

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	The Group	
		31 March 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short term funds		892,209	889,098
Reverse repurchase agreements		62,603	-
Deposits and placements with banks and other financial institutions		10	10
Financial assets at fair value through profit or loss	A5	4,592	6,437
Equity instruments at fair value through other comprehensive income	A6	1,117	1,117
Derivative financial instruments	A17(i)	687	5,240
Other assets	A7	823,075	615,536
Tax recoverable		1	14,126
Deferred tax assets		20,190	19,074
Amounts due from related companies		3,956	2,466
Amounts due from ultimate holding company		108	279
Statutory deposits with Bank Negara Malaysia		91	91
Investment in associates		8,129	8,195
Property, plant and equipment		29,333	31,753
Right-of-use assets		15,748	-
Investment property		17,206	17,334
		<u>1,879,055</u>	<u>1,610,756</u>
Non-current assets held for sale		72,002	74,288
Total assets		<u>1,951,057</u>	<u>1,685,044</u>
Liabilities			
Deposits from customers	A8	130,195	127,749
Deposits and placements of banks and other financial institutions	A9	326,214	261,087
Derivative financial instruments	A17(i)	1,653	3,249
Other liabilities	A10	774,981	586,193
Lease liability		15,917	-
Provision for taxation		4,988	-
Amounts due to related companies		20,141	14,568
		<u>1,274,089</u>	<u>992,846</u>
Non-current liabilities held for sale		70,297	76,866
Total liabilities		<u>1,344,386</u>	<u>1,069,712</u>
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		506,661	515,322
Total equity		<u>606,671</u>	<u>615,332</u>
Total equity and liabilities		<u>1,951,057</u>	<u>1,685,044</u>
Commitments and contingencies	A17(ii)	661,258	914,926
Net assets per ordinary share (RM)		<u>6.07</u>	<u>6.15</u>

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 31 MARCH 2019

	Notes	The Bank	
		31 March 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short term funds		891,259	888,128
Reverse repurchase agreements		62,603	-
Financial assets at fair value through profit or loss	A5	4,592	6,437
Derivative financial instruments	A17(i)	687	5,240
Other assets	A7	822,265	614,726
Tax recoverable		-	14,125
Deferred tax assets		20,190	19,074
Amounts due from subsidiaries		89	15
Amounts due from related companies		3,956	2,466
Amounts due from ultimate holding company		108	279
Statutory deposits with Bank Negara Malaysia		91	91
Investment in subsidiaries		50	50
Property, plant and equipment		29,333	31,753
Right-of-use assets		15,748	-
Investment property		17,206	17,334
		1,868,177	1,599,718
Non-current assets held for sale		30,520	28,656
Total assets		1,898,697	1,628,374
Liabilities			
Deposits from customers	A8	130,195	127,749
Deposits and placements of banks and other financial institutions	A9	326,214	261,087
Derivative financial instruments	A17(i)	1,653	3,249
Other liabilities	A10	774,969	586,169
Lease liability		15,917	-
Provision for taxation		4,988	-
Amounts due to related companies		20,141	14,568
		1,274,077	992,822
Non-current liabilities held for sale		63,006	64,962
Total liabilities		1,337,083	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		461,604	470,580
Total equity		561,614	570,590
Total equity and liabilities		1,898,697	1,628,374
Commitments and contingencies	A17(ii)	661,258	914,926
Net assets per ordinary share (RM)		5.62	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 31 MARCH 2019

