

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	The Group		The Bank		
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
	Notes	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term funds		1,266,501	1,183,818	1,222,611	1,148,671
Deposits and placements with banks and other financial institutions		2,031	273,710	2,002	273,680
Financial assets held for trading	A5	2,407	2,912	2,407	2,912
Derivative financial instruments	A17(i)	10,033	16,941	10,033	16,941
Financial investments available-for-sale	A6	1,437	1,437	745	745
Loans, advances and financing	A7	185,593	194,865	185,593	194,865
Other assets	A8	2,153,457	971,334	2,150,760	968,790
Tax recoverable		13,512	13,442	13,512	13,391
Deferred tax assets		15,429	15,278	15,308	15,155
Amounts due from subsidiaries		-	-	204	80
Amounts due from related companies		20,268	24,864	20,264	24,864
Amounts due from immediate holding company		-	6	-	6
Amounts due from ultimate holding company		315	106	315	106
Statutory deposits with Bank Negara Malaysia		350	23	350	23
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		7,149	6,734	-	-
Property, plant and equipment		71,042	79,431	71,958	80,304
Investment property		18,493	18,879	18,493	18,879
Goodwill		964	964	-	-
Total assets		3,768,981	2,804,744	3,723,605	2,768,462
Liabilities					
Deposits from customers	A9	279,579	200,113	279,579	200,113
Deposits and placements of banks and other financial institutions	A10	833,663	1,118,016	833,663	1,118,016
Derivative financial instruments	A17(i)	6,268	8,375	6,268	8,375
Other liabilities	A11	2,013,299	813,310	2,011,232	811,060
Provision for taxation and Zakat		391	1	-	-
Amounts due to related companies		4,804	5,161	4,804	5,161
Subordinated loan		10,210	5,000	-	-
Total liabilities		3,148,214	2,149,976	3,135,546	2,142,725
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		520,757	554,758	488,049	525,727
Total equity		620,767	654,768	588,059	625,737
Total equity and liabilities		3,768,981	2,804,744	3,723,605	2,768,462
Commitments and contingencies	A17(ii)	805,496	792,415	805,496	792,415
Net assets per share (RM)		6.21	6.55	5.88	6.26

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 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Notes	The Group				The Bank			
		3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest income	A12	12,740	10,067	31,939	30,523	11,163	8,431	27,191	26,172
Interest expense	A13	(12,027)	(8,792)	(30,111)	(28,363)	(11,923)	(8,727)	(29,872)	(28,154)
Net interest income / (expense)		713	1,275	1,828	2,160	(760)	(296)	(2,681)	(1,982)
Income derived from investment of depositors' funds and others		-	-	-	2,349	-	-	-	2,349
Income derived from investment of shareholders' funds		20,954	8,166	51,966	38,452	20,954	8,166	51,966	38,452
Income attributable to the depositors		(5)	-	(6)	(3,614)	(5)	-	(6)	(3,614)
Income from Islamic Banking operations	A21b	20,949	8,166	51,960	37,187	20,949	8,166	51,960	37,187
Fee and commission income	A14	12,601	20,407	55,590	83,288	12,601	20,407	55,590	83,288
Dividend income	A14	-	-	-	202	-	-	-	202
Net trading income	A14	1,206	4,345	1,947	7,969	1,206	4,345	1,947	7,969
Income from asset management and securities services	A14	2,540	1,496	6,686	6,228	2,540	1,496	6,686	6,228
Brokerage income	A14	27,888	29,578	86,136	101,027	26,855	28,164	82,344	97,269
Other non-interest income	A14	8,662	5,962	11,583	10,487	8,677	5,924	11,602	10,416
Non-interest income		52,897	61,788	161,942	209,201	51,879	60,336	158,169	205,372
Total income		74,559	71,229	215,730	248,548	72,068	68,206	207,448	240,577
Overheads	A15	(42,268)	(59,356)	(162,391)	(178,694)	(40,966)	(58,178)	(158,435)	(175,651)
Profit before allowances		32,291	11,873	53,339	69,854	31,102	10,028	49,013	64,926
(Allowance for)/writeback of impairment losses on loans, advances and financing	A16	(1,495)	(709)	(784)	157	(1,495)	(709)	(784)	157
(Allowance for)/write back of impairment losses on other receivables (net)		(696)	846	(1,038)	1,402	(696)	846	(1,023)	1,402
		30,100	12,010	51,517	71,413	28,911	10,165	47,206	66,485
Share of profit of associates		115	336	416	881	-	-	-	-
Profit before taxation		30,215	12,346	51,933	72,294	28,911	10,165	47,206	66,485
Taxation		(8,374)	(7,357)	(15,814)	(26,641)	(8,089)	(6,903)	(14,764)	(25,389)
Profit after taxation		21,841	4,989	36,119	45,653	20,822	3,262	32,442	41,096
Profit for the financial period attributable to : Owners of the Group/Bank		21,841	4,989	36,119	45,653	20,822	3,262	32,442	41,096
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	21.8	5.0	36.1	45.7	20.8	3.3	32.4	41.1

