

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Notes	The Group		The Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short term funds		1,044,400	1,419,038	995,702	1,374,452
Deposits and placements with banks and other financial institutions		2,033	2,033	2,004	2,004
Financial assets held for trading	A5	2,067	267	2,067	267
Derivative financial instruments	A17(i)	7,333	12,919	7,333	12,919
Financial investments available-for-sale	A6	1,433	1,303	611	611
Loans, advances and financing	A7	174,925	183,466	174,925	183,466
Other assets	A8	1,467,982	992,038	1,465,593	989,408
Tax recoverable		2,026	5,895	2,026	5,895
Deferred tax assets		17,695	15,891	17,569	15,771
Amounts due from subsidiaries		-	-	241	46
Amounts due from related companies		16,881	17,834	16,850	17,831
Amounts due from immediate holding company		2	-	2	-
Amounts due from ultimate holding company		219	241	219	241
Statutory deposits with Bank Negara Malaysia		91	146	91	146
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		7,464	7,202	-	-
Property, plant and equipment		49,444	65,093	50,481	66,027
Investment property		17,978	18,364	17,978	18,364
Goodwill		964	964	-	-
Total assets		2,812,937	2,742,694	2,762,742	2,696,498
Liabilities					
Deposits from customers	A9	3,895	76,073	3,895	76,073
Deposits and placements of banks and other financial institutions	A10	656,020	980,157	656,020	980,157
Derivative financial instruments	A17(i)	3,776	6,884	3,776	6,884
Other liabilities	A11	1,511,904	1,023,449	1,509,078	1,021,138
Provision for taxation		261	100	-	-
Amounts due to related companies		957	3,530	957	3,530
Subordinated loan		10,374	10,000	-	-
Total liabilities		2,187,187	2,100,193	2,173,726	2,087,782
Capital and reserves attributable to equity holders of the Bank					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		525,740	542,491	489,006	508,706
Total equity		625,750	642,501	589,016	608,716
Total equity and liabilities		2,812,937	2,742,694	2,762,742	2,696,498
Commitments and contingencies	A17(ii)	1,451,408	778,485	1,451,408	778,485
Net assets per share (RM)		6.26	6.43	5.89	6.09

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 2016.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Notes	The Group				The Bank			
		3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Interest income	A12	8,569	12,740	29,780	31,939	7,089	11,163	25,218	27,191
Interest expense	A13	(6,788)	(12,027)	(24,691)	(30,111)	(6,660)	(11,923)	(24,303)	(29,872)
Net interest income / (expense)		1,781	713	5,089	1,828	429	(760)	915	(2,681)
Income derived from investment of shareholders' funds		14,380	20,954	28,812	51,966	14,380	20,954	28,812	51,966
Income attributable to the depositors		(1)	(5)	(3)	(6)	(1)	(5)	(3)	(6)
Income from Islamic Banking operations	A21b	14,379	20,949	28,809	51,960	14,379	20,949	28,809	51,960
Fee and commission income	A14	19,600	11,021	51,335	51,689	19,600	11,021	51,335	51,689
Dividend income	A14	-	-	2	-	-	-	2	-
Net trading income/(loss)	A14	2,224	1,206	(6,869)	1,947	2,224	1,206	(6,869)	1,947
Income from asset management and securities services	A14	6,389	4,120	15,278	10,587	6,389	4,120	15,278	10,587
Brokerage income	A14	39,367	27,888	105,047	86,136	38,098	26,855	101,661	82,344
Other non-interest income	A14	2,171	8,662	24,958	11,583	2,130	8,677	24,933	11,602
Non-interest income		69,751	52,897	189,751	161,942	68,441	51,879	186,340	158,169
Total income		85,911	74,559	223,649	215,730	83,249	72,068	216,064	207,448
Overheads	A15	(52,488)	(42,268)	(162,330)	(162,391)	(51,044)	(40,966)	(158,293)	(158,435)
Profit before allowances		33,423	32,291	61,319	53,339	32,205	31,102	57,771	49,013
Allowance for impairment losses on loans, advances and financing	A16	(382)	(1,495)	(1,651)	(784)	(382)	(1,495)	(1,651)	(784)
Writeback of/(allowance for) impairment losses on other receivables (net)		8	(696)	196	(1,038)	8	(696)	196	(1,023)
		33,049	30,100	59,864	51,517	31,831	28,911	56,316	47,206
Share of profit of associates		16	115	262	416	-	-	-	-
Profit before taxation		33,065	30,215	60,126	51,933	31,831	28,911	56,316	47,206
Taxation		(9,804)	(8,374)	(20,443)	(15,814)	(9,511)	(8,089)	(19,452)	(14,764)
Profit after taxation		23,261	21,841	39,683	36,119	22,320	20,822	36,864	32,442
Profit for the financial period attributable to :									
Owners of the Group/Bank		23,261	21,841	39,683	36,119	22,320	20,822	36,864	32,442
Earnings per share attributable to ordinary equity holders (sen)									
-Basic	B3	23.3	21.8	39.7	36.1	22.3	20.8	36.9	32.4