	Notes	The Group			
		1st quarter ended		Three months ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	A11	4,129	6,378	4,129	6,378
Interest income for financial assets at fair value through profit and loss	A12	56	27	56	27
Interest expense	A13	(4,021)	(6,619)	(4,021)	(6,619)
Net interest income		164	(214)	164	(214)
Income derived from investment of shareholders' funds		12,491	13,026	12,491	13,026
Income attributable to the depositors		1	-	1	-
Income from Islamic Banking operations	A21b	12,492	13,026	12,492	13,026
Non-interest income	A14	43,232	20,115	43,232	20,115
Total income		55,888	32,927	55,888	32,927
Overheads	A15	(43,670)	(21,475)	(43,670)	(21,475)
Profit before expected credit losses		12,218	11,452	12,218	11,452
Expected credit losses written back on loans, advances and financing	A16 (a)	-	36	-	36
Other expected credit losses (made) /written back on on other impairment losses	A16 (b)	(187)	355	(187)	355
		12,031	11,843	12,031	11,843
Share of results of associates		(66)	(33)	(66)	(33)
Profit from continuing operations before taxation		11,965	11,810	11,965	11,810
Taxation		(3,695)	(5,513)	(3,695)	(5,513)
Profit from continuing operations		8,270	6,297	8,270	6,297
Profit from discontinuing operation		1,241	3,371	1,241	3,371
Profit for the financial period		9,511	9,668	9,511	9,668
Profit for the financial period attributable to : Owners of the Group		9,511	9,668	9,511	9,668
Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen)	B3	8.27	6.30	8.27	6.30
Basic earnings per share for profit from discontinuing operation attributable to ordinary equity holders (sen)	B3	1.24	3.37	1.24	3.37
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	9.51	9.67	9.51	9.67

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 31 MARCH 2019

	The Group			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	9,511	9,668	9,511	9,668
Profit for the financial period/Total comprehensive income	9,511	9,668	9,511	9,668
Total comprehensive income for the financial period arises from:				
Continuing operations	8,270	6,297	8,270	6,297
Discontinuing operation	1,241	3,371	1,241	3,371
	9,511	9,668	9,511	9,668

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 31 MARCH 2019

	Notes	The Bank			
		1st quarter ended		Three months ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	A11	4,122	6,371	4,122	6,371
Interest income for financial assets at fair value through profit and loss	A12	56	27	56	27
Interest expense	A13	(4,021)	(6,619)	(4,021)	(6,619)
Net interest income		157	(221)	157	(221)
Income derived from investment of shareholders' funds		12,491	13,026	12,491	13,026
Income attributable to the depositors		1	-	1	-
Income from Islamic Banking operations	A21b	12,492	13,026	12,492	13,026
Non-interest income	A14	43,232	20,115	43,232	20,115
Total income		55,881	32,920	55,881	32,920
Overheads	A15	(43,657)	(21,472)	(43,657)	(21,472)
Profit before expected credit losses		12,224	11,448	12,224	11,448
Expected credit losses written back on loans, advances and financing	A16 (a)	-	36	-	36
Other expected credit losses (made) /written back on other impairment losses	A16 (b)	(187)	355	(187)	355
Profit from continuing operations before taxation		12,037	11,839	12,037	11,839
Taxation		(3,599)	(5,511)	(3,599)	(5,511)
Profit from continuing operations		8,438	6,328	8,438	6,328
Profit from discontinuing operation		758	2,401	758	2,401
Profit for the financial period		9,196	8,729	9,196	8,729
Profit for the financial period attributable to : Owners of the Bank		9,196	8,729	9,196	8,729
Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen)	B3	8.44	6.33	8.44	6.33
Basic earnings per share for profit from discontinuing operation attributable to ordinary equity holders (sen)	B3	0.76	2.40	0.76	2.40
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	9.20	8.73	9.20	8.73

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 31 MARCH 2019

	The Bank			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	9,196	8,729	9,196	8,729
Profit for the financial period/Total comprehensive income	9,196	8,729	9,196	8,729
Total comprehensive income for the financial period arises from:				
Continuing operations	8,438	6,328	8,438	6,328
Discontinuing operation	758	2,401	758	2,401
	9,196	8,729	9,196	8,729

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 31 MARCH 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	RM'000	
31 March 2019									
At 1 January 2019	100,000	10	(5,718)	-	5,101	-	515,939	615,332	
Net profit for the financial period	-	-	-	-	-	-	9,511	9,511	
Total comprehensive income for the financial period	-	-	-	-	-	-	9,511	9,511	
Share-based payment expense	-	-	-	-	1,428	-	-	1,428	
Shares released under Equity Ownership Plan	-	-	-	-	(3,610)	-	-	(3,610)	
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	-	(15,990)	(15,990)	
At 31 March 2019	100,000	10	(5,718)	-	2,919	-	509,460	606,671	

