

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Notes	The Group	
		30 September 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short term funds		923,868	889,098
Reverse repurchase agreements		50,372	-
Deposits and placements with banks and other financial institutions		10	10
Financial assets at fair value through profit or loss	A5	254	6,437
Equity instruments at fair value through other comprehensive income	A6	844	1,117
Derivative financial instruments	A17(i)	-	5,240
Other assets	A7	52,573	615,536
Tax recoverable		1,636	14,126
Deferred tax assets		17,393	19,074
Amounts due from related companies		15,619	2,466
Amounts due from immediate holding company		1,958	-
Amounts due from ultimate holding company		185	279
Statutory deposits with Bank Negara Malaysia		91	91
Investment in associates		8,312	8,195
Property, plant and equipment		31,112	31,753
Right-of-use assets		14,490	-
Investment property		16,948	17,334
		1,135,665	1,610,756
Non-current assets held for sale		-	74,288
Total assets		1,135,665	1,685,044
Liabilities			
Deposits from customers	A8	151,675	127,749
Deposits and placements of banks and other financial institutions	A9	121,302	261,087
Derivative financial instruments	A17(i)	-	3,249
Other liabilities	A10	203,572	586,193
Lease liabilities		15,002	-
Amounts due to related companies		15,933	14,568
		507,484	992,846
Non-current liabilities held for sale		-	76,866
Total liabilities		507,484	1,069,712
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		528,171	515,322
Total equity		628,181	615,332
Total equity and liabilities		1,135,665	1,685,044
Commitments and contingencies	A17(ii)	194,488	914,926
Net assets per ordinary share (RM)		6.28	6.15

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Notes	The Bank	
		30 September 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short term funds		922,909	888,128
Reverse repurchase agreements		50,372	-
Financial assets at fair value through profit or loss	A5	254	6,437
Derivative financial instruments	A17(i)	-	5,240
Other assets	A7	51,760	614,726
Tax recoverable		1,636	14,125
Deferred tax assets		17,393	19,074
Amounts due from subsidiaries		-	15
Amounts due from related companies		15,619	2,466
Amounts due from immediate holding company		1,958	-
Amounts due from ultimate holding company		185	279
Statutory deposits with Bank Negara Malaysia		91	91
Investment in subsidiaries		50	50
Property, plant and equipment		31,112	31,753
Right-of-use assets		14,490	-
Investment property		16,948	17,334
		1,124,777	1,599,718
Non-current assets held for sale		-	28,656
Total assets		1,124,777	1,628,374
Liabilities			
Deposits from customers	A8	151,675	127,749
Deposits and placements of banks and other financial institutions	A9	121,302	261,087
Derivative financial instruments	A17(i)	-	3,249
Other liabilities	A10	203,543	586,169
Lease liabilities		15,002	-
Amounts due to related companies		15,932	14,568
		507,454	992,822
Non-current liabilities held for sale		-	64,962
Total liabilities		507,454	1,057,784
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		517,313	470,580
Total equity		617,323	570,590
Total equity and liabilities		1,124,777	1,628,374
Commitments and contingencies	A17(ii)	194,488	914,926
Net assets per ordinary share (RM)		6.17	5.71

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Notes	The Group			
		3rd quarter ended		Nine months ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Interest income	A11	5,755	6,149	15,092	19,250
Interest income for financial assets at fair value through profit and loss	A12	22	18	108	60
Interest expense	A13	(2,696)	(5,659)	(11,704)	(18,669)
Net interest income		3,081	508	3,496	641
Income derived from investment of shareholders' funds		3,349	4,510	19,998	24,938
Income attributable to the depositors		-	-	-	(1)
Income from Islamic Banking operations	A21b	3,349	4,510	19,998	24,937
Non-interest income	A14	50,613	22,777	570,292	58,426
Total income		57,043	27,795	593,786	84,004
Overheads	A15	(58,258)	(22,688)	(154,546)	(66,467)
Profit before expected credit losses		(1,215)	5,107	439,240	17,537
Expected credit losses written back/(made) on loans, advances and financing	A16 (a)	-	8	-	(22)
Expected credit losses (made)/ written back on other receivables	A16 (b)	(64)	2,413	(12)	1,042
		(1,279)	7,528	439,228	18,557
Share of results of associates		49	151	117	242
Profit from continuing operations before taxation		(1,230)	7,679	439,345	18,799
Taxation		1,272	(2,631)	(4,343)	(11,717)
Profit from continuing operations after taxation		42	5,048	435,002	7,082
Profit/ (loss) from discontinued operation		-	3,725	(5,411)	13,664
Profit for the financial period		42	8,773	429,591	20,746
Profit for the financial period attributable to : Owners of the Group		42	8,773	429,591	20,746
Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen)	B3	0.04	5.05	435.00	7.08
Basic earnings per share for profit / (loss) from discontinued operation attributable to ordinary equity holders (sen)	B3	-	3.72	(5.41)	13.66
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	0.04	8.77	429.59	20.75