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 2016.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	The Group				The Bank			
	3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period	23,261	21,841	39,683	36,119	22,320	20,822	36,864	32,442
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Revaluation reserve - financial investments available-for-sale	-	-	130	-	-	-	-	-
- Gain from change in fair value	-	-	130	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	23,261	21,841	39,813	36,119	22,320	20,822	36,864	32,442
Total comprehensive income attributable to:								
Owners of the Group/Bank	23,261	21,841	39,813	36,119	22,320	20,822	36,864	32,442

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 2016.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Group	← Attributable to owners of Parent →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2017								
At 1 January 2017	100,000	10	155,805	188	3,188	2,104	381,206	642,501
Net profit for the financial period	-	-	-	-	-	-	39,683	39,683
Other comprehensive expense (net of tax)	-	-	-	130	-	-	-	130
- financial investments available-for-sales	-	-	-	130	-	-	-	130
Total comprehensive income for the financial period	-	-	-	130	-	-	39,683	39,813
Share-based payment expense	-	-	-	-	2,418	-	-	2,418
Shares released under Equity Ownership Plan	-	-	-	-	(1,982)	-	-	(1,982)
Transfer from statutory reserve	-	-	(155,805)	-	-	-	155,805	-
Transfer to/(from) regulatory reserve	-	-	-	-	-	(89)	89	-
Interim dividend paid in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	(57,000)	(57,000)
At 30 September 2017	100,000	10	-	318	3,624	2,015	519,783	625,750

The Group	← Attributable to owners of the Parent →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2016								
At 1 January 2016	100,000	10	155,805	188	12,146	2,181	384,438	654,768
Net profit for the financial period	-	-	-	-	-	-	36,119	36,119
Total comprehensive income for the financial period	-	-	-	-	-	-	36,119	36,119
Share-based payment expense	-	-	-	-	5,364	-	-	5,364
Share released under Equity Ownership Plan	-	-	-	-	(9,484)	-	-	(9,484)
Transfer to/(from) regulatory reserve	-	-	-	-	-	(62)	62	-
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(66,000)	(66,000)
At 30 September 2016	100,000	10	155,805	188	8,026	2,119	354,619	620,767

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 2016.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Bank	← Redeemable →		← Non-distributable →				← Distributable →		Total
	Ordinary share capital RM'000	preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2017									
At 1 January 2017	100,000	10	155,805	(272,007)	3,188	271,377	2,104	348,239	608,716
Net profit for the financial period	-	-	-	-	-	-	-	36,864	36,864
Total comprehensive income for the financial period	-	-	-	-	-	-	-	36,864	36,864
Share-based payment expense	-	-	-	-	2,418	-	-	-	2,418
Shares released under Equity Ownership Plan	-	-	-	-	(1,982)	-	-	-	(1,982)
Transfer from statutory reserve	-	-	(155,805)	-	-	-	-	155,805	-
Transfer to/(from) regulatory reserve	-	-	-	-	-	-	(89)	89	-
Interim dividend paid in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	-	(57,000)	(57,000)
At 30 September 2017	100,000	10	-	(272,007)	3,624	271,377	2,015	483,997	589,016

The Bank	← Redeemable →		← Non-distributable →				← Distributable →		Total
	Ordinary share capital RM'000	preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2016									
At 1 January 2016	100,000	10	155,805	(272,007)	12,146	271,377	2,181	356,225	625,737
Net profit for the financial period	-	-	-	-	-	-	-	32,442	32,442
Total comprehensive income for the financial period	-	-	-	-	-	-	-	32,442	32,442
Share-based payment expense	-	-	-	-	5,364	-	-	-	5,364
Share released under Equity Ownership Plan	-	-	-	-	(9,484)	-	-	-	(9,484)
Transfer to/(from) regulatory reserve	-	-	-	-	-	-	(62)	62	-
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	-	(66,000)	(66,000)
At 30 September 2016	100,000	10	155,805	(272,007)	8,026	271,377	2,119	322,729	588,059