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	RM'000	
31 March 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 for the financial period	-	-	-	-	-	-	9,668	9,668	
Total comprehensive income for the financial period	-	-	-	-	-	-	9,668	9,668	
Share-based payment expense	-	-	-	-	1,492	-	-	1,492	
Shares released under Equity Ownership Plan	-	-	-	-	(3,227)	-	-	(3,227)	
Transfer from regulatory reserve	-	-	-	-	-	3,286	(3,286)	-	
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	(92,000)	(92,000)	
At 31 March 2018	100,000	10	(6,014)	-	2,384	10,657	493,149	600,186	

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 31 MARCH 2019

The Bank 31 March 2019	← Attributable to Equity Holder of The Bank →								
	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	Total RM'000
At 1 January 2019	100,000	10	(272,007)	5,101	(6,331)	271,377	-	472,440	570,590
Net profit for the financial period	-	-	-	-	-	-	-	9,196	9,196
Total comprehensive income for the financial period	-	-	-	-	-	-	-	9,196	9,196
Share-based payment expense	-	-	-	1,428	-	-	-	-	1,428
Shares released under Equity Ownership Plan	-	-	-	(3,610)	-	-	-	-	(3,610)
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	-	-	(15,990)	(15,990)
At 31 March 2019	100,000	10	(272,007)	2,919	(6,331)	271,377	-	465,646	561,614

The Bank 31 March 2018	← Attributable to Equity Holder of The Bank →								
	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	Total RM'000
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 for the financial period	-	-	-	-	-	-	-	8,729	8,729
Total comprehensive income for the financial period	-	-	-	-	-	-	-	8,729	8,729
Share-based payment expense	-	-	-	1,492	-	-	-	-	1,492
Share released under Equity Ownership Plan	-	-	-	(3,227)	-	-	-	-	(3,227)
Transfer from regulatory reserve	-	-	-	-	-	-	3,286	(3,286)	-
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	-	(92,000)	(92,000)
At 31 March 2018	100,000	10	(272,007)	2,384	(6,331)	271,377	10,657	454,522	560,612

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 31 MARCH 2019

	The Group		The Bank	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Operating activities				
Profit before taxation from :				
Continuing operations	11,965	11,810	12,037	11,839
Discontinuing operation	1,881	5,995	1,249	4,718
Profit before taxation including discontinuing operation	13,846	17,805	13,286	16,557
Adjustments for non-operating and non-cash items	7,801	8,225	7,718	8,154
Cash flow from operating profit before changes in operating assets and liabilities	21,647	26,030	21,004	24,711
Net changes in operating assets	(292,384)	322,087	(291,551)	321,965
Net changes in operating liabilities	275,201	(221,604)	275,553	(361,757)
Cash generated from operating activities	4,464	126,513	5,006	(15,081)
Taxation refund/(paid)	13,684	(12,757)	13,909	(12,178)
Net cash generated from / (used in) operating activities	18,148	113,756	18,915	(27,259)
Net cash generated from/(used in) investing activities	598	856	(150)	856
Net cash used in financing activities	(15,990)	(91,877)	(15,990)	(92,000)
	(15,392)	(91,021)	(16,140)	(91,144)
Net increase/(decrease) in cash and cash equivalents during the financial period	2,756	22,735	2,775	(118,403)
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	865,460	1,082,208	864,510	1,033,472
Cash and cash equivalents comprise the following:				
Cash and short term funds	892,209	1,109,278	891,259	1,060,542
Adjustment for monies held in trust:				
Remisiers' balances	(26,749)	(27,070)	(26,749)	(27,070)
Cash and cash equivalents at end of the financial period	865,460	1,082,208	864,510	1,033,472

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 31 March 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 2018.

No dividend has been proposed during the financial period ended 31 March 2019.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. Significant events during the financial period

On 6 September 2017, the Holding company, CIMB Group Sdn Bhd ("CIMBG"), signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities Sdn Bhd ("Jupiter Securities") for a cash consideration of RM55 million ("Proposed Acquisition"). The proposed acquisition is in connection with the proposed partnership with China Galaxy International Financial Holdings Limited ("CGI"), wherein Jupiter Securities shall be the platform for the partnership's operations in Malaysia.