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 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	The Group				The Bank			
	3rd quarter ended		Nine months ended		3rd quarter ended		Nine months ended	
	30	30	30	30	30	30	30	30
	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	21,841	4,989	36,119	45,653	20,822	3,262	32,442	41,096
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Revaluation reserve - financial investments available-for-sale	-	-	-	(27)	-	-	-	-
- Loss from change in fair value	-	-	-	(27)	-	-	-	-
Other comprehensive income for the financial period, net of tax	21,841	4,989	36,119	45,626	20,822	3,262	32,442	41,096
Total comprehensive income attributable to:								
Owners of the Group/Bank	21,841	4,989	36,119	45,626	20,822	3,262	32,442	41,096

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 2015.

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 2016

The Group 30 September 2016	← Attributable to owners of Parent →							Total RM'000
	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	
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
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(66,000)	(66,000)
Transfer to regulatory reserve	-	-	-	-	-	(62)	62	-
Shares released under Equity Ownership Plan	-	-	-	-	(9,484)	-	-	(9,484)
At 30 September 2016	100,000	10	155,805	188	8,026	2,119	354,619	620,767

The Group 30 September 2015	← Attributable to owners of the Parent →							Total RM'000
	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	
At 1 January 2015	100,000	10	155,805	215	35,992	-	315,144	607,166
Net profit for the financial period	-	-	-	-	-	-	45,653	45,653
Other comprehensive expense (net of tax)	-	-	-	(27)	-	-	-	(27)
- financial investments available-for-sales	-	-	-	(27)	-	-	-	(27)
Total comprehensive income for the financial period	-	-	-	(27)	-	-	45,653	45,626
Share-based payment expense	-	-	-	-	9,949	-	-	9,949
Share released under Equity Ownership Plan	-	-	-	-	(31,396)	-	-	(31,396)
At 30 September 2015	100,000	10	155,805	188	14,545	-	360,797	631,345

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 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	← Non-distributable →				← Distributable →				
	Share capital RM'000	Redeemable 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	
The Bank									
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
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	-	(66,000)	(66,000)
Transfer to regulatory reserve	-	-	-	-	-	-	(62)	62	-
Shares released under Equity Ownership Plan	-	-	-	-	(9,484)	-	-	-	(9,484)
At 30 September 2016	100,000	10	155,805	(272,007)	8,026	271,377	2,119	322,729	588,059

	← Non-distributable →				← Distributable →				
	Share capital RM'000	Redeemable 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	
The Bank									
30 September 2015									
At 1 January 2015	100,000	10	155,805	(272,007)	35,992	271,377	-	292,414	583,591
Net profit for the financial period	-	-	-	-	-	-	-	41,096	41,096
Total comprehensive income for the financial period	-	-	-	-	-	-	-	41,096	41,096
Share-based payment expense	-	-	-	-	9,949	-	-	-	9,949
Share released under Equity Ownership Plan	-	-	-	-	(31,396)	-	-	-	(31,396)
At 30 September 2015	100,000	10	155,805	(272,007)	14,545	271,377	-	333,510	603,240

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 2015.

