	<b>527,864</b>	544,869
Income from deposits and placements with bank and financial institutions	<b>1,783</b>	303	<b>2,802</b>	566
Income from financial investments	<b>67,033</b>	71,401	<b>140,068</b>	143,062
	<b>322,886</b>	342,303	<b>670,734</b>	688,497

## (iii) Income generated by subsidiaries

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agency income	-	519	-	2,787
Pawning income	<b>2,286</b>	14,779	<b>10,828</b>	29,579
Rental income	<b>196</b>	749	<b>481</b>	1,596
Management fee	<b>1,674</b>	2,091	<b>3,297</b>	4,677
Sale of goods	<b>16</b>	75	<b>84</b>	158
Other charges	-	-	-	1
	<b>4,172</b>	18,213	<b>14,690</b>	38,798

## NOTE 10: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	<b>668,497</b>	791,905	<b>1,407,337</b>	1,580,637
Profit expense on financing sold with recourse to Cagamas	<b>4,441</b>	8,186	<b>8,947</b>	16,487
Profit expense on debt securities issued	<b>27,965</b>	31,088	<b>57,268</b>	66,572
Profit expense on cashline facility	<b>1,110</b>	-	<b>1,988</b>	-
Cost of sales	<b>2,282</b>	18,112	<b>10,345</b>	38,167
	<b>704,295</b>	849,291	<b>1,485,885</b>	1,701,863

  

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	<b>669,751</b>	792,894	<b>1,409,819</b>	1,582,945
Profit expense on financing sold with recourse to Cagamas	<b>4,441</b>	8,186	<b>8,947</b>	16,487
Profit expense on debt securities issued	<b>27,965</b>	31,088	<b>57,268</b>	66,572
Profit expense on cashline facility	<b>1,110</b>	-	<b>1,988</b>	-
	<b>703,267</b>	832,168	<b>1,478,022</b>	1,666,004



**NOTE 10: EXPENDITURE (CONTINUED)**

(i) Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Deposits from customers</b>				
Non-Mudarabah	666,360	784,854	1,396,325	1,566,184
<b>Deposits and placements from banks and other financial institutions</b>				
Non-Mudarabah	2,137	7,051	11,012	14,453
	<b>668,497</b>	<b>791,905</b>	<b>1,407,337</b>	<b>1,580,637</b>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Deposits from customers</b>				
Non-Mudarabah	667,614	785,843	1,398,807	1,568,492
<b>Deposits and placements from banks and other financial institutions</b>				
Non-Mudarabah	2,137	7,051	11,012	14,453
	<b>669,751</b>	<b>792,894</b>	<b>1,409,819</b>	<b>1,582,945</b>

**NOTE 11: ALLOWANCE FOR IMPAIRMENT**

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	273,515	135,611	447,517	359,265
Allowance for impairment on financial investments (ii)	(319)	(117)	(991)	(1,266)
	<b>273,196</b>	<b>135,494</b>	<b>446,526</b>	<b>357,999</b>

**NOTE 11: ALLOWANCE FOR IMPAIRMENT (CONTINUED)**

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Allowance for impairment on financing and advances (i)	<b>276,321</b>	135,611	<b>450,150</b>	359,265
Allowance for impairment on financial investments (ii)	<b>(319)</b>	(117)	<b>(991)</b>	(1,266)
	<b>276,002</b>	135,494	<b>449,159</b>	357,999

(i) Allowance for impairment on financing and advances

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Stage 1 - 12 months ECL	<b>222,426</b>	(63,415)	<b>228,662</b>	(36,430)
Stage 2 - lifetime ECL not credit impaired	<b>16,152</b>	1,442	<b>41,189</b>	88,044
Stage 3 - lifetime ECL credit impaired	<b>34,937</b>	197,584	<b>177,666</b>	307,651
	<b>273,515</b>	135,611	<b>447,517</b>	359,265