The Securities Commission has on 2 April 2018 approved the Proposed Acquisition and the proposed sale of CIMBG's Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities Sdn Bhd ("Jupiter Securities") in connection with the Proposed Partnership. On 10 August 2018, the CIMB Group Holdings Berhad ("The Group") announced that approval from BNM has been received. On 28 September 2018, the Proposed Acquisition has been completed.

On 18 December 2018, CIMBG, CGI and CGS-CIMB Holdings Sdn Bhd (the "Malaysia JV Entity") have signed a Share Subscription Agreement for the subscription of new shares in the Malaysia JV Entity ("Proposed MY Share Subscription"), which shall be the holding company for the Malaysia stockbroking business of the CGS-CIMB joint venture. At completion, CIMBG and CGI will be 50:50 shareholders in the Malaysia JV Entity. The parties will proceed with the necessary process to effect the transfer of the Malaysia stockbroking business of CIMB Group into Jupiter Securities Sdn Bhd ("Jupiter Securities") ("Proposed Business Transfer"). Jupiter Securities is a 100%-owned subsidiary of the Malaysia JV Entity and will be the operating company for the stockbroking business of the CGS-CIMB joint venture in Malaysia. The consideration in connection with the Proposed Business Transfer will be satisfied in cash. The consideration was determined based on the future prospects and net asset value of the in-scope business as at 31 December 2015, which amounted to RM565.6 million. The consideration is subject to closing audit adjustments, if any. CIMB Group is estimated to record a gain on disposal of approximately RM200 million, after taking into account the premium on the disposal of approximately RM433 million and goodwill attributable to the business.

On 9 May 2019, the Group has announced that the High Court of Malaya has granted the necessary court orders for the Proposed Business Transfer to be effective from 1 July 2019.

A5. Financial assets at fair value through profit or loss

	The Group and the Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	-	4
<i>Outside Malaysia</i>		
Shares	2,121	2,103
Unquoted securities :		
<i>In Malaysia</i>		
Bonds	2,471	4,330
Total financial assets at fair value through profit or loss	4,592	6,437

A6. Equity instruments at fair value through other comprehensive income

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

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
A7. Other assets				
Due from brokers and clients, net of expected credit losses	619,249	449,568	619,249	449,568
Collateral pledged for derivative transactions	132,103	132,103	132,103	132,103
Other debtors, net of expected credit losses , deposits and prepayments	71,723	33,865	70,913	33,055
	823,075	615,536	822,265	614,726

	The Group and the Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
A8. Deposits from customers		
<u>(i) By type of deposits</u>		
Short term money market deposits	130,195	127,749
 <u>(ii) By type of customers</u>		
Local government and statutory bodies	50,049	30,026
Business enterprises	80,146	97,723
	130,195	127,749

	The Group and the Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
A9. Deposits and placements of banks and other financial institutions		
Licensed banks	195,713	120,637
Other financial institutions	130,501	140,450
	326,214	261,087

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

Due within six months	326,214	261,087
-----------------------	----------------	---------

	The Group		The Bank	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
A10. Other liabilities				
Due to brokers and clients	553,912	401,347	553,912	401,347
Structured deposits	131,300	131,300	131,300	131,300
Others	89,769	53,546	89,757	53,522
	774,981	586,193	774,969	586,169

PART A - EXPLANATORY NOTES (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
A11. Interest income				
<u>Group</u>				
Loans, advances and financing	-	1,332	-	1,332
Money at call and deposits placements with banks and other financial institutions	3,857	5,046	3,857	5,046
Reverse repurchase agreements	243	-	243	-
Others	29	-	29	-
	4,129	6,378	4,129	6,378
<u>Bank</u>				
Loans, advances and financing	-	1,332	-	1,332
Money at call and deposits placements with banks and other financial institutions	3,850	5,039	3,850	5,039
Reverse repurchase agreements	243	-	243	-
Others	29	-	29	-
	4,122	6,371	4,122	6,371
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	52	28	52	28
Net accretion of discounts less amortisation of premium	4	(1)	4	(1)
	56	27	56	27
A13. Interest expense				
<u>The Group and The Bank</u>				
Deposits and placements of banks and other financial institutions	1,408	5,341	1,408	5,341
Deposits from customers	2,454	1,278	2,454	1,278
Lease liabilities	159	-	159	-
	4,021	6,619	4,021	6,619