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 2016.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	The Group		The Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation	60,126	51,933	56,316	47,206
Adjustments for non-operating and non-cash items	7,257	26,391	7,399	26,634
Cash flow from operating profit before changes in operating assets and liabilities	67,383	78,324	63,715	73,840
Net changes in operating assets	(458,481)	(910,451)	(458,871)	(910,371)
Net changes in operating liabilities	89,645	994,945	89,130	995,126
Cash (used in)/generated from operating activities	(301,453)	162,818	(306,026)	158,595
Taxation paid	(17,164)	(15,692)	(16,329)	(15,083)
Net cash (used in)/generated from operating activities	(318,617)	147,126	(322,355)	143,512
Net cash generated from/(used in) investing activities	683	(3,497)	683	(3,418)
Net cash used in financing activities	(56,626)	(60,790)	(57,000)	(66,000)
	(55,943)	(64,287)	(56,317)	(69,418)
Net (decrease)/increase in cash and cash equivalents during the financial period	(374,560)	82,839	(378,672)	74,094
Cash and cash equivalents at beginning of the financial period	1,391,206	1,155,421	1,346,620	1,120,276
Cash and cash equivalents at end of the financial period	1,016,646	1,238,260	967,948	1,194,370
Cash and cash equivalents comprise the following:				
Cash and short term funds	1,044,400	1,266,501	995,702	1,222,611
Adjustment for monies held in trust:				
Remisiers' balances	(27,754)	(28,241)	(27,754)	(28,241)
Cash and cash equivalents at end of the financial period	1,016,646	1,238,260	967,948	1,194,370

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 2016.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 September 2017 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale 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.

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 2016. 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 2016.

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 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendment to MFRS 12, "Disclosure of Interests in Other Entities"

The adoption of the new standards, amendments to published standards and interpretations are not expected to have 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 57sen per ordinary share, amounting to RM57,000,000 in respect of the financial year ended 31 December 2016, which was approved by the Board of Directors on 25 January 2017, was paid on 4 April 2017.

No dividend has been proposed during the financial period ended 30 September 2017.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 30 September 2017 and the date of this announcement.

A5. Financial assets held for trading

	The Group and the Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	394	217
<i>Outside Malaysia</i>		
Shares	1,106	50
Unquoted securities :		
<i>In Malaysia</i>		
Bonds	567	-
Total financial assets held for trading	<u>2,067</u>	<u>267</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A6. Financial investments available-for-sale

	The Group		The Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	7,898	7,768	7,076	7,076
	7,898	7,768	7,076	7,076
Allowance for impairment losses :				
Unquoted shares outside Malaysia	(6,465)	(6,465)	(6,465)	(6,465)
	(6,465)	(6,465)	(6,465)	(6,465)
Total financial investments available-for-sale	1,433	1,303	611	611

A7. Loans, advances and financing

	The Group and the Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
(i) By type		
Staff loans *	175,010	183,565
Other loans	3,740	2,075
Gross loans, advances and financing	178,750	185,640
Less: allowance for impairment losses		
- Individual impairment allowance	(3,740)	(2,075)
- Portfolio impairment allowance	(85)	(99)
Total net loans, advances and financing	174,925	183,466

* There were no loans to directors included in staff loans of the Group and the Bank as at 30 September 2017. (31 December 2016: RM Nil).

(ii) By type of customers

Individuals	178,750	185,640
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(iii) By interest rate sensitivity

Fixed rate		
- Other fixed rate loan	18,027	22,009
Variable rate		
- BLR plus	160,723	163,631
	178,750	185,640

(iv) By economic purpose:

Personal use	2,207	2,250
Purchase of residential property (housing)	172,937	177,685
Purchase of transport vehicles	3,606	5,705
Gross loans, advances and financing	178,750	185,640

PART A - EXPLANATORY NOTES (CONTINUED)**A7. Loans, advances and financing (continued)**

	The Group and the Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
(v) By geographical distribution		
Malaysia	178,750	185,640
(vi) By residual contractual maturity		
Within one year	340	376
One year to less than three years	2,009	2,357
Three years to less than five years	2,566	3,561
Five years and more	173,835	179,346
	178,750	185,640
(vii) Impaired loans, advances and financing by economic purpose		
Purchase of residential property (housing)	3,304	1,741
Purchase of transport vehicles	436	334
Gross impaired loans, advances and financing	3,740	2,075
(viii) Impaired loans, advances and financing by geographical distribution		
Malaysia	3,740	2,075
(ix) Movements in the impaired loans, advances and financing are as follows:		
At 1 January	2,075	1,228
Classified as impaired during the year	1,683	1,132
Amounts written back in respect of recoveries	(18)	(285)
At 30 September 2017/ 31 December 2016	3,740	2,075
Ratio of gross impaired loans to total loans, advances and financing	2.1%	1.1%
(x) Movements in the allowance for impaired loans are as follows:		
Individual impairment allowance		
At 1 January	2,075	1,228
Allowance made during the year	1,683	1,132
Amounts written back during the year	(18)	(285)
At 30 September 2017/ 31 December 2016	3,740	2,075
Portfolio impairment allowance		
At 1 January	99	159
Net amount written back during the year	(14)	(60)
At 30 September 2017/ 31 December 2016	85	99
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.2%	1.2%