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	The Group			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	42	8,773	429,591	20,746
Items that may be reclassified subsequently to profit or loss				
Equity instruments at fair value through other comprehensive income	-	-	(273)	-
- Loss from change in fair value	-	-	(273)	-
Profit for the financial period	42	8,773	429,318	20,746
Total comprehensive income for the financial period arises from:				
Continuing operations	42	5,048	434,729	7,082
Discontinued operation	-	3,725	(5,411)	13,664
	42	8,773	429,318	20,746

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Notes	The Bank			
		3rd quarter ended		Nine months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A11	5,748	6,144	15,072	19,230
Interest income for financial assets at fair value through profit and loss	A12	22	18	108	60
Interest expense	A13	(2,696)	(5,659)	(11,704)	(18,669)
Net interest income		3,074	503	3,476	621
Income derived from investment of shareholders' funds		3,349	4,510	19,998	24,938
Income attributable to the depositors		-	-	-	(1)
Income from Islamic Banking operations	A21b	3,349	4,510	19,998	24,937
Non-interest income	A14	50,613	22,778	604,825	58,427
Total income		57,036	27,791	628,299	83,985
Overheads	A15	(58,250)	(23,911)	(154,517)	(67,679)
Profit before expected credit losses		(1,214)	3,880	473,782	16,306
Expected credit losses written back/(made) on loans, advances and financing	A16 (a)	-	8	-	(22)
Expected credit losses (made)/ written back on other receivables	A16 (b)	(64)	2,413	(12)	1,042
Profit from continuing operations before taxation		(1,278)	6,301	473,770	17,326
Taxation		1,274	(2,629)	(4,245)	(11,535)
Profit from continuing operations after taxation		(4)	3,672	469,525	5,791
Profit/ (loss) from discontinued operation		-	2,600	(6,323)	10,149
Profit for the financial period		(4)	6,272	463,202	15,940
Profit for the financial period attributable to : Owners of the Bank		(4)	6,272	463,202	15,940
Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen)	B3	(0.00)	3.67	469.53	5.79
Basic earnings per share for profit / (loss) from discontinued operation attributable to ordinary equity holders (sen)	B3	-	2.60	(6.32)	10.15
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	(0.00)	6.27	463.20	15.94

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	The Bank			
	3rd quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Profit/total comprehensive income for the financial period	(4)	6,272	463,202	15,940
Total comprehensive income for the financial period arises from:				
Continuing operations	(4)	3,672	469,525	5,791
Discontinued operation	-	2,600	(6,323)	10,149
	(4)	6,272	463,202	15,940

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

The Group	← Attributable to Equity Holder of The Group →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
30 September 2019								
At 1 Jan 2019	100,000	10	(5,718)	-	5,101	-	515,939	615,332
Net profit for the financial period	-	-	-	-	-	-	429,591	429,591
Other comprehensive expense (net of tax)	-	-	(273)	-	-	-	-	(273)
- Equity instruments at fair value through other comprehensive income	-	-	(273)	-	-	-	-	(273)
Total comprehensive income for the financial period	-	-	(273)	-	-	-	429,591	429,318
Share-based payment expense	-	-	-	-	3,389	-	-	3,389
Shares released under Equity Ownership Plan	-	-	-	-	(3,868)	-	-	(3,868)
Transfer to regulatory reserve	-	-	-	-	-	358	(358)	-
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	-	(415,990)	(415,990)
At 30 September 2019	100,000	10	(5,991)	-	4,622	358	529,182	628,181

The Group	← Attributable to Equity Holder of The Group →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
30 September 2018								
At 1 January 2018	100,000	10	-	317	4,119	1,952	576,929	683,327
-effect of adopting MFRS 9	-	-	(6,014)	(317)	-	5,419	1,838	926
Adjusted at 1 January 2018	100,000	10	(6,014)	-	4,119	7,371	578,767	684,253
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	20,746	20,746
Share-based payment expense	-	-	-	-	4,282	-	-	4,282
Shares released under Equity Ownership Plan	-	-	-	-	(3,676)	-	-	(3,676)
Transfer from regulatory reserve	-	-	-	-	-	228	(228)	-
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	(92,000)	(92,000)
At 30 September 2018	100,000	10	(6,014)	-	4,725	7,599	507,285	613,605

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	← Attributable to Equity Holder of The Bank →								Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
The Bank									
30 September 2019									
At 1 January 2019	100,000	10	(272,007)	5,101	(6,331)	271,377	-	472,440	570,590
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	-	463,202	463,202
Share-based payment expense	-	-	-	3,389	-	-	-	-	3,389
Shares released under Equity Ownership Plan	-	-	-	(3,868)	-	-	-	-	(3,868)
Disposal of equities business	-	-	272,007	-	-	(271,377)	-	(630)	-
Transfer to regulatory reserve	-	-	-	-	-	-	358	(358)	-
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	-	-	(415,990)	(415,990)
At 30 September 2019	100,000	10	-	4,622	(6,331)	-	358	518,664	617,323