PART A - EXPLANATORY NOTES (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
A14. Non interest income				
<u>The Group and The Bank</u>				
a) Fee income and commission income:				
Commissions	2,921	4,422	2,921	4,422
Group shared services income	20,952	54	20,952	54
Advisory and arrangement fees	7,042	6,877	7,042	6,877
Underwriting fees	4,800	4	4,800	4
Placement fees	-	102	-	102
Other fee income	3,685	363	3,685	363
	39,400	11,822	39,400	11,822
b) Net (loss)/gain arising from financial assets at fair value through profit or loss :				
- realised (loss)/gain	(3,504)	484	(3,504)	484
- unrealised gain/(loss)	23	(89)	23	(89)
	(3,481)	395	(3,481)	395
c) Net loss arising from derivative financial instrument :				
- realised loss	(1)	(281)	(1)	(281)
d) Dividend income from:				
Financial assets at fair value through profit or loss	16	-	16	-
e) Other income:				
Foreign exchange gain	1,217	1,280	1,217	1,280
Gain on disposal of property, plant and equipment	430	784	430	784
Other non-operating income	986	983	986	983
	2,633	3,047	2,633	3,047
f) Income from asset management and securities services	1,825	1,797	1,825	1,797
g) Brokerage Income	2,840	3,335	2,840	3,335
Total non interest income	43,232	20,115	43,232	20,115

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
Group	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	32,658	28,359	32,658	28,359
- Pension cost (defined contribution plan)	3,050	2,694	3,050	2,694
- Overtime, meal and transport claims	75	74	75	74
- Others	220	1,758	220	1,758
	36,003	32,885	36,003	32,885
Establishment costs				
- Depreciation of property, plant and equipment	1,978	2,962	1,978	2,962
- Depreciation of right-of-use assets	765	-	765	-
- Depreciation of investment property	129	129	129	129
- Rental	952	1,646	952	1,646
- Others	893	1,428	893	1,428
	4,717	6,165	4,717	6,165
Marketing expenses				
- Advertisement	44	-	44	-
- Entertainment expenses	754	810	754	810
- Others	71	212	71	212
	869	1,022	869	1,022
Administration and general expenses				
- Legal and professional fees	837	(345)	837	(345)
- Communication	90	123	90	123
- Printing and stationery	64	101	64	101
- Administrative vehicle, travelling and insurance expenses	240	688	240	688
- Others	850	1,619	850	1,619
	2,081	2,186	2,081	2,186
Shared services cost #	-	(20,783)	-	(20,783)
Total overhead expenses	43,670	21,475	43,670	21,475

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

	1st quarter ended		Three months ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	32,658	28,359	32,658	28,359
- Pension cost (defined contribution plan)	3,050	2,694	3,050	2,694
- Overtime, meal and transport claims	75	74	75	74
- Others	220	1,758	220	1,758
	36,003	32,885	36,003	32,885
Establishment costs				
- Depreciation of property, plant and equipment	1,978	2,962	1,978	2,962
- Depreciation of right-of-use assets	765	-	765	-
- Depreciation of investment property	129	129	129	129
- Rental	952	1,646	952	1,646
- Others	893	1,428	893	1,428
	4,717	6,165	4,717	6,165
Marketing expenses				
- Advertisement	44	-	44	-
- Entertainment expenses	754	810	754	810
- Others	71	212	71	212
	869	1,022	869	1,022
Administration and general expenses				
- Legal and professional fees	836	(345)	836	(345)
- Communication	90	123	90	123
- Printing and stationery	64	101	64	101
- Administrative vehicle, travelling and insurance expenses	240	688	240	688
- Others	838	1,616	838	1,616
	2,068	2,183	2,068	2,183
Shared services cost #	-	(20,783)	-	(20,783)
Total overhead expenses	43,657	21,472	43,657	21,472

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

PART A - EXPLANATORY NOTES (CONTINUED)