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Stage 1 - 12 months ECL	<b>225,232</b>	(63,415)	<b>231,295</b>	(36,430)
Stage 2 - lifetime ECL not credit impaired	<b>16,152</b>	1,442	<b>41,189</b>	88,044
Stage 3 - lifetime ECL credit impaired	<b>34,937</b>	197,584	<b>177,666</b>	307,651
	<b>276,321</b>	135,611	<b>450,150</b>	359,265

(ii) Allowance for impairment on financial investments

<b>Group and Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financial investments at fair value through other comprehensive income	<b>12</b>	220	<b>(95)</b>	220
Financial investments at amortised cost	<b>(331)</b>	(337)	<b>(896)</b>	(1,486)
	<b>(319)</b>	(117)	<b>(991)</b>	(1,266)

## NOTE 12: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	14,447	28,654	39,889	55,174
Other income (ii)	159,420	94,715	215,335	247,712
	<b>173,867</b>	123,369	<b>255,224</b>	302,886

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	14,447	28,654	39,889	55,174
Other income (ii)	151,333	93,528	207,254	245,234
	<b>165,780</b>	122,182	<b>247,143</b>	300,408

### (i) Fees and commission

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Takaful commission	4,030	10,367	13,626	20,605
Wasiat commission	837	1,943	2,840	3,422
Other commission	6,638	10,643	14,791	19,715
Processing fees	3	2	4	2
ATM service fees	2,307	2,916	5,068	5,825
MEPS fees	236	2,252	2,654	4,535
Other fees	396	531	906	1,070
	<b>14,447</b>	28,654	<b>39,889</b>	55,174

## NOTE 12: OTHER OPERATING INCOME (CONTINUED)

### (ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>Other income from financial instruments</b>				
Dividend from financial investments at fair value through profit or loss	16,425	1,916	17,267	4,052
Net gain on disposal of financial investments at fair value through profit or loss	487	6,131	10,961	7,659
Net (loss)/gain on revaluation of financial investments at fair value through profit or loss	18,163	20,956	(57,862)	90,706
Net gain on disposal of financial investments at fair value through other comprehensive income	66,187	-	120,305	129
<b>Others</b>				
Rental income	5,344	4,040	10,631	9,402
Compensation for late payment	1,107	1,290	2,274	2,265
Charges from credit card services	2,538	2,932	5,190	5,862
Other service charges	1,708	3,046	4,520	6,160
Recoveries from financing written off	32,485	41,599	79,200	99,060
Writeback of ECL on trade receivables	-	78	-	78
Gain on revaluation of investment properties	8,055	1,219	8,055	2,438
Gain on disposal of property and equipment	-	31	-	76
Other income	6,921	11,477	14,794	19,825
	<b>159,420</b>	<b>94,715</b>	<b>215,335</b>	<b>247,712</b>

**NOTE 12: OTHER OPERATING INCOME (CONTINUED)**

## (ii) Other income (continued)

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
<b>Other income from financial instruments</b>				
Dividend from financial investments at fair value through profit or loss	<b>16,425</b>	1,916	<b>17,267</b>	4,052
Net gain on disposal of financial investments at fair value through profit or loss	<b>487</b>	6,131	<b>10,961</b>	7,659
Net (loss)/gain on revaluation of financial investments at fair value through profit or loss	<b>18,163</b>	20,956	<b>(57,862)</b>	90,706
Net gain on disposal of financial investments at fair value through other comprehensive income	<b>66,187</b>	-	<b>120,305</b>	129
<b>Others</b>				
Rental income	<b>5,360</b>	4,234	<b>10,658</b>	9,599
Compensation for late payment	<b>1,107</b>	1,290	<b>2,274</b>	2,265
Charges from credit card services	<b>2,538</b>	2,932	<b>5,190</b>	5,862
Other service charges	<b>1,708</b>	3,046	<b>4,520</b>	6,160
Recoveries from financing written off	<b>32,485</b>	41,599	<b>79,200</b>	99,060
Gain on disposal of property and equipment	-	29	-	74
Other income	<b>6,873</b>	11,395	<b>14,741</b>	19,668
	<b>151,333</b>	93,528	<b>207,254</b>	245,234