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
A8. Other assets				
Due from brokers and clients, net of allowance for impairment loss	1,290,429	785,557	1,289,022	783,772
Collateral pledged for derivative transactions	140,353	141,853	140,353	141,853
Other debtors, deposits and prepayments, net of allowance for doubtful debts	37,200	64,628	36,218	63,783
	1,467,982	992,038	1,465,593	989,408

	The Group and the Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
A9. Deposits from customers		
(i) By type of deposits		
Short term money market deposits	3,895	76,073
(ii) By type of customers		
Local government and statutory bodies	3,895	60,053
Business enterprises	-	16,020
	3,895	76,073

A10. Deposits and placements of banks and other financial institutions		
Licensed banks	300,652	648,203
Other financial institutions	355,368	331,954
	656,020	980,157

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
A11. Other liabilities				
Due to brokers and clients	1,222,754	746,011	1,222,754	746,011
Structured deposits	139,550	141,050	139,550	141,050
Others	149,600	136,388	146,774	134,077
	1,511,904	1,023,449	1,509,078	1,021,138

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
A12. Interest income				
Group				
Loans, advances and financing	1,385	1,461	4,130	4,462
Money at call and deposits placements with banks and other financial institutions	6,836	11,038	24,474	26,702
Financial assets held for trading	9	18	45	69
Others	338	220	1,127	701
	8,568	12,737	29,776	31,934
Amortisation of premium less accretion of discount	1	3	4	5
	8,569	12,740	29,780	31,939
Bank				
Loans, advances and financing	1,385	1,461	4,130	4,462
Money at call and deposits placements with banks and other financial institutions	5,356	9,461	19,912	21,954
Financial assets held for trading	9	18	45	69
Others	338	220	1,127	701
	7,088	11,160	25,214	27,186
Amortisation of premium less accretion of discount	1	3	4	5
	7,089	11,163	25,218	27,191
A13. Interest expense				
Group				
Deposits and placements of banks and other financial institutions	5,909	10,054	21,793	24,958
Deposits from customers	751	1,869	2,510	4,914
Subordinated loans	128	104	388	239
	6,788	12,027	24,691	30,111
Bank				
Deposits and placements of banks and other financial institutions	5,909	10,054	21,793	24,958
Deposits from customers	751	1,869	2,510	4,914
	6,660	11,923	24,303	29,872
A14. Non interest income				
Group				
a) Fee income and commission income:				
Commissions	1,170	373	2,571	1,117
Portfolio management fees	-	473	-	3,507
Advisory and arrangement fees	13,225	8,737	28,967	29,246
Underwriting commissions	2,444	-	4,639	593
Placement fees	51	110	8,260	8,136
Other fee income	2,710	1,328	6,898	9,090
	19,600	11,021	51,335	51,689
b) Net trading income /(loss)				
Gain arising from trading in financial assets held for trading	749	2,358	6,500	3,013
- realised gain	939	2,314	6,221	3,085
- unrealised (loss)/gain	(190)	44	279	(72)
Gain/(loss) arising from trading in derivative financial instruments	1,475	(1,152)	(13,369)	(1,066)
- realised loss	(131)	(960)	(15,162)	(904)
- unrealised gain/(loss)	1,606	(192)	1,793	(162)
	2,224	1,206	(6,869)	1,947
c) Dividend income from:				
Financial assets held for trading	-	-	2	-
d) Other income:				
Foreign exchange gain	524	5,268	20,493	3,981
Gain on disposal of property, plant and equipment	391	287	1,129	557
Other non-operating income	1,256	3,107	3,336	7,045
	2,171	8,662	24,958	11,583
e) Income from asset management and securities services	6,389	4,120	15,278	10,587
f) Brokerage Income	39,367	27,888	105,047	86,136
Total non interest income	69,751	52,897	189,751	161,942

PART A - EXPLANATORY NOTES (CONTINUED)

A14. Non interest income (Continued)

	3rd quarter ended		Nine months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Bank				
a) Fee income and commission income:				
Commissions	1,170	373	2,571	1,117
Portfolio management fees	-	473	-	3,507
Advisory and arrangement fees	13,225	8,737	28,967	29,246
Underwriting commissions	2,444	-	4,639	593
Placement fees	51	110	8,260	8,136
Other fee income	2,710	1,328	6,898	9,090
	19,600	11,021	51,335	51,689
b) Net trading income /(loss)				
Gain arising from trading in financial assets held for trading	749	2,358	6,500	3,013
- realised gain	939	2,314	6,221	3,085
- unrealised (loss)/gain	(190)	44	279	(72)
Gain/(loss) arising from trading in derivative financial instruments	1,475	(1,152)	(13,369)	(1,066)
- realised loss	(131)	(960)	(15,162)	(904)
- unrealised gain/(loss)	1,606	(192)	1,793	(162)
	2,224	1,206	(6,869)	1,947
c) Dividend income from:				
Financial assets held for trading	-	-	2	-
d) Other income:				
Foreign exchange gain	516	5,284	20,499	4,001
Gain on disposal of property, plant and equipment	391	287	1,129	557
Other non-operating income	1,223	3,106	3,305	7,044
	2,130	8,677	24,933	11,602
e) Income from asset management and securities services	6,389	4,120	15,278	10,587
f) Brokerage Income	38,098	26,855	101,661	82,344
Total non interest income	68,441	51,879	186,340	158,169