A16 (a). Expected credit losses written back on loans advances and financing

	1st quarter ended		Three months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
The Group and The Bank				
Expected credit losses (written back) on loans, advances and financing at amortised cost:				
- Expected credit losses made on loans, advances and financing	-	62	-	62
Credit impaired :				
- recovered	-	(98)	-	(98)
	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>

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

The Group and The Bank

Expected credit losses made/(written back) on:				
- Other receivables	187	(355)	187	(355)
	<u>187</u>	<u>(355)</u>	<u>187</u>	<u>(355)</u>

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 amount	Fair values	
	RM'000	Assets	Liabilities
		RM'000	RM'000
At 31 March 2019			
Trading derivatives			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	131,300	210	(788)
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	267,358	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	262,600	477	(865)
Total derivative assets/(liabilities)	661,258	687	(1,653)
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			
- More than 3 years	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 follow

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 31 March 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM687,000 (31 December 2018: RM5,240,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. 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 31 March 2019, the Group and the Bank has posted cash collateral of RM132 million (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 enters 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	
	31 March 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	131,300
Equity related contracts		
- Less than one year	267,358	271,026
Credit related contracts		
- Five years and above	262,600	262,600
Total treasury-related commitments and contingencies	661,258	664,926
	661,258	914,926

PART A - EXPLANATORY NOTES (CONTINUED)

A18. Capital Adequacy

The capital adequacy framework applicable is 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. 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 - RiskWeighted 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	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Common Equity Tier 1 Ratio	35.140%	31.110%	37.660%	32.466%
Tier 1 ratio	35.140%	31.110%	37.660%	32.466%
Total capital ratio	35.140%	31.110%	37.660%	32.466%

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

	The Group		The Bank	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Credit risk	953,312	898,080	753,208	709,148
Market risk	68,628	397,868	68,209	397,443
Operational risk	583,376	573,431	561,415	551,313
Total risk-weighted assets	1,605,316	1,869,379	1,382,832	1,657,904

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

	The Group		The Bank	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	497,150	515,322	452,408	470,580
Less : Proposed dividends	-	(15,990)	-	(15,990)
Common Equity Tier I capital before regulatory adjustments	597,150	599,332	552,408	554,590
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(20,383)	(19,239)	(20,190)	(19,074)
Deduction in excess of Tier 1 & 2 capital	(2,450)	(4,251)	(2,450)	(4,251) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(9,245)	(9,311)	(9,000)	(9,000)
Common equity tier I capital after regulatory adjustments	564,108	565,567	520,768	522,265
Total Tier 1 Capital	564,108	565,567	520,768	522,265
Tier II capital				
Redeemable Preference Shares	3	4	3	4
Tier II capital before regulatory adjustments	3	4	3	4
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(2,453)	(4,255)	(2,453)	(4,255)
Total Tier II capital	-	-	-	- N1
Total capital	564,108	565,567	520,768	522,265

N1 The excess of 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 derivative

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.

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 →				← Discontinuing 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							
31 March 2019							
Net interest income	-	164	-	-	164	2,802	2,966
Non interest income	17,837	3,090	20,907	1,398	43,232	27,646	70,878
Income from Islamic Banking operations	4,686	6,488	1,318	-	12,492	350	12,842
	<u>22,523</u>	<u>9,742</u>	<u>22,225</u>	<u>1,398</u>	<u>55,888</u>	<u>30,798</u>	<u>86,686</u>
Overheads	(20,256)	(2,683)	(20,609)	(122)	(43,670)	(28,773)	(72,443)
<i>of which :</i>							
<i>Depreciation of property, plant and equipment</i>	(436)	(76)	(1,447)	(19)	(1,978)	(378)	(2,356)
<i>Depreciation of Investment Property</i>	-	-	-	(129)	(129)	-	(129)
(Loss)/ profit before expected credit losses	2,267	7,059	1,616	1,276	12,218	2,025	14,243
Other expected credit losses written back/(made) for other impairment losses	16	(22)	(181)	-	(187)	(143)	(330)
	<u>2,283</u>	<u>7,037</u>	<u>1,435</u>	<u>1,276</u>	<u>12,031</u>	<u>1,882</u>	<u>13,913</u>
Segment results							
Share of results of associates					(66)	-	(66)
Profit before taxation					<u>11,965</u>	<u>1,882</u>	<u>13,847</u>
Taxation					<u>(3,695)</u>	<u>(641)</u>	<u>(4,336)</u>
Net profit for the financial period					<u>8,270</u>	<u>1,241</u>	<u>9,511</u>
31 March 2019							
Segment assets	19,418	1,064,695	21,107	749,578	1,854,798	72,002	1,926,800
Unallocated assets							24,257
Total assets							<u>1,951,057</u>
Segment liabilities	13,486	625,816	12,090	597,558	1,248,950	70,297	1,319,247
Unallocated liabilities							25,139
Total liabilities							<u>1,344,386</u>
Other segment items							
Capital expenditure:	-	-	41	-	41	555	596