	← Attributable to Equity Holder of The Bank →								Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
The Bank									
30 September 2018									
At 1 January 2018	100,000	10	(272,007)	4,119	-	271,377	1,952	539,241	644,692
- effect of adopting MFRS 9	-	-	-	-	(6,331)	-	5,419	1,838	926
Adjusted at 1 January 2018	100,000	10	(272,007)	4,119	(6,331)	271,377	7,371	541,079	645,618
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	-	15,940	15,940
Share-based payment expense	-	-	-	4,282	-	-	-	-	4,282
Share released under Equity Ownership Plan	-	-	-	(3,676)	-	-	-	-	(3,676)
Transfer from regulatory reserve	-	-	-	-	-	-	228	(228)	-
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	-	(92,000)	(92,000)
At 30 September 2018	100,000	10	(272,007)	4,725	(6,331)	271,377	7,599	464,791	570,164

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	The Group		The Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Operating activities				
Profit/(loss) before taxation from :				
Continuing operations	439,345	18,799	473,770	17,326
Discontinued operation	(5,121)	16,534	(6,320)	11,908
Profit before taxation including discontinued operation	434,224	35,333	467,450	29,234
Adjustments for non-operating and non-cash items	(420,720)	10,123	(454,166)	11,558
Cash flow from operating profit before changes in operating assets and liabilities	13,504	45,456	13,284	40,792
Net changes in operating assets	587,394	497,378	535,336	498,872
Net changes in operating liabilities	(522,134)	(601,498)	(521,152)	(742,019)
Cash generated from/(used in) operating activities	78,764	(58,664)	27,468	(202,355)
Taxation refunded/(paid)	9,826	(20,919)	10,080	(20,122)
Net cash generated from / (used in) operating activities	88,590	(79,583)	37,548	(222,477)
Net cash generated from investing activities	388,564	1,259	439,616	1,261
Net cash used in financing activities	(415,990)	(91,626)	(415,990)	(92,000)
	(27,426)	(90,367)	23,626	(90,739)
Net increase/(decrease) in cash and cash equivalents during the financial period	61,164	(169,950)	61,174	(313,216)
Cash and cash equivalents at beginning of the financial period	862,704	1,059,473	861,735	1,151,875
Cash and cash equivalents at end of the financial period	923,868	889,523	922,909	838,659
Cash and cash equivalents comprise the following:				
Cash and short term funds	923,868	915,523	922,909	864,659
Adjustment for monies held in trust:				
Remisiers' balances	-	(26,000)	-	(26,000)
Cash and cash equivalents at end of the financial period	923,868	889,523	922,909	838,659

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

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 September 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income and derivative financial instruments that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to the condensed 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 financial year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2019:

- MFRS 16 “Leases”
- Amendments to MFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to MFRS 128 “Long-term Interests in Associates and Joint Ventures”
- Amendments to MFRS 119 “Plan Amendment, Curtailment or Settlement”
- Annual Improvements to MFRSs 2015 – 2017 Cycle
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”

The adoption of MFRS 16 has required additional disclosure of leases. Other than that, the adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank.

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. Changes in estimates

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

A3. Dividends paid and proposed

A single tier interim dividend of 15.99 sen per ordinary share, amounting to RM15,990,000 in respect of the financial year ended 31 December 2018, which was approved by the Board of Directors on 28 January 2019, was paid on 28 March 2019.

The Directors have approved a special dividend of RM4.00 per ordinary share, amounting to RM400,000,000 in respect of the financial year ending 31 December 2019, which was paid on 26 July 2019.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. Significant events during the financial period

During the financial period, the Bank has completed the sale of its cash equities business including its 100% equity interest in CIMB Futures Sdn Bhd to CGS-CIMB Securities Sdn Bhd (previously known as Jupiter Securities Sdn Bhd). CGS-CIMB Securities Sdn Bhd is the operating company for the stockbroking business of the CGS-CIMB joint venture in Malaysia.

A5. Financial assets at fair value through profit or loss

	The Group and the Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	-	4
<i>Outside Malaysia</i>		
Shares	-	2,103
Unquoted securities :		
<i>In Malaysia</i>		
Bonds	254	4,330
Total financial assets at fair value through profit or loss	254	6,437

A6. Equity instruments at fair value through other comprehensive income

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	844	1,117	-	-
Total equity instruments at fair value through other comprehensive income	844	1,117	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
A7. Other assets				
Due from brokers and clients, net of expected credit losses	-	449,568	-	449,568
Collateral pledged for derivative transactions	-	132,103	-	132,103
Other debtors, net of expected credit losses, deposits and prepayments	52,573	33,865	51,760	33,055
	52,573	615,536	51,760	614,726