A15. Overheads

Group

Personnel costs

- Salaries, allowances and bonuses	34,920	41,166	105,807	102,782
- Pension cost (defined contribution plan)	3,750	3,552	11,339	11,240
- Overtime, meal and transport claims	119	92	292	294
- Others	2,712	1,881	6,185	6,769
	41,501	46,691	123,623	121,085

Establishment costs

- Depreciation of property, plant and equipment	5,620	3,728	16,086	12,444
- Depreciation of investment property	129	129	386	386
- Rental	6,320	3,041	20,135	16,304
- Others	2,551	1,594	8,275	8,131
	14,620	8,492	44,882	37,265

Marketing expenses

- Advertisement	902	1,019	2,181	1,300
- Entertainment expenses	1,085	1,007	3,618	2,874
- Others	458	374	1,205	1,999
	2,445	2,400	7,004	6,173

Administration and general expenses

- Legal and professional fees	2,088	805	3,533	1,201
- Communication	207	255	663	864
- Printing and stationery	294	217	1,242	701
- Administrative vehicle, travelling and insurance expenses	884	865	2,748	2,921
- Others	3,543	1,543	8,908	7,262
	7,016	3,685	17,094	12,949

Shared services cost #	(13,094)	(19,000)	(30,273)	(15,081)
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Total overhead expenses	52,488	42,268	162,330	162,391
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PART A - EXPLANATORY NOTES (CONTINUED)**A15. Overheads (Continued)**

	3rd quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	34,423	40,726	104,352	101,351
- Pension cost (defined contribution plan)	3,690	3,498	11,168	11,079
- Overtime, meal and transport claims	119	92	292	294
- Others	2,673	1,797	6,103	6,649
	40,905	46,113	121,915	119,373
Establishment costs				
- Depreciation of property, plant and equipment	5,586	3,686	15,981	12,320
- Depreciation of investment property	129	129	386	386
- Rental	5,781	2,663	18,848	15,039
- Others	2,540	1,550	8,242	8,079
	14,036	8,028	43,457	35,824
Marketing expenses				
- Advertisement	902	1,018	2,181	1,299
- Entertainment expenses	1,092	999	3,573	2,810
- Others	436	316	1,152	1,930
	2,430	2,333	6,906	6,039
Administration and general expenses				
- Legal and professional fees	2,016	705	3,120	845
- Communication	204	252	656	859
- Printing and stationery	294	217	1,242	701
- Administrative vehicle, travelling and insurance expenses	879	858	2,717	2,897
- Others	3,374	1,460	8,553	6,978
	6,767	3,492	16,288	12,280
Shared services cost #	(13,094)	(19,000)	(30,273)	(15,081)
Total overhead expenses	51,044	40,966	158,293	158,435

The allocation basis of support units cost and shared services cost was reviewed and refined on a regular basis.

A16. (Allowance for)/writeback of impairment losses on loans, advances and financing**The Group and the Bank****(Allowance for)/writeback of impairment losses on loans, advances and financing**

(a) Individual impairment allowance				
- made during the financial year	(384)	(1,741)	(1,683)	(1,119)
- written back during the financial year	-	210	18	285
(b) Portfolio impairment allowance				
- Writeback/ (made) during the financial year	2	36	14	50
	(382)	(1,495)	(1,651)	(784)

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 at the end of reporting period, 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 RM'000	Fair values Assets RM'000	Liabilities RM'000
At 30 September 2017			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	261,440	2,007	(304)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	139,550	2,571	-
<u>Equity derivatives</u>			
Equity options			
- 1 year to 3 years	294,933	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	279,100	2,755	(3,472)
Total derivative assets/(liabilities)	975,023	7,333	(3,776)
At 31 December 2016			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	17,944	-	(90)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	141,050	6,936	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	316,883	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	282,100	5,983	(6,794)
Total derivative assets/(liabilities)	757,977	12,919	(6,884)

PART A - EXPLANATORY NOTES (CONTINUED)

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

i) Derivative financial instruments (Continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM7,333,000 (31 December 2016: RM12,919,000). 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 30 September 2017, the Group and the Bank has posted cash collateral of RM140 million (31 December 2016: RM142 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 2016.