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: (conti

	← Continuing operations →				← Discontinuing 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							
31 March 2018							
Net interest income	-	(1,537)	-	1,323	(214)	2,682	2,468
Non interest income	4,037	4,976	9,336	1,766	20,115	33,174	53,289
Income from Islamic Banking operations	24	13,083	(81)	-	13,026	805	13,831
	4,061	16,522	9,255	3,089	32,927	36,661	69,588
Overheads	(10,091)	(7,244)	(3,728)	(412)	(21,475)	(30,760)	(52,235)
<i>of which :</i>							
<i>Depreciation of property, plant and equipment</i>	(625)	(63)	(1,264)	(4)	(1,956)	(1,650)	(3,606)
<i>Depreciation of Investment Property</i>	-	-	(129)	-	(129)	-	(129)
(Loss)/profit before allowances	(6,030)	9,278	5,527	2,677	11,452	5,901	17,353
Expected credit losses made on loans, advances and financing	-	-	98	(62)	36	-	36
Other expected credit losses (made)/written back for other impairment losses	(300)	168	486	1	355	94	449
Segment results	(6,330)	9,446	6,111	2,616	11,843	5,995	17,838
Share of results of associates					(33)	-	(33)
Profit before taxation					11,810	5,995	17,805
Taxation					(5,513)	(2,624)	(8,137)
Net profit for the financial period					6,297	3,371	9,668
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:	-	-	14	120	134	-	134

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 31 March 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>					
31 March 2019					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	2,121	2,121	-	-	2,121
- Unquoted securities	2,471	-	2,471	-	2,471
Equity instruments at fair value through other comprehensive income					
- Unquoted securities	1,117	-	-	1,117	1,117
Derivative financial instruments					
- Trading derivatives	687	-	687	-	687
Total	6,396	2,121	3,158	1,117	6,396

Financial liabilities

Derivative financial instruments

- Trading derivatives

Total

	1,653	-	1,653	-	1,653
Total	1,653	-	1,653	-	1,653

	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 March 2019					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	2,121	2,121	-	-	2,121
- Unquoted securities	2,471	-	2,471	-	2,471
Derivative financial instruments					
- Trading derivatives	687	-	687	-	687
Total	5,279	2,121	3,158	-	5,279

Financial liabilities

Derivative financial instruments

- Trading derivatives

Total

	1,653	-	1,653	-	1,653
Total	1,653	-	1,653	-	1,653

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 31 March 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

Financial liabilities

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

Financial liabilities

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 31 March 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
	RM'000	RM'000
The Group		
<u>31 March 2019</u>		
At 1 January/31 March 2019	1,117	1,117

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Group		
<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

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Bank		
<u>31 December 2018</u>		
At 1 January 2018	-	-
Effect of adopting MFRS 9 on 1 January 2019	-	-
Total gain recognised in other comprehensive income	-	-
At 31 December 2018	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21a. Unaudited Statements of Financial Position as at 31 March 2019

	The Group and The Bank	
	31 March	31 December
	2019	2018
	RM'000	RM'000
Assets		
Cash and short-term funds	318,586	308,950
Islamic derivative financial instruments	687	5,240
Other assets	137,032	141,191
Tax recoverable	10,082	8,907
Deferred tax assets	138	159
Property, plant and equipment	33	53
Amount due from related companies	171	238
Total assets	466,729	464,738
Liabilities and Islamic Banking capital funds		
Islamic derivative financial instruments	1,653	3,249
Other liabilities	144,535	132,769
Amount due to related companies	412	412
	146,600	136,430
Non-current liabilities held for sale	149	143
Total liabilities	146,749	136,573
Islamic Banking capital funds	55,696	55,696
Reserves	264,284	272,469
Total Islamic Banking capital funds	319,980	328,165
Total liabilities and Islamic Banking capital funds	466,729	464,738