	The Group and the Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
A8. Deposits from customers		
<u>(i) By type of deposits</u>		
Short term money market deposits	151,675	127,749
<u>(ii) By type of customers</u>		
Local government and statutory bodies	40,040	30,026
Business enterprises	111,635	97,723
	151,675	127,749

	The Group and the Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
A9. Deposits and placements of banks and other financial institutions		
Licensed banks	641	120,637
Other financial institutions	120,661	140,450
	121,302	261,087

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

Due within six months	121,302	261,087
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	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
A10. Other liabilities				
Due to brokers and clients	-	401,347	-	401,347
Structured deposits	-	131,300	-	131,300
Others	203,572	53,546	203,543	53,522
	203,572	586,193	203,543	586,169

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
A11. Interest income				
<u>The Group</u>				
Loans, advances and financing	-	1,342	-	4,020
Money at call and deposits placements with banks and other financial institutions	5,343	4,808	13,928	15,229
Reverse repurchase agreements	412	-	1,134	-
Others	-	(1)	30	1
	5,755	6,149	15,092	19,250
<u>The Bank</u>				
Loans, advances and financing	-	1,342	-	4,020
Money at call and deposits placements with banks and other financial institutions	5,336	4,801	13,908	15,208
Reverse repurchase agreements	412	-	1,134	-
Others	-	1	30	2
	5,748	6,144	15,072	19,230
A12. Interest income for financial assets at fair value through profit and loss				
<u>The Group and The Bank</u>				
Financial assets at fair value through profit or loss	21	17	101	60
Net accretion of discounts less amortisation of premium	1	1	7	-
	22	18	108	60
A13. Interest expense				
<u>The Group and The Bank</u>				
Deposits and placements of banks and other financial institutions	1,092	4,578	6,607	15,455
Deposits from customers	1,455	1,081	4,636	3,214
Lease liabilities	149	-	461	-
	2,696	5,659	11,704	18,669

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
A14. Non interest income				
<u>The Group</u>				
a) Fee income and commission income:				
Commissions	6,632	5,751	17,614	18,382
Group shared services income	19,774	72	68,471	162
Advisory and arrangement fees	7,447	5,518	18,274	15,423
Underwriting fees	-	-	4,800	10
Placement and other related fees	6,080	2,202	9,365	3,088
Other fee income	6,559	1,105	15,617	1,943
	46,492	14,648	134,141	39,008
b) Net gain/(loss) arising from financial assets at fair value through profit or loss :				
- realised gain/(loss)	71	1,569	(2,806)	2,047
- unrealised (loss)/gain	(41)	588	(659)	306
	30	2,157	(3,465)	2,353
c) Net loss arising from derivative financial instrument :				
- realised loss	(2)	(915)	(6,826)	(1,253)
d) Dividend income from:				
Financial assets at fair value through profit or loss	-	-	18	3
e) Other income:				
Foreign exchange gain	1,679	3,613	5,185	8,136
Gain on disposal of property, plant and equipment	48	596	717	1,850
Gain on disposal of equities business	-	-	432,421	-
Other non-operating income	1,168	988	3,196	3,012
	2,895	5,197	441,519	12,998
f) Income from asset management and securities services	1,198	1,690	4,905	5,317
Total non interest income	50,613	22,777	570,292	58,426

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
A14. Non interest income (Continued)				
<u>The Bank</u>				
a) Fee income and commission income:				
Commissions	6,632	5,752	17,614	18,383
Group services fees	19,774	72	68,471	162
Advisory and arrangement fees	7,447	5,518	18,274	15,423
Underwriting commissions	-	-	4,800	10
Placement and other related fees	6,080	2,202	9,365	3,088
Other fee income	6,559	1,105	15,617	1,943
	46,492	14,649	134,141	39,009
b) Net gain/(loss) arising from financial assets at fair value through profit or loss :				
- realised gain/(loss)	71	1,569	(2,806)	2,047
- unrealised loss	(41)	588	(659)	306
	30	2,157	(3,465)	2,353
c) Net loss arising from derivative financial instrument :				
- realised loss	(2)	(915)	(6,826)	(1,253)
d) Dividend income from:				
Financial assets at fair value through profit or loss	-	-	18	3
e) Other income:				
Foreign exchange gain	1,679	3,614	5,185	8,138
Gain on disposal of property, plant and equipment	48	596	717	1,850
Gain on disposal of equities business	-	-	466,954	-
Other non-operating income	1,168	987	3,196	3,010
	2,895	5,197	476,052	12,998
f) Income from asset management and securities services	1,198	1,690	4,905	5,317
Total non interest income	50,613	22,778	604,825	58,427