## NOTE 13: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	189,925	195,585	401,562	381,980
Other overheads and expenditure (ii)	124,066	133,833	248,586	260,909
	<b>313,991</b>	<b>329,418</b>	<b>650,148</b>	<b>642,889</b>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	189,449	190,855	400,124	372,954
Other overheads and expenditure (ii)	122,792	140,780	248,879	270,408
	<b>312,241</b>	<b>331,635</b>	<b>649,003</b>	<b>643,362</b>

### (i) Personnel expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	101,264	97,350	205,207	189,088
Allowances and bonuses	49,493	55,000	111,325	111,116
Defined contribution plan - EPF	26,974	27,210	56,888	53,998
Social security contributions - SOCSO	1,230	1,202	2,513	2,405
Other staff related costs	10,964	14,823	25,629	25,373
	<b>189,925</b>	<b>195,585</b>	<b>401,562</b>	<b>381,980</b>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	101,282	94,171	204,688	183,130
Allowances and bonuses	49,104	54,078	110,609	109,256
Defined contribution plan - EPF	26,847	26,787	56,712	53,180
Social security contributions - SOCSO	1,225	1,142	2,502	2,284
Other staff related costs	10,991	14,677	25,613	25,104
	<b>189,449</b>	<b>190,855</b>	<b>400,124</b>	<b>372,954</b>

## NOTE 13: OPERATING EXPENSES (CONTINUED)

### (ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Establishment</b>				
Rental	370	5,108	836	9,684
Depreciation of property and equipment	12,593	13,974	24,058	28,161
Depreciation of right-of-use assets	1,181	-	5,965	-
Amortisation of prepaid lease payment	381	382	763	763
Amortisation of intangible assets	5,812	5,951	11,790	12,032
Finance cost on lease liabilities	444	-	1,287	-
Repair and maintenance	22,240	20,111	36,801	38,145
Takaful	2,371	1,768	7,079	5,669
	<b>45,392</b>	<b>47,294</b>	<b>88,579</b>	<b>94,454</b>
<b>Promotion</b>				
Advertisement and publicity	1,823	4,388	3,258	5,994
	<b>1,823</b>	<b>4,388</b>	<b>3,258</b>	<b>5,994</b>
<b>General expenses</b>				
Legal and professional fees	2,761	2,138	5,560	3,897
Auditors' remuneration	580	574	1,161	1,134
Communication expenses	7,648	8,607	15,410	16,488
Utilities expenses	7,781	8,244	15,955	16,336
Printing and stationery	3,778	3,414	6,700	7,387
Postage and courier	2,927	1,548	4,039	2,562
Security expenses	5,437	4,975	11,732	13,573
Service charges	3,150	6,094	13,596	13,834
Loss on financing written off	1,839	3,830	5,403	6,874
Property and equipment written off	31	21	50	24
Commission expenses	12,003	20,550	28,336	38,234
Travelling and transportation	984	3,092	5,278	5,965
Others	27,932	19,064	43,529	34,153
	<b>76,851</b>	<b>82,151</b>	<b>156,749</b>	<b>160,461</b>
	<b>124,066</b>	<b>133,833</b>	<b>248,586</b>	<b>260,909</b>