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking (Continued)

A21b. Unaudited Statements of Income for the financial period ended 31 March 2019

	The Group and The Bank			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds	12,491	13,026	12,491	13,026
Expected credit losses (made)/written back on other receivables	(112)	3	(112)	3
Total attributable income	12,379	13,029	12,379	13,029
Income attributable to the depositors and others	1	-	1	-
Total net income	12,380	13,029	12,380	13,029
Personnel expenses	(173)	(146)	(173)	(146)
Other overheads and expenditures	(1,822)	(2,938)	(1,822)	(2,938)
Profit before taxation	10,385	9,945	10,385	9,945
Taxation	(2,499)	(2,387)	(2,499)	(2,387)
Profit from continuing operations	7,886	7,558	7,886	7,558
Profit from discontinuing operation	341	(488)	(77)	(488)
Profit after taxation/total comprehensive income for the period	8,227	7,070	7,809	7,070
<u>Income from Islamic operations (per page 2)</u>				
Total net income	12,380	13,029	12,380	13,029
Less : Expected credit losses made/ (written back) on other receivables	112	(3)	112	(3)
	12,492	13,026	12,492	13,026

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	
	31 March 2019	31 December 2018
Common Equity Tier 1 Ratio	121.648%	126.108%
Tier 1 ratio	121.648%	126.108%
Total capital ratio	121.648%	126.108%

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

	The Group and The Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Credit risk	151,991	151,485
Market risk	7,904	7,197
Operational risk	96,614	101,417
Total risk-weighted assets	256,509	260,099

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

	The Group and The Bank	
	31 March 2019 RM'000	31 December 2018 RM'000
Common Equity Tier I capital		
Ordinary share capital	55,696	55,696
Other reserves	256,479	272,469
Less : Proposed dividend	-	(15,990)
Common Equity Tier I capital / Total Tier I Capital	312,175	312,175
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(138)	(159)
Common equity tier I capital after regulatory adjustments / total Tier I capital	312,037	312,016
Total capital base	312,037	312,016

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group registered a profit before taxation of RM9.5 million for the period ended 31 March 2019, marginally lower than RM9.7 million recorded in the same period of the preceding year.

The decrease in profit was mainly attributed to equities business due to weaker market sentiment.

B2. Prospects for the Current Financial Year

Prospects for the Investment Banking business depends on levels of capital market activity, which will be driven by global and regional economic growth as well as geopolitical developments. The outlook for the ECM, IPO and DCM segments remains positive with a healthy pipeline, while fixed income origination and M&A is expected to see greater activity in the second half of the year.

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 issue during the financial period.

	The Group			
	1st quarter ended		Three months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net profit from continuing operations (RM '000)	8,270	6,297	8,270	6,297
Net profit from discontinuing operation (RM '000)	1,241	3,371	1,241	3,371
	9,511	9,668	9,511	9,668
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share from continuing operations (expressed in sen per share)	8.27	6.30	8.27	6.30
Basic earnings per share from discontinuing operation (expressed in sen per share)	1.24	3.37	1.24	3.37
Total basic earnings per share attributable to equity shareholders(expressed in sen per share)	9.51	9.67	9.51	9.67

PART B - EXPLANATORY NOTES (CONTINUED)

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

	The Bank			
	1st quarter ended		Three months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net profit from continuing operations (RM '000)	8,438	6,328	8,438	6,328
Net profit from discontinuing operation (RM '000)	758	2,401	758	2,401
	9,196	8,729	9,196	8,729
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share from continuing operations (expressed in sen per share)	8.44	6.33	8.44	6.33
Basic earnings per share from discontinuing operation (expressed in sen per share)	0.76	2.40	0.76	2.40
Total basic earnings per share attributable to equity shareholders(expressed in sen per share)	9.20	8.73	9.20	8.73

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2019 and 31 March 2018 .