PART A - EXPLANATORY NOTES (CONTINUED)**A15. Overheads**

<u>The Group</u>	3rd quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	27,256	24,287	101,433	72,709
- Pension cost (defined contribution plan)	2,888	2,702	8,851	8,123
- Others	9,906	34	11,744	3,719
	40,050	27,023	122,028	84,551
Establishment costs				
- Depreciation of property, plant and equipment	1,991	1,995	4,903	7,859
- Depreciation of investment property	129	129	386	386
- Depreciation of right-of-use assets	779	-	2,310	-
- Equipment and other rental	760	1,700	2,699	5,058
- Others	2,849	1,458	4,916	3,585
	6,508	5,282	15,214	16,888
Marketing expenses				
- Advertisement and entertainment expenses	935	430	2,093	1,228
- Others	57	432	437	1,319
	992	862	2,530	2,547
Administration and general expenses				
- Legal and professional fees	974	192	2,160	8
- Communication	205	124	466	329
- Printing and stationery	172	68	304	276
- Administrative vehicle, travelling and insurance expenses	404	215	1,169	1,125
- Others	8,953	1,734	10,675	6,644
	10,708	2,333	14,774	8,382
Shared services cost #	-	(12,812)	-	(45,901)
Total overhead expenses	58,258	22,688	154,546	66,467

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads (Continued)

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>The Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	27,256	24,287	101,433	72,709
- Pension cost (defined contribution plan)	2,888	2,702	8,851	8,123
- Others	9,906	34	11,744	3,717
	40,050	27,023	122,028	84,549
Establishment costs				
- Depreciation of property, plant and equipment	1,991	3,224	4,903	9,088
- Depreciation of investment property	129	129	386	386
- Depreciation of right-of-use assets	779	-	2,310	-
- Equipment and other rental	760	1,700	2,699	5,058
- Others	2,849	1,458	4,916	3,585
	6,508	6,511	15,214	18,117
Marketing expenses				
- Advertisement and entertainment expenses	935	430	2,093	1,228
- Others	57	432	437	1,320
	992	862	2,530	2,548
Administration and general expenses				
- Legal and professional fees	974	190	2,158	6
- Communication	205	124	466	329
- Printing and stationery	172	68	304	276
- Administrative vehicle, travelling and insurance expenses	404	215	1,169	1,124
- Others	8,945	1,730	10,648	6,631
	10,700	2,327	14,745	8,366
Shared services cost #	-	(12,812)	-	(45,901)
Total overhead expenses	58,250	23,911	154,517	67,679

In 2019, The Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

PART A - EXPLANATORY NOTES (CONTINUED)

A16 (a). Expected credit losses made on loans, advances and financing

	3rd quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
The Group and The Bank	RM'000	RM'000	RM'000	RM'000
Expected credit losses (written back)/made on loans, advances and financing	-	(8)	-	120
Credit impaired :				
- recovered	-	-	-	(98)
	-	(8)	-	22

A16 (b). Expected credit losses made / (written back) on other receivables

The Group and The Bank

Expected credit losses (written back)/made on:
- Trade receivables

	64	(2,413)	12	(1,042)
	64	(2,413)	12	(1,042)

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Derivative financial instruments and commitment and contingencies

i) Derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of trading derivative. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding as at statement of financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	The Group and The Bank		
	Principal	Fair values	
	amount	Assets	Liabilities
	RM'000	RM'000	RM'000
At 30 September 2019			
Trading derivatives			
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	194,488	-	-
Total derivative assets/(liabilities)	194,488	-	-
At 31 December 2018			
Trading derivatives			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	131,300	2,379	-
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	271,026	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	262,600	2,861	(3,249)
Total derivative assets/(liabilities)	664,926	5,240	(3,249)

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Derivative financial instruments and commitment and contingencies (Continued)

i) Derivative financial instruments (Continued)

The Group's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2019, there was no credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts (31 December 2018: RM5,240,000).

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2019, the Group and the Bank has no cash collateral (31 December 2018: RM132 million) on their derivative contracts.

There have been no changes since the end of the previous financial year in respect of the following:

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2018.

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Derivative financial instruments and commitment and contingencies (Continued)

ii) Commitment and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

These commitments and contingencies are not secured over the assets of the Group and the Bank.

The notional or principal amount of the commitments and contingencies constitute the following :

	The Group and the Bank	
	30 September 2019	31 December 2018
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	-	250,000
Total credit-related commitments and contingencies	-	250,000
<u>Treasury-related</u>		
Interest rate related contracts		
- Five years and above	-	131,300
Equity related contracts		
- Less than one year	194,488	271,026
Credit related contracts		
- Five years and above	-	262,600
Total treasury-related commitments and contingencies	194,488	664,926
	194,488	914,926

PART A - EXPLANATORY NOTES (CONTINUED)

A18. Capital Adequacy

The capital adequacy ratios of the Bank and the Group are calculated based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) of which the latest revisions were issued on 2 February 2018. The revised guidelines took effect on 1 January 2018 and 1 January 2019 for all banking institutions and financial holding companies respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Group and The Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk Weighted Assets) of which the latest revisions were issued on 2 February 2018.