**NOTE 13: OPERATING EXPENSES (CONTINUED)**

## (ii) Other overheads and expenditure (continued)

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
<b>Establishment</b>				
Rental	<b>259</b>	6,703	<b>708</b>	12,584
Depreciation of property and equipment	<b>10,715</b>	13,635	<b>22,078</b>	27,493
Depreciation of right-of-use assets	<b>868</b>	-	<b>6,705</b>	-
Amortisation of prepaid lease payment	<b>381</b>	382	<b>763</b>	763
Amortisation of intangible assets	<b>5,812</b>	5,951	<b>11,790</b>	12,032
Finance cost on lease liabilities	<b>830</b>	-	<b>1,702</b>	-
Repair and maintenance	<b>22,267</b>	20,043	<b>36,799</b>	38,036
Takaful	<b>2,301</b>	1,753	<b>6,997</b>	5,627
	<b>43,433</b>	48,467	<b>87,542</b>	96,535
<b>Promotion</b>				
Advertisement and publicity	<b>1,823</b>	4,376	<b>3,255</b>	5,879
	<b>1,823</b>	4,376	<b>3,255</b>	5,879
<b>General expenses</b>				
Legal and professional fees	<b>2,752</b>	1,875	<b>5,521</b>	3,346
Auditors' remuneration	<b>516</b>	491	<b>1,032</b>	981
Communication expenses	<b>7,617</b>	8,560	<b>15,358</b>	16,383
Utilities expenses	<b>7,788</b>	8,219	<b>15,941</b>	16,289
Printing and stationery	<b>3,772</b>	3,331	<b>6,670</b>	7,261
Postage and courier	<b>2,923</b>	1,533	<b>4,029</b>	2,524
Security expenses	<b>5,414</b>	4,963	<b>11,709</b>	13,547
Service charges	<b>3,314</b>	12,258	<b>14,875</b>	25,646
Loss on financing written off	<b>1,839</b>	3,830	<b>5,403</b>	6,874
Property and equipment written off	<b>31</b>	21	<b>50</b>	24
Commission expenses	<b>12,003</b>	20,550	<b>28,336</b>	38,234
Travelling and transportation	<b>980</b>	3,811	<b>5,265</b>	7,537
Others	<b>28,587</b>	18,495	<b>43,893</b>	29,348
	<b>77,536</b>	87,937	<b>158,082</b>	167,994
	<b>122,792</b>	140,780	<b>248,879</b>	270,408



#### 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.

	<b>Group and Bank</b>	
	<b>30 June 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Contingent liabilities</b>		
Bank guarantee given in respect of banking facilities granted to customers	<b>80,710</b>	80,666
Claims for damages from litigation taken against the Bank	<b>105,578</b>	106,053
<b>Commitments</b>		
Undrawn financing	<b>2,103,604</b>	2,154,099
	<b>2,289,892</b>	2,340,818

#### 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.

	<b>Bank</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Before proposed dividend</b>		
Core capital ratio	<b>21.70%</b>	22.64%
Risk-weighted capital ratio	<b>23.44%</b>	24.12%
<b>After proposed dividend</b>		
Core capital ratio	<b>21.70%</b>	22.12%
Risk-weighted capital ratio	<b>23.44%</b>	23.60%

## 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 2020 RM'000	31 December 2019 RM'000
<b>Tier I capital</b>		
Paid-up share capital	2,986,030	2,986,030
Retained profits	8,296,659	8,701,684
Other reserves	6,507,820	6,507,820
<b>Total Tier I capital (core)</b>	<b>17,790,509</b>	18,195,534
<b>Tier II capital</b>		
Subordinated sukuk	300,000	300,000
Collective impairment *	897,015	658,018
Regulatory reserve	329,672	329,672
<b>Total Tier II capital</b>	<b>1,526,687</b>	1,287,690
Total capital	19,317,196	19,483,224
Less: Investment in subsidiaries	(100,744)	(100,744)
	<b>(100,744)</b>	(100,744)
<b>Total capital base</b>	<b>19,216,452</b>	19,382,480

\* 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 2020 RM'000	31 December 2019 RM'000
Total assets assigned 20% risk-weighted	702,320	732,872
Total assets assigned 50% risk-weighted	2,712,512	2,613,334
Total assets assigned 100% risk-weighted	77,272,076	75,696,226
Off-Balance Sheet claims assigned 100% risk-weighted	1,292,285	1,320,418
	<b>81,979,193</b>	80,362,850