

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

| | Notes | The Group | |
|--|-------|----------------------------|-------------------------------|
| | | 31 March 2020 RM'000 | 31 December 2019 RM'000 |
| Assets | | | |
| Cash and short term funds | | 507,432 | 623,005 |
| Reverse repurchase agreements | | 52,088 | 51,024 |
| Deposits and placements with banks and other financial institutions | | 10 | 10 |
| Financial investments at fair value through profit or loss | A5 | 317 | 573 |
| Equity instruments at fair value through other comprehensive income | A6 | 844 | 844 |
| Other assets | A7 | 41,914 | 38,118 |
| Tax recoverable | | 28,630 | 26,190 |
| Deferred taxation | | 18,933 | 16,895 |
| Amounts due from related companies | | 54,841 | 37,124 |
| Amounts due from ultimate holding company | | 4,824 | 6,625 |
| Statutory deposits with Bank Negara Malaysia | | 91 | 91 |
| Investment in associates | | 8,423 | 8,370 |
| Property, plant and equipment | | 33,672 | 38,314 |
| Right-of-use assets | | 12,554 | 13,586 |
| Investment property | | 16,691 | 16,819 |
| Total assets | | 781,264 | 877,588 |
| Liabilities | | | |
| Deposits from customers | A8 | - | 10,020 |
| Deposits and placements of banks and other financial institutions | A9 | 95,954 | 91,068 |
| Other liabilities | A10 | 81,974 | 90,700 |
| Lease liabilities | | 13,052 | 13,976 |
| Amounts due to related companies | | 6,483 | 22,454 |
| Total liabilities | | 197,463 | 228,218 |
| Capital and reserves attributable to equity holders of the Bank | | | |
| Ordinary share capital | | 100,000 | 100,000 |
| Redeemable preference shares | | 10 | 10 |
| Reserves | | 483,791 | 549,360 |
| Total equity | | 583,801 | 649,370 |
| Total equity and liabilities | | 781,264 | 877,588 |
| Net assets per ordinary share (RM) | | 5.84 | 6.49 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