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 Group and the Bank.

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

	The Group and the Bank	
	30 September 2017	31 December 2016
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	474,000	13,500
Irrevocable commitments to extend credit:		
- Maturity not exceeding 1 year	24	-
- Maturity exceeding 1 year	2,361	7,008
Total credit-related commitments and contingencies	476,385	20,508
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	261,440	17,944
Interest rate related contracts		
- Five years and above	139,550	141,050
Equity related contracts		
- One year to less than 5 years	294,933	316,883
Credit related contracts		
- Five years and above	279,100	282,100
Total treasury-related commitments and contingencies	975,023	757,977
	1,451,408	778,485

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) issued on 28 November 2012, which was revised on 13 October 2015 and then subsequently on 4 August 2017. The revised guidelines took effect for all banking institutions on 1 January 2016 and 4 August 2017 respectively and will take effect for all financial holding companies on 1 January 2019. The revised guidelines set 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 Bank are computed in accordance with the BNM Capital Adequacy Framework (Basel II - RiskWeighted Assets) which was revised on 2 March 2017. 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 Bank are as follows:

	The Group		The Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Before deducting proposed dividend				
Common Equity Tier 1 Ratio	23.783%	35.635%	25.150%	39.553%
Tier 1 ratio	23.783%	35.635%	25.150%	39.553%
Total capital ratio	23.783%	35.635%	25.150%	39.553%
After deducting proposed dividend				
Common Equity Tier 1 Ratio	23.783%	32.344%	25.150%	35.689%
Tier 1 ratio	23.783%	32.344%	25.150%	35.689%
Total capital ratio	23.783%	32.344%	25.150%	35.689%

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

	The Group		The Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Credit risk	1,112,837	1,080,354	861,806	842,875
Market risk	702,678	53,653	702,241	53,119
Operational risk	598,957	597,796	579,135	579,052
Total risk-weighted assets	2,414,472	1,731,803	2,143,182	1,475,046

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

	The Group		The Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Common Equity Tier I capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	502,446	542,491	466,653	508,706
Less : Proposed dividends	-	(57,000)	-	(57,000)
Common Equity Tier I capital before regulatory adjustments	602,446	585,491	566,653	551,706
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(17,695)	(15,891)	(17,569)	(15,771)
Deduction in excess of Tier 1 & 2 capital	(234)	(1,193)	(377)	(1,636) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(7,117)	(5,102)	(7,689)	(5,767)
Others	(2,193)	(2,207)	(2,015)	(2,104)
Common equity tier I capital after regulatory adjustments	574,243	560,134	539,003	526,428
Total Tier I Capital	574,243	560,134	539,003	526,428
Tier II capital				
Redeemable Preference Shares	5	6	5	6
Portfolio impairment allowance and regulatory reserves	2,100	2,203	2,100	2,203
Tier II capital before regulatory adjustments	2,105	2,209	2,105	2,209
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(2,339)	(3,402)	(2,482)	(3,845)
Total Tier II capital	-	-	-	-
Total capital base	574,243	560,134	539,003	526,428

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 Management Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment.

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

For management purposes, the Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt financing related, Equity related, Investments and securities services and Support and others. The business lines are the basis on which the Group reports its segment information.

Financial advisory, underwriting and other fees mainly comprise fees derived from structured financial solutions, origination of capital market products, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products. In addition, this segment also includes underwriting of primary equities and debt products.

Debt/financing related mainly comprises proprietary trading and market making, debt related derivatives and structured products. It also invests in proprietary capital.

Equity related mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

Investments and securities services mainly comprise annuity income derived from fund management, unit trust, agency and securities services.

Support and others mainly comprise all middle and back-office processes and other related services which are non-core operations.

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:

	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
The Group						
30 September 2017						
Net interest income	-	1,061	-	-	4,028	5,089
Non interest income	32,719	18,133	103,702	31,396	3,801	189,751
Income from Islamic Banking operations	5,920	14,842	4,354	3,693	-	28,809
Overheads	(27,693)	(13,922)	(93,031)	(26,388)	(1,296)	(162,330)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(2,025)	(200)	(5,397)	(8,453)	(11)	(16,086)
<i>Depreciation of Investment Property</i>	-	-	-	(386)	-	(386)
Profit/(loss) before allowances	10,946	20,114	15,025	8,701	6,533	61,319
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(1,651)	(1,651)
(Allowance for)/ write back of impairment losses on other receivables	246	(519)	414	28	27	196
Segment results	11,192	19,595	15,439	8,729	4,909	59,864
Share of results of associates						262
Profit before taxation						60,126
Taxation						(20,443)
Net profit for the financial period						39,683
30 September 2017						
Segment assets	10,988	1,076,503	1,461,331	33,793	191,721	2,774,336
Unallocated assets						38,601
Total assets						2,812,937
Segment liabilities	5,143	802,940	1,305,031	54,456	18,367	2,185,937
Unallocated liabilities						1,250
Total liabilities						2,187,187
Other segment items						
Incurred capital expenditure:						
- addition of property, plant and equipment	57	-	445	411	770	1,683
Amortisation of premium less accretion of discount	-	4	-	-	-	4