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 2016

	The Group		The Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	51,933	72,294	47,206	66,485
Adjustments for non-operating and non-cash items	26,391	25,493	26,634	26,325
Cash flow from operating profit before changes in operating assets and liabilities	78,324	97,787	73,840	92,810
Net changes in operating assets	(910,451)	(116,253)	(910,371)	(113,567)
Net changes in operating liabilities	994,945	8,087	995,126	6,763
Cash generated from/(used in) operating activities	162,818	(10,379)	158,595	(13,994)
Taxation paid	(15,692)	(15,601)	(15,083)	(15,067)
Net cash generated from/(used in) operating activities	147,126	(25,980)	143,512	(29,061)
Net cash used in investing activities	(3,497)	(8,068)	(3,418)	(7,995)
Net cash (used in)/generated from financing activities	(60,790)	187	(66,000)	-
	(64,287)	(7,881)	(69,418)	(7,995)
Net increase/(decrease) in cash and cash equivalents during the financial period	82,839	(33,861)	74,094	(37,056)
Cash and cash equivalents at beginning of the financial period	1,155,421	1,305,035	1,120,276	1,274,794
Cash and cash equivalents at end of the financial period	1,238,260	1,271,174	1,194,370	1,237,738
Cash and cash equivalents comprise the following:				
Cash and short term funds	1,266,501	1,301,924	1,222,611	1,268,488
Adjustment for monies held in trust:				
Remisiers' balances	(28,241)	(30,750)	(28,241)	(30,750)
Cash and cash equivalents at end of the financial period	1,238,260	1,271,174	1,194,370	1,237,738

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 2015.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 September 2016 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 2015. 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 2015.

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 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2016:

- Amendment to MFRS 116, "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendment to MFRS 127, "Separate Financial Statements"
- Annual improvement to MFRSs 2012 - 2014 Cycle
 - Amendment to MFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"
 - Amendment to MFRS 7, "Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements"
 - Amendment to MFRS 119, "Employee Benefits"
 - Amendments to MFRS 134, "Interim Financial Reporting"
- Amendment to MFRS 101, "Presentation of financial statements"

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 year that had previously been announced or disclosed.

A3. Dividends paid and proposed

A single tier interim dividend of RM66 per redeemable preference share, amounting to RM66 million in respect of the financial year ended 31 December 2015, which was approved by the Board of Directors on 27 January 2016, was paid on 7 March 2016.

No dividend has been proposed during the financial period ended 30 September 2016.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 30 September 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A5. Financial assets held for trading

	The Group and the Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
At fair value		
Quoted securities :		
<i>In Malaysia</i>		
Shares	1,100	1,124
<i>Outside Malaysia</i>		
Shares	43	38
Unquoted securities :		
<i>In Malaysia</i>		
Bonds	1,264	1,750
Total financial assets held for trading	2,407	2,912

A6. Financial investments available-for-sale

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	7,768	7,768	7,076	7,076
	7,768	7,768	7,076	7,076
Allowance for impairment losses :				
<i>Unquoted shares outside Malaysia</i>				
	(6,331)	(6,331)	(6,331)	(6,331)
	(6,331)	(6,331)	(6,331)	(6,331)
Total financial investments available-for-sale	1,437	1,437	745	745

A7. Loans, advances and financing

	The Group and the Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
(i) By type		
Staff loans *	185,702	195,024
Other loans	2,062	1,228
Gross loans, advances and financing	187,764	196,252
Less: allowance for impairment losses		
- Individual impairment allowance	(2,062)	(1,228)
- Portfolio impairment allowance	(109)	(159)
Total net loans, advances and financing	185,593	194,865

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM Nil (2015: RM 425,176).