| | Notes | The Bank | |
|--|-------|----------------------------|-------------------------------|
| | | 31 March 2020 RM'000 | 31 December 2019 RM'000 |
| Assets | | | |
| Cash and short term funds | | 506,463 | 622,042 |
| Reverse repurchase agreements | | 52,088 | 51,024 |
| Financial investments at fair value through profit or loss | A5 | 317 | 573 |
| Other assets | A7 | 41,101 | 37,306 |
| Tax recoverable | | 28,630 | 26,189 |
| Deferred taxation | | 18,933 | 16,895 |
| Amounts due from related companies | | 54,841 | 37,124 |
| Amounts due from ultimate holding company | | 4,824 | 6,625 |
| Statutory deposits with Bank Negara Malaysia | | 91 | 91 |
| Investment in subsidiaries | | 50 | 50 |
| Property, plant and equipment | | 33,672 | 38,314 |
| Right-of-use assets | | 12,554 | 13,586 |
| Investment property | | 16,691 | 16,819 |
| Total assets | | 770,255 | 866,638 |
| Liabilities | | | |
| Deposits from customers | A8 | - | 10,020 |
| Deposits and placements of banks and other financial institutions | A9 | 95,954 | 91,068 |
| Other liabilities | A10 | 81,958 | 90,693 |
| Lease liabilities | | 13,052 | 13,976 |
| Amounts due to related companies | | 6,453 | 22,425 |
| Total liabilities | | 197,417 | 228,182 |
| Capital and reserves attributable to equity holders of the Bank | | | |
| Ordinary share capital | | 100,000 | 100,000 |
| Redeemable preference shares | | 10 | 10 |
| Reserves | | 472,828 | 538,446 |
| Total equity | | 572,838 | 638,456 |
| Total equity and liabilities | | 770,255 | 866,638 |
| Net assets per ordinary share (RM) | | 5.73 | 6.38 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | Notes | The Group | | | |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 1st quarter ended | | Three months ended | |
| | | 31 March 2020 RM'000 | 31 March 2019 RM'000 | 31 March 2020 RM'000 | 31 March 2019 RM'000 |
| Interest income | A11 | 3,964 | 4,129 | 3,964 | 4,129 |
| Interest income for financial assets at fair value through profit and loss | A12 | 4 | 56 | 4 | 56 |
| Interest expense | A13 | (1,169) | (4,021) | (1,169) | (4,021) |
| Net interest income | | 2,799 | 164 | 2,799 | 164 |
| Income derived from investment of shareholders' funds | A20b | 4,945 | 12,491 | 4,945 | 12,491 |
| Income attributable to the depositors | A20b | - | 1 | - | 1 |
| Income from Islamic Banking operations | A20b | 4,945 | 12,492 | 4,945 | 12,492 |
| Non-interest income | A14 | 45,852 | 43,232 | 45,852 | 43,232 |
| Total income | | 53,596 | 55,888 | 53,596 | 55,888 |
| Overheads | A15 | (45,046) | (43,670) | (45,046) | (43,670) |
| Profit before expected credit losses | | 8,550 | 12,218 | 8,550 | 12,218 |
| Expected credit losses made on trade receivables | A16 | (1,982) | (187) | (1,982) | (187) |
| | | 6,568 | 12,031 | 6,568 | 12,031 |
| Share of results of associates | | 53 | (66) | 53 | (66) |
| Profit from continuing operations before taxation | | 6,621 | 11,965 | 6,621 | 11,965 |
| Taxation | | (2,227) | (3,695) | (2,227) | (3,695) |
| Profit from continuing operations after taxation | | 4,394 | 8,270 | 4,394 | 8,270 |
| Profit from discontinued operation | | - | 1,241 | - | 1,241 |
| Profit for the financial period | | 4,394 | 9,511 | 4,394 | 9,511 |
| Profit for the financial period attributable to : Owners of the Group | | 4,394 | 9,511 | 4,394 | 9,511 |
| Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen) | B3 | 4.39 | 8.27 | 4.39 | 8.27 |
| Basic earnings per share for profit from discontinued operation attributable to ordinary equity holders (sen) | B3 | - | 1.24 | - | 1.24 |
| Basic earnings per share for profit attributable to ordinary equity holders (sen) | B3 | 4.39 | 9.51 | 4.39 | 9.51 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | The Group | | | |
|---|--------------------------|-----------------|---------------------------|-----------------|
| | 1st quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/total comprehensive income for the financial period | 4,394 | 9,511 | 4,394 | 9,511 |
| Total comprehensive income for the financial period arises from: | | | | |
| Continuing operations | 4,394 | 8,270 | 4,394 | 8,270 |
| Discontinued operation | - | 1,241 | - | 1,241 |
| | 4,394 | 9,511 | 4,394 | 9,511 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | Notes | The Bank | | | |
|--|-------|-------------------|------------------|--------------------|------------------|
| | | 1st quarter ended | | Three months ended | |
| | | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | A11 | 3,957 | 4,122 | 3,957 | 4,122 |
| Interest income for financial assets at fair value through profit and loss | A12 | 4 | 56 | 4 | 56 |
| Interest expense | A13 | (1,169) | (4,021) | (1,169) | (4,021) |
| Net interest income | | 2,792 | 157 | 2,792 | 157 |
| Income derived from investment of shareholders' funds | A20b | 4,945 | 12,491 | 4,945 | 12,491 |
| Income attributable to the depositors | A20b | - | 1 | - | 1 |
| Income from Islamic Banking operations | A20b | 4,945 | 12,492 | 4,945 | 12,492 |
| Non-interest income | A14 | 45,852 | 43,232 | 45,852 | 43,232 |
| Total income | | 53,589 | 55,881 | 53,589 | 55,881 |
| Overheads | A15 | (45,037) | (43,657) | (45,037) | (43,657) |
| Profit before expected credit losses | | 8,552 | 12,224 | 8,552 | 12,224 |
| Expected credit losses made on trade receivables | A16 | (1,982) | (187) | (1,982) | (187) |
| Profit from continuing operations before taxation | | 6,570 | 12,037 | 6,570 | 12,037 |
| Taxation | | (2,225) | (3,599) | (2,225) | (3,599) |
| Profit from continuing operations after taxation | | 4,345 | 8,438 | 4,345 | 8,438 |
| Profit from discontinued operation | | - | 758 | - | 758 |
| Profit for the financial period | | 4,345 | 9,196 | 4,345 | 9,196 |
| Profit for the financial period attributable to : Owners of the Bank | | 4,345 | 9,196 | 4,345 | 9,196 |
| Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen) | B3 | 4.35 | 8.44 | 4.35 | 8.44 |
| Basic earnings per share for profit from discontinued operation attributable to ordinary equity holders (sen) | B3 | - | 0.76 | - | 0.76 |
| Basic earnings per share for profit attributable to ordinary equity holders (sen) | B3 | 4.35 | 9.20 | 4.35 | 9.20 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | The Bank | | | |
|---|--------------------------|-----------------|---------------------------|-----------------|
| | 1st quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/total comprehensive income for the financial period | 4,345 | 9,196 | 4,345 | 9,196 |
| Total comprehensive income for the financial period arises from: | | | | |
| Continuing operations | 4,345 | 8,438 | 4,345 | 8,438 |
| Discontinued operation | - | 758 | - | 758 |
| | 4,345 | 9,196 | 4,345 | 9,196 |

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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| 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 | Share-based payment reserve RM'000 | Regulatory reserve ** RM'000 | Retained profits RM'000 | |
| 31 March 2020 | | | | | | | |
| At 1 Jan 2020 | 100,000 | 10 | (5,991) | 4,303 | 116 | 550,932 | 649,370 |
| Net profit/total comprehensive income for the financial period | - | - | - | - | - | 4,394 | 4,394 |
| Share-based payment expense | - | - | - | 1,206 | - | - | 1,206 |
| Shares released under Equity Ownership Plan | - | - | - | (3,169) | - | - | (3,169) |
| Transfer from regulatory reserve | - | - | - | - | (116) | 116 | - |
| Interim dividend paid in respect of the financial year ended 31 December 2019 | - | - | - | - | - | (68,000) | (68,000) |
| At 31 March 2020 | 100,000 | 10 | (5,991) | 2,340 | - | 487,442 | 583,801 |