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
30 September 2016						
Net interest (expense)/income	-	(2,455)	-	-	4,283	1,828
Non interest income	34,798	8,510	89,936	25,949	2,749	161,942
Income from Islamic Banking operations	9,004	36,926	2,544	2,626	860	51,960
	43,802	42,981	92,480	28,575	7,892	215,730
Overheads	(27,331)	(12,680)	(86,141)	(34,754)	(1,485)	(162,391)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(2,511)	(132)	(5,224)	(4,566)	(11)	(12,444)
<i>Depreciation of Investment Property</i>	-	-	-	(386)	-	(386)
Profit/(loss) before allowances	16,471	30,301	6,339	(6,179)	6,407	53,339
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(784)	(784)
(Allowance for)/write back of impairment losses on other receivables	(2,117)	505	813	(289)	50	(1,038)
Segment results	14,354	30,806	7,152	(6,468)	5,673	51,517
Share of results of associates						416
Profit before taxation						51,933
Taxation						(15,814)
Net profit for the financial period						36,119
31 December 2016						
Segment assets	18,824	1,488,053	934,923	41,096	218,128	2,701,024
Unallocated assets						41,670
Total assets						2,742,694
Segment liabilities	5,294	1,209,102	828,744	48,942	4,479	2,096,561
Unallocated liabilities						3,632
Total liabilities						2,100,193
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	813	37	2,687	2,111	1	5,649
Amortisation of premium less accretion of discount	-	5	-	-	-	5

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

PART A - EXPLANATORY NOTES (CONTINUED)**A20. FAIR VALUE ESTIMATION (CONTINUED)**

The following table represents the Group's and the Bank's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2017 and 31 December 2016

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
The Group					
30 September 2017					
<i>Recurring fair value measurement</i>					
Financial assets					
Financial assets held for trading	2,067	1,500	567	-	2,067
Financial investments available-for-sale	1,433	-	-	1,433	1,433
Derivative financial instruments					
- Trading derivatives	7,333	-	7,333	-	7,333
Total	10,833	1,500	7,900	1,433	10,833
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	3,776	-	3,776	-	3,776
Total	3,776	-	3,776	-	3,776

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
The Bank					
30 September 2017					
<i>Recurring fair value measurement</i>					
Financial assets					
Financial assets held for trading	2,067	1,500	567	-	2,067
Financial investments available-for-sale	611	-	-	611	611
Derivative financial instruments					
- Trading derivatives	7,333	-	7,333	-	7,333
Total	10,011	1,500	7,900	611	10,011
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	3,776	-	3,776	-	3,776
Total	3,776	-	3,776	-	3,776

PART A - EXPLANATORY NOTES (CONTINUED)**A20. FAIR VALUE ESTIMATION (CONTINUED)**

The following table represents the Group's and the Bank's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2017 and 31 December 2016 (Continued)

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
The Group					
31 December 2016					
<i>Recurring fair value measurement</i>					
Financial assets					
Financial assets held for trading	267	267	-	-	267
Financial investments available-for-sale	1,303	-	-	1,303	1,303
Derivative financial instruments					
- Trading derivatives	12,919	-	12,919	-	12,919
Total	14,489	267	12,919	1,303	14,489
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	6,884	-	6,884	-	6,884
Total	6,884	-	6,884	-	6,884

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
The Bank					
31 December 2016					
<i>Recurring fair value measurement</i>					
Financial assets					
Financial assets held for trading	267	-	267	-	267
Financial investments available-for-sale	611	-	-	611	611
Derivative financial instruments					
- Trading derivatives	12,919	-	12,919	-	12,919
Total	13,797	-	13,186	611	13,797
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	6,884	-	6,884	-	6,884
Total	6,884	-	6,884	-	6,884

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 30 September 2017 and 31 December 2016 for the Group and the Bank.