The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

a) The capital adequacy ratios of The Group and The Bank are as follows:

	The Group		The Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Before deducting proposed dividend				
Common Equity Tier 1 Ratio	59.885%	31.110%	60.802%	32.466%
Tier 1 ratio	59.885%	31.110%	60.802%	32.466%
Total capital ratio	59.896%	31.110%	60.813%	32.466%
After deducting proposed dividend				
Common Equity Tier 1 Ratio	59.885%	30.254%	60.802%	31.502%
Tier 1 ratio	59.885%	30.254%	60.802%	31.502%
Total capital ratio	59.896%	30.254%	60.813%	31.502%

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group		The Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Credit risk	382,240	898,080	382,381	709,148
Market risk	45,814	397,868	45,814	397,443
Operational risk	575,971	573,431	555,621	551,313
Total risk-weighted assets	1,004,025	1,869,379	983,816	1,657,904

c) Components of Common Equity Tier I and Tier II capital are as follows :

	The Group		The Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Common Equity Tier I capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	528,168	515,322	515,934	470,580
Less : Proposed dividends	-	(15,990)	-	(15,990)
Common Equity Tier I capital before regulatory adjustments	628,168	599,332	615,934	554,590
<u>Less: Regulatory adjustments</u>				
Goodwill	-	(964)	-	-
Deferred Tax Assets	(17,393)	(19,239)	(17,393)	(19,074)
Deduction in excess of Tier 1 & 2 capital	-	(4,251)	-	(4,251) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(9,155)	(9,311)	-	(9,000)
Regulatory reserve	(358)	-	(358)	-
Common equity tier I capital after regulatory adjustments / Total Tier 1 Capital	601,262	565,567	598,183	522,265
Tier II capital				
Redeemable Preference Shares	3	4	3	4
General provisions	358	-	358	-
Tier II capital before regulatory adjustments	361	4	361	4
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(254)	(4,255)	(254)	(4,255)
Total Tier II capital	107	-	107	- N1
Total capital	601,369	565,567	598,290	522,265

N1 The excess of deductions over available Tier II capital was deducted under Common Equity Tier I capital.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision-maker.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

Definition of segments

The Group is organized into five major business segments which form the basis on which the Group reports its segment information:

i. Investment Banking

Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

ii. Treasury & Markets

Treasury focuses on treasury activities and services which include foreign exchange, money market and derivatives.

iii. Asset Management & Securities Services

Asset Management & Securities Services offer a full suite of wealth management solutions and trust services.

iv. Equities

Equity provide broking services to corporate, institutional and retail clients. This segment has been classified as discontinuing operation in 2018. (Refer to Note A4)

v. Support & Others

Support and others comprise middle and back office processes and other non-core services.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

The following table presents an analysis of the Group's results and statements of financial position by business segments:

	← Continuing operations →				← Discontinued operation →		Total
	Investment Banking RM'000	Treasury & Markets RM'000	Asset Management & Securities Services RM'000	Support and others RM'000	Total continuing operations RM'000	Equities RM'000	
The Group							
30 September 2019							
Net interest income	-	3,496	-	-	3,496	5,978	9,474
Non interest income	46,621	21,321	498,569	3,781	570,292	51,658	621,950
Income from Islamic Banking operations	4,916	11,417	3,665	-	19,998	795	20,793
	51,537	36,234	502,234	3,781	593,786	58,431	652,217
Overheads	(60,665)	(16,529)	(76,650)	(702)	(154,546)	(63,772)	(218,318)
<i>of which :</i>							
<i>Depreciation of property, plant and equipment</i>	(437)	(435)	(4,010)	(21)	(4,903)	(741)	(5,644)
<i>Depreciation of Investment Property</i>	-	-	(386)	-	(386)	-	(386)
(Loss)/ profit before expected credit losses	(9,128)	19,705	425,584	3,079	439,240	(5,341)	433,899
Other expected credit losses written back/(made) for other impairment losses	214	(29)	(197)	-	(12)	220	208
Segment results	(8,914)	19,676	425,387	3,079	439,228	(5,121)	434,107
Share of results of associates					117	-	117
Profit before taxation					439,345	(5,121)	434,224
Taxation					(4,343)	(290)	(4,633)
Net profit for the financial period					435,002	(5,411)	429,591
30 September 2019							
Segment assets	18,689	899,994	39,251	140,938	1,098,872	-	1,098,872
Unallocated assets							36,793
Total assets							<u>1,135,665</u>
Segment liabilities	18,973	372,826	55,175	44,547	491,521	-	491,521
Unallocated liabilities							15,963
Total liabilities							<u>507,484</u>
Other segment items							
Capital expenditure:	(804)	-	2,471	92	1,759	2,165	3,924

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

The following table presents an analysis of the Group's results and statements of financial position by business segments: (continued)