** The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.

| 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 | Share-based payment reserve RM'000 | Regulatory reserve RM'000 | Retained profits RM'000 | |
| 31 March 2019 | | | | | | | |
| At 1 January 2019 | 100,000 | 10 | (5,718) | 5,101 | - | 515,939 | 615,332 |
| Net profit/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 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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | ← 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 profits RM'000 | |
| The Bank | | | | | | | | | |
| 31 March 2020 | | | | | | | | | |
| At 1 January 2020 | 100,000 | 10 | - | 4,303 | (6,331) | - | 116 | 540,358 | 638,456 |
| Net profit/total comprehensive income for the financial period | - | - | - | - | - | - | - | 4,345 | 4,345 |
| Share-based payment expense | - | - | - | 1,206 | - | - | - | - | 1,206 |
| Shares released under Equity Ownership Plan | - | - | - | (3,169) | - | - | - | - | (3,169) |
| Transfer from regulatory reserve | - | - | - | - | - | - | (116) | 116 | - |
| Interim dividend paid in respect of the financial year ended 31 December 2019 | - | - | - | - | - | - | - | (68,000) | (68,000) |
| At 31 March 2020 | 100,000 | 10 | - | 2,340 | (6,331) | - | - | 476,819 | 572,838 |

** *The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.*

| | ← 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 profits RM'000 | |
| The Bank | | | | | | | | | |
| 31 March 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 | - | - | - | - | - | - | - | 9,196 | 9,196 |
| Share-based payment expense | - | - | - | 1,428 | - | - | - | - | 1,428 |
| Share 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 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 2019.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

| | The Group | | The Bank | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2020 RM'000 | 31 March 2019 RM'000 | 31 March 2020 RM'000 | 31 March 2019 RM'000 |
| Operating activities | | | | |
| Profit before taxation from : | | | | |
| Continuing operations | 6,621 | 11,965 | 6,570 | 12,037 |
| Discontinued operation | - | 1,881 | - | 1,249 |
| Profit before taxation including discontinued operation | 6,621 | 13,846 | 6,570 | 13,286 |
| Adjustments for non-operating and non-cash items | 4,758 | 7,801 | 4,811 | 7,718 |
| Cash flow from operating profit before changes in operating assets and liabilities | 11,379 | 21,647 | 11,381 | 21,004 |
| Net changes in operating assets | (24,918) | (292,384) | (24,916) | (291,551) |
| Net changes in operating liabilities | (26,927) | 275,201 | (26,937) | 275,553 |
| Cash (used in)/generated from operating activities | (40,466) | 4,464 | (40,472) | 5,006 |
| Taxation (paid)/refunded | (6,705) | 13,684 | (6,704) | 13,909 |
| Net cash (used in)/generated from operating activities | (47,171) | 18,148 | (47,176) | 18,915 |
| Net cash generated from investing activities | 3,558 | 598 | 3,557 | (150) |
| Net cash used in financing activities | (71,959) | (15,990) | (71,959) | (15,990) |
| | (68,401) | (15,392) | (68,402) | (16,140) |
| Net (decrease)/increase in cash and cash equivalents during the financial period | (115,572) | 2,756 | (115,578) | 2,775 |
| Cash and cash equivalents at beginning of the financial period | 623,004 | 862,704 | 622,041 | 861,735 |
| Cash and cash equivalents at end of the financial period | 507,432 | 865,460 | 506,463 | 864,510 |
| Cash and cash equivalents comprise the following: | | | | |
| Cash and short term funds | 507,432 | 892,209 | 506,463 | 891,259 |
| Adjustment for monies held in trust: | | | | |
| Remisiers' balances | - | (26,749) | - | (26,749) |
| Cash and cash equivalents at end of the financial period | 507,432 | 865,460 | 506,463 | 864,510 |

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 2019.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2020 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive 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 2019. 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 2019.

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 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 9, MFRS 139 and MFRS 7 “Interest Rate Benchmark Reform”
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”

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 68 sen per ordinary share, amounting to RM68,000,000 in respect of the financial year ended 31 December 2019, which was approved by the Board of Directors on 29 January 2020, was paid on 17 March 2020.

No dividend has been proposed during the financial period ended 31 March 2020.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. Significant events during the financial period

There was no significant events that had occurred during the current reporting period.