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Group		
30 September 2017		
At 1 January	1,303	1,303
Total gain recognised in other comprehensive income	130	130
At 30 September 2017	<u>1,433</u>	<u>1,433</u>
Total gain recognised in other comprehensive income relating to assets held on 30 September 2017	<u>130</u>	<u>130</u>

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Bank		
30 September 2017		
At 1 January	<u>611</u>	<u>611</u>

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Group		
31 December 2016		
At 1 January	1,437	1,437
Total loss recognised in Statement of income	(134)	(134)
At 31 December 2016	<u>1,303</u>	<u>1,303</u>
Total loss recognised in Statement of income relating to assets held on 31 December 2016	<u>(134)</u>	<u>(134)</u>

	Financial Assets	
	Financial investments available-for-sale	Total
	RM'000	RM'000
The Bank		
31 December 2016		
At 1 January	745	745
Total loss recognised in Statement of income	(134)	(134)
At 31 December 2016	<u>611</u>	<u>611</u>
Total loss recognised in Statement of income relating to assets held on 31 December 2016	<u>(134)</u>	<u>(134)</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21a. Unaudited Statements of Financial Position as at 30 September 2017

	The Group and the Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
Assets		
Cash and short-term funds	382,058	428,970
Islamic derivative financial instruments	5,326	12,919
Other assets	164,895	181,542
Tax recoverable	1,419	1,172
Deferred tax assets	91	25
Property, plant and equipment	155	229
Amount due from related companies	386	432
Total assets	554,330	625,289
Liabilities and Islamic Banking capital funds		
Islamic derivative financial instruments	3,472	6,794
Other liabilities	165,216	190,504
Amount due to related companies	413	402
Total liabilities	169,101	197,700
Islamic Banking capital funds	55,696	55,696
Reserves	329,533	371,893
Total Islamic Banking capital funds	385,229	427,589
Total liabilities and Islamic Banking capital funds	554,330	625,289

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21b. Unaudited Statements of Income for the financial period ended 30 September 2017

	The Group and the Bank			
	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds	14,380	20,954	28,812	51,966
Allowance for impairment losses on other receivables	(90)	(270)	(49)	(373)
Total attributable income	14,290	20,684	28,763	51,593
Income attributable to the depositors	(1)	(5)	(3)	(6)
Total net income	14,289	20,679	28,760	51,587
Personnel expenses	(289)	(421)	(870)	(930)
Other overheads and expenditures	(2,931)	(1,946)	(8,423)	(7,350)
Profit before taxation	11,069	18,312	19,467	43,307
Taxation	(2,723)	(4,486)	(4,827)	(10,539)
Profit after taxation/total comprehensive income for the period	8,346	13,826	14,640	32,768
<u>Income from Islamic operations (per page 2)</u>				
Total net income	14,289	20,679	28,760	51,587
Less : Allowance for impairment losses on other receivables	90	270	49	373
	14,379	20,949	28,809	51,960

PART A - EXPLANATORY NOTES (CONTINUED)

A21d. Capital Adequacy

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

	The Group and the Bank	
	30 September 2017	31 December 2016
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	137.135%	162.516%
Tier 1 ratio	137.135%	162.516%
Total capital ratio	137.135%	162.516%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	137.135%	140.851%
Tier 1 ratio	137.135%	140.851%
Total capital ratio	137.135%	140.851%

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

	The Group and the Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
Credit risk	167,645	160,917
Market risk	10,347	10,029
Operational risk	96,769	92,144
Total risk-weighted assets	<u>274,761</u>	<u>263,090</u>

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

	The Group and the Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary share capital	55,696	55,696
Other reserves	321,187	371,893
Less : Proposed dividend	-	(57,000)
Common Equity Tier I capital / Total Tier I Capital	376,883	370,589
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(91)	(25)
Common equity tier I capital after regulatory adjustments / total Tier I capital	<u>376,792</u>	<u>370,564</u>
Total capital base	<u>376,792</u>	<u>370,564</u>

PART B

B1. Group Performance Review

The Group registered a profit before taxation of RM 60.1 million for the period ended 30 September 2017 as compared to RM51.9 million in 2016.

Net interest income and non interest income increased by RM3.3 million and RM27.8 million respectively offset by decrease in Income from Islamic Banking operations by RM23.2 million.

Overheads remained well under control, slight decreased from RM162.4 million to RM162.3 million.

B2. Prospects for the Current Financial Year

Equity capital market and M&A activity continue to exhibit sustained improvement. The pipeline remains healthy with active inbound M&A opportunities. Investor and issuer interest and sentiment is cautiously optimistic. The outlook for the fixed income market is encouraging with sustained debt-raising activities from infrastructure projects.

PART B (CONTINUED)

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			
	3rd quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	Nine months ended 30 September 2017 RM'000	30 September 2016 RM'000
Net profit for the financial period (RM '000)	23,261	21,841	39,683	36,119
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	23.3	21.8	39.7	36.1

	The Bank			
	3rd quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	Nine months ended 30 September 2017 RM'000	30 September 2016 RM'000
Net profit for the financial period (RM '000)	22,320	20,822	36,864	32,442
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	22.3	20.8	36.9	32.4

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2017 and 30 September 2016 .