	← Continuing operations →				← Discontinued operation →		Total RM'000
	Investment Banking RM'000	Treasury & Markets RM'000	Asset Management & Securities Services RM'000	Support and others RM'000	Total continuing operations RM'000	Equities RM'000	
The Group							
30 September 2018							
Net interest income	-	(3,339)	-	3,980	641	9,082	9,723
Non interest income	12,350	10,203	31,058	4,815	58,426	93,649	152,075
Income from Islamic Banking operations	725	20,375	3,837	-	24,937	2,175	27,112
	13,075	27,239	34,895	8,795	84,004	104,906	188,910
Overheads	(29,343)	(23,269)	(11,082)	(2,773)	(66,467)	(90,246)	(156,713)
<i>of which :</i>							
<i>Depreciation of property, plant and equipment</i>	(1,791)	(3,174)	(4,065)	1,170	(7,860)	(1,735)	(9,595)
<i>Depreciation of Investment Property</i>	-	-	(386)	-	(386)	-	(386)
(Loss)/profit before expected credit losses	(16,268)	3,970	23,813	6,022	17,537	14,660	32,197
Expected credit losses made on loans, advances and financing	-	-	-	(22)	(22)	-	(22)
Other expected credit losses written back/(made) for other impairment losses	1,054	(523)	498	13	1,042	1,875	2,917
Segment results	(15,214)	3,447	24,311	6,013	18,557	16,535	35,092
Share of results of associates					242	-	242
Profit before taxation					18,799	16,535	35,334
Taxation					(11,717)	(2,871)	(14,588)
Net profit for the financial period					7,082	13,664	20,746
31 December 2018							
Segment assets	7,458	970,778	16,626	580,040	1,574,902	74,288	1,649,190
Unallocated assets							35,854
Total assets							<u>1,685,044</u>
Segment liabilities	4,185	523,379	33,486	417,202	978,252	76,866	1,055,118
Unallocated liabilities							14,594
Total liabilities							<u>1,069,712</u>
Other segment items							
Capital expenditure:	12	-	50	324	386	107	493

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

The fair value hierarchy has the following levels:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of rate reasonableness verification;
- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee for approval;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Regional Head, Market Risk Management and/or the Group Market Risk Committee;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2019 and 31 December 2018.

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>					
30 September 2019					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Unquoted securities	254	-	254	-	254
Equity instruments at fair value through other comprehensive income					
- Unquoted securities	844	-	-	844	844
Total	1,098	-	254	844	1,098

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Bank</u>					
30 September 2019					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Unquoted securities	254	-	254	-	254
Total	254	-	254	-	254

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2019 and 31 December 2018. (Continued)

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>					
31 December 2018					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	2,107	2,107	-	-	2,107
- Unquoted securities	4,330	-	4,330	-	4,330
Equity instruments at fair value through other comprehensive income					
- Unquoted securities	1,117	-	-	1,117	1,117
Derivative financial instruments					
- Trading derivatives	5,240	-	5,240	-	5,240
Total	12,794	2,107	9,570	1,117	12,794
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	3,249	-	3,249	-	3,249
Total	3,249	-	3,249	-	3,249

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Bank</u>					
31 December 2018					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	2,107	2,107	-	-	2,107
- Unquoted securities	4,330	-	4,330	-	4,330
Derivative financial instruments					
- Trading derivatives	5,240	-	5,240	-	5,240
Total	11,677	2,107	9,570	-	11,677
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	3,249	-	3,249	-	3,249
Total	3,249	-	3,249	-	3,249

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 30 September 2019 and 31 December 2018 for The Group and The Bank.

	Financial Assets	
	Equity instruments at fair value through other comprehensive income	Total
	Unquoted securities	RM'000
The Group	RM'000	RM'000
<u>30 September 2019</u>		
At 1 January 2019	1,117	1,117
Total loss recognised in other comprehensive income	(273)	(273)
At 30 September 2019	844	844
Total loss recognised in other comprehensive income relating to assets held on 30 September 2019	(273)	(273)

	Financial Assets	
	Equity instruments at fair value through other comprehensive income	Total
	Unquoted securities	RM'000
The Group	RM'000	RM'000
<u>31 December 2018</u>		
At 1 January 2018	-	-
Effect of adopting MFRS 9 on 1 January 2019	821	821
Total gain recognised in other comprehensive income	296	296
At 31 December 2018	1,117	1,117

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21a. Unaudited Statements of Financial Position as at 30 September 2019

	The Group and The Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
Assets		
Cash and short-term funds	211,294	308,950
Islamic derivative financial instruments	-	5,240
Other assets	137	141,191
Tax recoverable	10,224	8,907
Deferred tax assets	268	159
Property, plant and equipment	4	53
Amount due from related companies	374	238
Total assets	222,301	464,738
Liabilities and Islamic Banking capital funds		
Islamic derivative financial instruments	-	3,249
Other liabilities	103,784	132,769
Amount due to related companies	-	412
	103,784	136,430
Non-current liabilities held for sale	-	143
Total liabilities	103,784	136,573
Islamic Banking capital funds	55,696	55,696
Reserves	62,821	272,469
Total Islamic Banking capital funds	118,517	328,165
Total liabilities and Islamic Banking capital funds	222,301	464,738