A5. Financial investments at fair value through profit or loss

| | The Group and the Bank | |
|--|-------------------------------------|--|
| | 31 March 2020 RM'000 | 31 December 2019 RM'000 |
| <u>At fair value</u> | | |
| Unquoted securities : | | |
| <i>In Malaysia</i> | | |
| Bonds | 317 | 573 |
| Total financial investments at fair value through profit or loss | 317 | 573 |

A6. Equity instruments at fair value through other comprehensive income

| | The Group | | The Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | 31 March 2020 RM'000 | 31 December 2019 RM'000 | 31 March 2020 RM'000 | 31 December 2019 RM'000 |
| <u>At fair value</u> | | | | |
| Unquoted securities : | | | | |
| <i>Outside Malaysia</i> | | | | |
| Shares | 844 | 844 | - | - |
| Total equity instruments at fair value through other comprehensive income | 844 | 844 | - | - |

PART A - EXPLANATORY NOTES (CONTINUED)

| | The Group | | The Bank | |
|--|------------------|--------------------|-----------------|--------------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A7. Other assets | | | | |
| Other debtors, net of expected credit losses, deposits and prepayments | 41,914 | 38,118 | 41,101 | 37,306 |
| | 41,914 | 38,118 | 41,101 | 37,306 |

| | The Group and the Bank | |
|---------------------------------------|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| A8. Deposits from customers | | |
| <u>(i) By type of deposits</u> | | |
| Short term money market deposits | - | 10,020 |
| <u>(ii) By type of customers</u> | | |
| Local government and statutory bodies | - | 10,020 |
| | - | 10,020 |

| | The Group and the Bank | |
|--|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| A9. Deposits and placements of banks and other financial institutions | | |
| Licensed banks | 720 | 683 |
| Other financial institutions | 95,234 | 90,385 |
| | 95,954 | 91,068 |

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

| | | |
|-----------------------|---------------|--------|
| Due within six months | 95,954 | 91,068 |
|-----------------------|---------------|--------|

| | The Group | | The Bank | |
|-------------------------------|------------------|--------------------|-----------------|--------------------|
| | 31 March | 31 December | 31 March | 31 December |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A10. Other liabilities | | | | |
| Accruals | 70,731 | 85,641 | 70,716 | 85,641 |
| Others | 11,243 | 5,059 | 11,242 | 5,052 |
| | 81,974 | 90,700 | 81,958 | 90,693 |

PART A - EXPLANATORY NOTES (CONTINUED)

| | 1st quarter ended | | Three months ended | |
|--|--------------------------|-----------------|---------------------------|-----------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| A11. Interest income | | | | |
| <u>The Group</u> | | | | |
| Money at call and deposits placements with banks and other financial institutions | 3,576 | 3,857 | 3,576 | 3,857 |
| Reverse repurchase agreements | 388 | 243 | 388 | 243 |
| Others | - | 29 | - | 29 |
| | 3,964 | 4,129 | 3,964 | 4,129 |
| <u>The Bank</u> | | | | |
| Money at call and deposits placements with banks and other financial institutions | 3,569 | 3,850 | 3,569 | 3,850 |
| Reverse repurchase agreements | 388 | 243 | 388 | 243 |
| Others | - | 29 | - | 29 |
| | 3,957 | 4,122 | 3,957 | 4,122 |
| A12. Interest income for financial assets at fair value through profit and loss | | | | |
| <u>The Group and The Bank</u> | | | | |
| Financial investments at fair value through profit or loss | 4 | 52 | 4 | 52 |
| Net accretion of discounts less amortisation of premium | - | 4 | - | 4 |
| | 4 | 56 | 4 | 56 |
| A13. Interest expense | | | | |
| <u>The Group and The Bank</u> | | | | |
| Deposits and placements of banks and other financial institutions | 780 | 1,408 | 780 | 1,408 |
| Deposits from customers | 258 | 2,454 | 258 | 2,454 |
| Lease liabilities | 131 | 159 | 131 | 159 |
| | 1,169 | 4,021 | 1,169 | 4,021 |

PART A - EXPLANATORY NOTES (CONTINUED)

| | 1st quarter ended | | Three months ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2020 RM'000 | 31 March 2019 RM'000 | 31 March 2020 RM'000 | 31 March 2019 RM'000 |
| A14. Non interest income | | | | |
| <u>The Group and The Bank</u> | | | | |
| a) Net fee income and commission income: | | | | |
| Commissions | 8,226 | 5,556 | 8,226 | 5,556 |
| Service charges and fees | 24,805 | 20,952 | 24,805 | 20,952 |
| Advisory and arrangement fees | 4,055 | 7,042 | 4,055 | 7,042 |
| Underwriting fees | 435 | 4,800 | 435 | 4,800 |
| Placement, book running and related fees | 2,919 | 3,096 | 2,919 | 3,096 |
| Other fee income | 1,081 | 794 | 1,081 | 794 |
| | 41,521 | 42,240 | 41,521 | 42,240 |
| b) Net gain/(loss) arising from financial investments at fair value through profit or loss : | | | | |
| - realised gain/(loss) | 71 | (3,504) | 71 | (3,504) |
| - unrealised (loss)/gain | (7) | 23 | (7) | 23 |
| | 64 | (3,481) | 64 | (3,481) |
| c) Net loss arising from derivative financial instrument : | | | | |
| - realised loss | (21) | (1) | (21) | (1) |
| d) Dividend income from: | | | | |
| Financial investments at fair value through profit or loss | - | 16 | - | 16 |
| e) Other income: | | | | |
| Foreign exchange gain | 1,762 | 1,217 | 1,762 | 1,217 |
| Gain on disposal of property, plant and equipment | 54 | 430 | 54 | 430 |
| Other non-operating income | 1,242 | 986 | 1,242 | 986 |
| | 3,058 | 2,633 | 3,058 | 2,633 |
| f) Income from asset management and securities services | 1,230 | 1,825 | 1,230 | 1,825 |
| Total non interest income | 45,852 | 43,232 | 45,852 | 43,232 |

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

| | 1st quarter ended | | Three months ended | |
|---|--------------------------|-----------------|---------------------------|-----------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| <u>The Group</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 26,009 | 32,658 | 26,009 | 32,658 |
| - Pension cost (defined contribution plan) | 2,896 | 3,050 | 2,896 | 3,050 |
| - Others | 1,120 | 295 | 1,120 | 295 |
| | 30,025 | 36,003 | 30,025 | 36,003 |
| Establishment costs | | | | |
| - Depreciation of property, plant and equipment | 1,138 | 1,978 | 1,138 | 1,978 |
| - Depreciation of investment property | 129 | 129 | 129 | 129 |
| - Depreciation of right-of-use assets | 735 | 765 | 735 | 765 |
| - Equipment and other rental | 1,194 | 952 | 1,194 | 952 |
| - Others | 1,280 | 893 | 1,280 | 893 |
| | 4,476 | 4,717 | 4,476 | 4,717 |
| Marketing expenses | | | | |
| - Advertisement and entertainment expenses | 930 | 647 | 930 | 647 |
| - Others | 204 | 222 | 204 | 222 |
| | 1,134 | 869 | 1,134 | 869 |
| Administration and general expenses | | | | |
| - Legal and professional fees | 529 | 837 | 529 | 837 |
| - Communication | 95 | 90 | 95 | 90 |
| - Printing and stationery | 80 | 64 | 80 | 64 |
| - Administrative vehicle, travelling and insurance expenses | 223 | 240 | 223 | 240 |
| - Service expenses | 7,494 | - | 7,494 | - |
| - Others | 990 | 850 | 990 | 850 |
| | 9,411 | 2,081 | 9,411 | 2,081 |
| Total overhead expenses | 45,046 | 43,670 | 45,046 | 43,670 |

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads (Continued)

| | 1st quarter ended | | Three months ended | |
|---|--------------------------|-----------------|---------------------------|-----------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>The Bank</u> | | | | |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 26,009 | 32,657 | 26,009 | 32,658 |
| - Pension cost (defined contribution plan) | 2,896 | 3,050 | 2,896 | 3,050 |
| - Others | 1,120 | 296 | 1,120 | 295 |
| | 30,025 | 36,003 | 30,025 | 36,003 |
| Establishment costs | | | | |
| - Depreciation of property, plant and equipment | 1,138 | 1,978 | 1,138 | 1,978 |
| - Depreciation of investment property | 129 | 129 | 129 | 129 |
| - Depreciation of right-of-use assets | 735 | 765 | 735 | 765 |
| - Equipment and other rental | 1,194 | 952 | 1,194 | 952 |
| - Others | 1,280 | 893 | 1,280 | 893 |
| | 4,476 | 4,717 | 4,476 | 4,717 |
| Marketing expenses | | | | |
| - Advertisement and entertainment expenses | 930 | 647 | 930 | 647 |
| - Others | 204 | 222 | 204 | 222 |
| | 1,134 | 869 | 1,134 | 869 |
| Administration and general expenses | | | | |
| - Legal and professional fees | 528 | 836 | 528 | 836 |
| - Communication | 95 | 90 | 95 | 90 |
| - Printing and stationery | 80 | 64 | 80 | 64 |
| - Administrative vehicle, travelling and insurance expenses | 223 | 240 | 223 | 240 |
| - Service expenses | 7,487 | - | 7,487 | - |
| - Others | 989 | 838 | 989 | 838 |
| | 9,402 | 2,068 | 9,402 | 2,068 |
| Total overhead expenses | 45,037 | 43,657 | 45,037 | 43,657 |

A16. Expected credit losses made on trade receivables

The Group and The Bank

Expected credit losses made on:

| | | | | |
|---------------------|--------------|-----|--------------|-----|
| - Trade receivables | 1,982 | 187 | 1,982 | 187 |
| | 1,982 | 187 | 1,982 | 187 |

PART A - EXPLANATORY NOTES (CONTINUED)

A17. 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 revision was issued on 5 February 2020. 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 revision was issued on 3 May 2019.