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking (Continued)
A21b. Unaudited Statements of Income for the financial period ended 30 September 2019

	The Group and The Bank			
	3rd quarter ended		Nine months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of shareholders' funds	3,349	4,510	19,998	24,938
Expected credit losses written back/(made) on other receivables	9	215	(148)	13
Total attributable income	3,358	4,725	19,850	24,951
Income attributable to the depositors and others	-	-	-	(1)
Total net income	3,358	4,725	19,850	24,950
Personnel expenses	(174)	(162)	(517)	(467)
Other overheads and expenditures	(4,536)	(4,715)	(9,502)	(12,615)
Profit before taxation	(1,352)	(152)	9,831	11,868
Taxation	64	40	(2,228)	(3,088)
Profit from continuing operations	(1,288)	(112)	7,603	8,780
Loss from discontinued operation	(842)	(43)	(1,260)	(418)
(Loss)/profit after taxation/total comprehensive income for the period	(2,130)	(155)	6,343	8,362
<u>Income from Islamic operations (per page 3)</u>				
Total net income	3,358	4,725	19,850	24,950
Less : Expected credit losses (written back)/made on other receivables	(9)	(215)	148	(13)
	3,349	4,510	19,998	24,937

PART A - EXPLANATORY NOTES (CONTINUED)**A21c. Capital Adequacy**

a) The capital adequacy ratios of The Group and The Bank are as follows:

	The Group and The Bank	
	30 September 2019	31 December 2018
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	135.180%	126.108%
Tier 1 ratio	135.180%	126.108%
Total capital ratio	135.180%	126.108%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	135.180%	119.960%
Tier 1 ratio	135.180%	119.960%
Total capital ratio	135.180%	119.960%

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group and The Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
Credit risk	5,538	151,485
Market risk	-	7,197
Operational risk	81,937	101,417
Total risk-weighted assets	87,475	260,099

c) Components of Common Equity Tier I and Tier II capital are as follows :

	The Group and The Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary share capital	55,696	55,696
Other reserves	62,821	272,469
Less : Proposed dividend	-	(15,990)
Common Equity Tier I capital / Total Tier I Capital	118,517	312,175
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(268)	(159)
Common equity tier I capital after regulatory adjustments / total Tier I capital	118,249	312,016
Total capital base	118,249	312,016

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group reported a profit after taxation of RM429.6 million for the financial period ended 30 September 2019 compared to RM20.7 million for the same period in the preceding year. The higher current year profit was largely attributed to a capital gain of RM432.4 million from the disposal of cash equities business, lowered partly by higher operating expenses and losses from equities business consolidated prior to the disposal.

B2. Prospects for the Current Financial Year

The Investment Bank remains cautious on prospects for the capital markets given the backdrop of uncertain regional and global economic conditions. The Equity Capital Market (ECM) and advisory businesses are expected to perform better in the rest of 2019 with a healthier pipeline. Debt Capital Market (DCM) are expected to remain active, whilst mergers & acquisitions (M&A) activities will be opportunistic.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

Basic earnings per share of The Group and The Bank are calculated by dividing the net profit attributable to owners of The Group and The Bank by the weighted average number of ordinary shares issued during the financial period.

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Net profit from continuing operations (RM '000)	42	5,048	435,002	7,082
Net profit/(loss) from discontinued operation (RM '000)	-	3,725	(5,411)	13,664
	42	8,773	429,591	20,746
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share for profit from continuing operations (expressed in sen per share)	0.04	5.05	435.00	7.08
Basic earnings per share for profit/(loss) from discontinued operation (expressed in sen per share)	-	3.72	(5.41)	13.66
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	0.04	8.77	429.59	20.75

PART B - EXPLANATORY NOTES (CONTINUED)

B3. COMPUTATION OF EARNINGS PER SHARE (EPS) (Continued)

	The Bank			
	3rd quarter ended		Nine months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Net profit from continuing operations (RM '000)	(4)	3,672	469,525	5,791
Net profit/(loss) from discontinued operation (RM '000)	-	2,600	(6,323)	10,149
	<u>(4)</u>	<u>6,272</u>	<u>463,202</u>	<u>15,940</u>
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share for profit from continuing operations (expressed in sen per share)	(0.00)	3.67	469.53	5.79
Basic earnings per share for profit/(loss) from discontinued operation (expressed in sen per share)	-	2.60	(6.32)	10.15
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	<u>(0.00)</u>	<u>6.27</u>	<u>463.20</u>	<u>15.94</u>

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2019 and 30 September 2018 respectively.