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 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Before deducting proposed dividend | | | | |
| Common Equity Tier 1 ratio | 61.614% | 69.095% | 62.592% | 70.335% |
| Tier 1 ratio | 61.614% | 69.095% | 62.592% | 70.335% |
| Total capital ratio | 61.614% | 69.095% | 62.592% | 70.335% |
| After deducting proposed dividend | | | | |
| Common Equity Tier 1 ratio | 61.614% | 61.549% | 62.592% | 62.633% |
| Tier 1 ratio | 61.614% | 61.549% | 62.592% | 62.633% |
| Total capital ratio | 61.614% | 61.549% | 62.592% | 62.633% |

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

| | The Group | | The Bank | |
|----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Credit risk | 328,551 | 341,536 | 328,687 | 341,675 |
| Market risk | 15,487 | 4,925 | 15,487 | 4,925 |
| Operational risk | 549,865 | 554,745 | 533,122 | 536,302 |
| Total risk-weighted assets | 893,903 | 901,206 | 877,296 | 882,902 |

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

| | The Group | | The Bank | |
|---|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| | 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 | 479,281 | 549,360 | 468,366 | 538,446 |
| Less : Proposed dividends | - | (68,000) | - | (68,000) |
| Common Equity Tier I capital before regulatory adjustments | 579,281 | 581,360 | 568,366 | 570,446 |
| <u>Less: Regulatory adjustments</u> | | | | |
| Deferred tax assets | (18,933) | (16,895) | (18,933) | (16,895) |
| Deduction in excess of Tier II Capital | (313) | (450) | (313) | (450) N1 |
| Investments in capital instruments of unconsolidated financial and insurance/takaful entities | (9,266) | (9,212) | - | - |
| Regulatory reserve | - | (116) | - | (116) |
| Common equity tier I capital after regulatory adjustments / Total Tier I Capital | 550,769 | 554,687 | 549,120 | 552,985 |
| Tier II capital | | | | |
| Redeemable Preference Shares | 2 | 3 | 2 | 3 |
| General provisions | - | 116 | - | 116 |
| Tier II capital before regulatory adjustments | 2 | 119 | 2 | 119 |
| <u>Less: Regulatory adjustments</u> | | | | |
| Investments in capital instruments of unconsolidated financial and insurance/takaful entities | (315) | (569) | (315) | (569) |
| Total Tier II capital | - | - | - | - N1 |
| Total capital | 550,769 | 554,687 | 549,120 | 552,985 |

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

PART A - EXPLANATORY NOTES (CONTINUED)

A18. 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. In 2019, the Bank has completed the sale of cash equities business.

v. Support & Others

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

PART A - EXPLANATORY NOTES (CONTINUED)

A18. 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 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 2020 | | | | | | | |
| Net interest income | - | 2,799 | - | - | 2,799 | - | 2,799 |
| Non interest income | 15,976 | 980 | 27,633 | 1,263 | 45,852 | - | 45,852 |
| Income from Islamic Banking operations | - | 3,664 | 1,086 | 195 | 4,945 | - | 4,945 |
| | 15,976 | 7,443 | 28,719 | 1,458 | 53,596 | - | 53,596 |
| Overheads | (14,550) | (7,376) | (22,722) | (398) | (45,046) | - | (45,046) |
| <i>of which :</i> | | | | | | | |
| <i>Depreciation of property, plant and equipment</i> | (433) | - | (669) | (36) | (1,138) | - | (1,138) |
| <i>Depreciation of Investment Property</i> | - | - | (129) | - | (129) | - | (129) |
| Profit before expected credit losses | 1,426 | 67 | 5,997 | 1,060 | 8,550 | - | 8,550 |
| Expected credit losses made on trade receivables | (415) | (1,558) | (4) | (5) | (1,982) | - | (1,982) |
| Segment results | 1,011 | (1,491) | 5,993 | 1,055 | 6,568 | - | 6,568 |
| Share of results of associates | | | | | 53 | - | 53 |
| Profit before taxation | | | | | 6,621 | - | 6,621 |
| Taxation | | | | | (2,227) | - | (2,227) |
| Net profit for the financial period | | | | | 4,394 | - | 4,394 |
| 31 March 2020 | | | | | | | |
| Segment assets | 15,817 | 571,946 | 51,644 | 34,624 | 674,031 | - | 674,031 |
| Unallocated assets | | | | | | | 107,233 |
| Total assets | | | | | | | 781,264 |
| Segment liabilities | 16,224 | 105,231 | 24,069 | 45,441 | 190,965 | - | 190,965 |
| Unallocated liabilities | | | | | | | 6,498 |
| Total liabilities | | | | | | | 197,463 |
| Other segment items | | | | | | | |
| Capital expenditure: | 56 | - | 367 | 26 | 449 | - | 449 |

PART A - EXPLANATORY NOTES (CONTINUED)

A18. 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 | | | | | | | |
| 31 March 2019 | | | | | | | |
| External 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 |
| | 22,523 | 9,742 | 22,225 | 1,398 | 55,888 | 30,798 | 86,686 |
| 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) |
| Profit before expected credit losses | 2,267 | 7,059 | 1,616 | 1,276 | 12,218 | 2,025 | 14,243 |
| Expected credit losses written back/(made) on trade receivables | 16 | (22) | (181) | - | (187) | (143) | (330) |
| Segment results | 2,283 | 7,037 | 1,435 | 1,276 | 12,031 | 1,882 | 13,913 |
| Share of results of associates | | | | | (66) | - | (66) |
| Profit before taxation | | | | | 11,965 | 1,882 | 13,847 |
| Taxation | | | | | (3,695) | (641) | (4,336) |
| Net profit for the financial period | | | | | 8,270 | 1,241 | 9,511 |
| | | | | | | | |
| 31 December 2019 | | | | | | | |
| Segment assets | 16,528 | 688,286 | 47,240 | 38,699 | 790,753 | - | 790,753 |
| Unallocated assets | | | | | | | 86,835 |
| Total assets | | | | | | | <u>877,588</u> |
| Segment liabilities | 22,801 | 110,542 | 58,143 | 14,271 | 205,757 | - | 205,757 |
| Unallocated liabilities | | | | | | | 22,461 |
| Total liabilities | | | | | | | <u>228,218</u> |
| | | | | | | | |
| Other segment items | | | | | | | |
| Capital expenditure: | - | - | 41 | - | 41 | 555 | 596 |

PART A - EXPLANATORY NOTES (CONTINUED)

A19. 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)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 31 March 2020 and 31 December 2019.

| | 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 2020 | | | | | |
| <i>Recurring fair value measurement</i> | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| - Unquoted securities | 317 | - | 317 | - | 317 |
| Equity instruments at fair value through other comprehensive income | | | | | |
| - Unquoted securities | 844 | - | - | 844 | 844 |
| Total | 1,161 | - | 317 | 844 | 1,161 |

| | 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 2020 | | | | | |
| <i>Recurring fair value measurement</i> | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| - Unquoted securities | 317 | - | 317 | - | 317 |
| Total | 317 | - | 317 | - | 317 |

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 31 March 2020 and 31 December 2019. (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 2019 | | | | | |
| <i>Recurring fair value measurement</i> | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial investments at fair value through profit or loss | | | | | |
| - Unquoted securities | 573 | - | 573 | - | 573 |
| Equity instruments at fair value through other comprehensive income | | | | | |
| - Unquoted securities | 844 | - | - | 844 | 844 |
| Total | 1,417 | - | 573 | 844 | 1,417 |

| | 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 2019 | | | | | |
| <i>Recurring fair value measurement</i> | | | | | |
| <u>Financial assets</u> | | | | | |
| Financial investments at fair value through profit or loss | | | | | |
| - Unquoted securities | 573 | - | 573 | - | 573 |
| Total | 573 | - | 573 | - | 573 |

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 31 March 2020 and 31 December 2019 for The Group and The Bank.

| | Financial Investments - | |
|---|--|---------------|
| | Equity instruments at fair value through other comprehensive income | Total |
| | RM'000 | RM'000 |
| The Group | | |
| <u>31 March 2020</u> | | |
| At 1 January 2020/ 31 March 2020 | 844 | 844 |
| | | |
| | Financial Investments - | |
| | Equity instruments at fair value through other comprehensive income | Total |
| | RM'000 | RM'000 |
| The Group | | |
| <u>31 December 2019</u> | | |
| At 1 January 2019 | 1,117 | 1,117 |
| Total loss recognised in other comprehensive income | (273) | (273) |
| At 31 December 2019 | 844 | 844 |

PART A - EXPLANATORY NOTES (CONTINUED)

A20. The operations of Islamic Banking

A20a. Unaudited Statements of Financial Position as at 31 March 2020

| | The Group and The Bank | |
|--|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Assets | | |
| Cash and short-term funds | 64,908 | 117,060 |
| Other assets | 280 | 2,065 |
| Tax recoverable | 23,503 | 8,547 |
| Deferred taxation | 128 | 185 |
| Property, plant and equipment | 3 | 3 |
| Amount due from related companies | 282 | 255 |
| Total assets | 89,104 | 128,115 |
| Liabilities and Islamic Banking capital funds | | |
| Other liabilities | 23,919 | 3,966 |
| Total liabilities | 23,919 | 3,966 |
| Islamic Banking capital funds | 55,696 | 55,696 |
| Reserves | 9,489 | 68,453 |
| Total Islamic Banking capital funds | 65,185 | 124,149 |
| Total liabilities and Islamic Banking capital funds | 89,104 | 128,115 |

PART A - EXPLANATORY NOTES (CONTINUED)

A20. The operations of Islamic Banking (Continued)

A20b. Unaudited Statements of Income for the financial period ended 31 March 2020

| | The Group and The Bank | | | |
|--|-------------------------------|----------|---------------------------|----------|
| | 1st quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of shareholders' funds | 4,945 | 12,491 | 4,945 | 12,491 |
| Expected credit losses made on trade receivables | (1,460) | (112) | (1,460) | (112) |
| Total attributable income | 3,485 | 12,379 | 3,485 | 12,379 |
| Income attributable to the depositors and others | - | 1 | - | 1 |
| Total net income | 3,485 | 12,380 | 3,485 | 12,380 |
| Personnel expenses | (168) | (173) | (168) | (173) |
| Other overheads and expenditures | (1,924) | (1,822) | (1,924) | (1,822) |
| Profit before taxation from continuing operation | 1,393 | 10,385 | 1,393 | 10,385 |
| Taxation | (356) | (2,499) | (356) | (2,499) |
| Profit from continuing operations | 1,037 | 7,886 | 1,037 | 7,886 |
| Loss from discontinued operation | - | (77) | - | (77) |
| Profit after taxation/total comprehensive income for the period | 1,037 | 7,809 | 1,037 | 7,809 |
| | | | | |
| <u>Income from Islamic operations (per page 3)</u> | | | | |
| Total net income | 3,485 | 12,380 | 3,485 | 12,380 |
| | | | | |
| Less : Expected credit losses made on trade receivables | 1,460 | 112 | 1,460 | 112 |
| | 4,945 | 12,492 | 4,945 | 12,492 |

PART A - EXPLANATORY NOTES (CONTINUED)

A20c. Capital Adequacy

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

| | The Group and The Bank | |
|---|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| Before deducting proposed dividend | | |
| Common Equity Tier 1 Ratio | 79.968% | 150.216% |
| Tier 1 ratio | 79.968% | 150.216% |
| Total capital ratio | 79.968% | 150.216% |
| After deducting proposed dividend | | |
| Common Equity Tier 1 Ratio | 79.968% | 77.510% |
| Tier 1 ratio | 79.968% | 77.510% |
| Total capital ratio | 79.968% | 77.510% |

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

| | The Group and The Bank | |
|----------------------------|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Credit risk | 360 | 2,521 |
| Operational risk | 79,698 | 80,003 |
| Total risk-weighted assets | 80,058 | 82,524 |

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

| | The Group and The Bank | |
|--|-------------------------------|--------------------|
| | 31 March | 31 December |
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Common Equity Tier I capital | | |
| Islamic Banking capital funds | 55,696 | 55,696 |
| Other reserves | 8,453 | 68,453 |
| Less : Proposed dividends | - | (60,000) |
| Common Equity Tier I capital / Total Tier I Capital | 64,149 | 64,149 |
| <u>Less: Regulatory adjustments</u> | | |
| Deferred Tax Assets | (128) | (185) |
| Common equity tier I capital after regulatory adjustments / total Tier I capital | 64,021 | 63,964 |
| Total capital base | 64,021 | 63,964 |

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group reported a profit after taxation of RM4.4 million for the financial period ended 31 March 2020 compared to RM9.5million for the same period in the preceding year. The lower current year profit was due to lower Income from Islamic Banking Operations by RM7.5 million and higher expected credit loss by RM1.9million.

B2. Prospects for the Current Financial Year

Growth prospects for 2020 will be adversely impacted by the global Novel Coronavirus ('Covid-19') pandemic as well as the significant economic disruption brought about by the lockdowns and movement restrictions, which will negatively impact businesses and capital market activity. For the Investment Banking business, the Debt Capital Markets (DCM) business is expected to reopen gradually particularly for high quality issuances. M&A activity will likely remain selective and opportunistic in 2020, while Equity Capital Market (ECM) activity is expected to remain subdued. The outlook will depend on the extend of the Covid-19 effects on economic activity.

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 | | | |
|--|--|--------------------------|---|--------------------------|
| | 1st quarter ended 31 March 2020 | 31 March 2019 | Three months ended 31 March 2020 | 31 March 2019 |
| Net profit from continuing operations (RM '000) | 4,394 | 8,270 | 4,394 | 8,270 |
| Net profit from discontinued operation (RM '000) | - | 1,241 | - | 1,241 |
| | 4,394 | 9,511 | 4,394 | 9,511 |
| 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) | 4.39 | 8.27 | 4.39 | 8.27 |
| Basic earnings per share for profit from discontinued operation (expressed in sen per share) | - | 1.24 | - | 1.24 |
| Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share) | 4.39 | 9.51 | 4.39 | 9.51 |

PART B - EXPLANATORY NOTES (CONTINUED)

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

a) Basic EPS (Continued)

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. (Continued)

| | The Bank | | | |
|--|--|--------------------------|---|--------------------------|
| | 1st quarter ended 31 March 2020 | 31 March 2019 | Three months ended 31 March 2020 | 31 March 2019 |
| Net profit from continuing operations (RM '000) | 4,345 | 8,438 | 4,345 | 8,438 |
| Net profit from discontinued operation (RM '000) | - | 758 | - | 758 |
| | <u>4,345</u> | <u>9,196</u> | <u>4,345</u> | <u>9,196</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) | 4.35 | 8.44 | 4.35 | 8.44 |
| Basic earnings per share for profit from discontinued operation (expressed in sen per share) | - | 0.76 | - | 0.76 |
| Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share) | <u>4.35</u> | <u>9.20</u> | <u>4.35</u> | <u>9.20</u> |

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2020 and 31 March 2019 respectively.