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

	The Group and the Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(ii) By type of customers		
Individuals	187,764	196,252
(iii) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loan	23,392	30,319
Variable rate		
- BLR plus	164,372	165,933
	187,764	196,252
(iv) By economic purpose:		
Personal use	2,343	2,133
Purchase of residential property (housing)	178,936	184,808
Purchase of securities	-	1
Purchase of transport vehicles	6,485	9,310
Gross loans, advances and financing	187,764	196,252
(v) By geographical distribution		
Malaysia	187,764	196,252
(vi) By residual contractual maturity		
Within one year	561	276
One year to less than three years	2,517	2,427
Three years to less than five years	3,884	5,207
Five years and more	180,802	188,342
	187,764	196,252
(vii) Impaired loans, advances and financing by economic purpose		
Purchase of residential property (housing)	1,742	969
Purchase of transport vehicles	320	259
Gross impaired loans, advances and financing	2,062	1,228
(viii) Impaired loans, advances and financing by geographical distribution		
Malaysia	2,062	1,228
(ix) Movements in the impaired loans, advances and financing are as follows:		
At 1 January	1,228	1,272
Classified as impaired during the year	1,119	1,115
Amounts written back in respect of recoveries	(285)	(1,159)
At 30 September 2016/31 December 2015	2,062	1,228
Ratio of gross impaired loans to total loans, advances and financing	1.1%	0.6%

PART A - EXPLANATORY NOTES (CONTINUED)

A7. Loans, advances and financing (continued)

(x) Movements in the allowance for impaired loans are as follows:

	The Group and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	1,228	1,272
Allowance made during the year	1,119	1,115
Amounts written back during the year	(285)	(1,159)
At 30 September 2016/31 December 2015	<u>2,062</u>	<u>1,228</u>
<u>Portfolio impairment allowance</u>		
At 1 January	159	2,729
Net allowance made during the year	(50)	(2,570)
At 30 September 2016/31 December 2015	<u>109</u>	<u>159</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.2%</u>	<u>1.2%</u>

	The Group		The Bank	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A8. Other assets				
Due from brokers and clients, net of allowance for impairment loss	1,885,352	733,525	1,883,624	731,974
Collateral pledged for derivative transactions	142,603	145,603	142,603	145,603
Other debtors, deposits and prepayments, net of allowance for doubtful debts	125,502	92,206	124,533	91,213
	<u>2,153,457</u>	<u>971,334</u>	<u>2,150,760</u>	<u>968,790</u>

	The Group and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
A9. Deposits from customers		
<u>(i) By type of deposits</u>		
Structured deposits	141,800	144,800
Short term money market deposits	137,779	55,313
	<u>279,579</u>	<u>200,113</u>
<u>(ii) By type of customers</u>		
Local government and statutory bodies	151,285	107,422
Business enterprises	47,494	9,391
Individuals	77,049	79,550
Others	3,751	3,750
	<u>279,579</u>	<u>200,113</u>

	The Group and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
A10. Deposits and placements of banks and other financial institutions		
Licensed banks	500,998	796,819
Other financial institutions	332,665	321,197
	<u>833,663</u>	<u>1,118,016</u>

	The Group		The Bank	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A11. Other liabilities				
Due to brokers and clients	1,828,431	667,580	1,828,431	667,580
Others	184,868	145,730	182,801	143,480
	<u>2,013,299</u>	<u>813,310</u>	<u>2,011,232</u>	<u>811,060</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
A12. Interest income				
Group				
Loans, advances and financing	1,461	1,532	4,462	4,550
Money at call and deposits placements with banks and other financial institutions	11,038	7,528	26,702	21,970
Reverse repurchase agreements	-	587	-	2,962
Financial assets held for trading	18	158	69	305
Others	220	272	701	749
	12,737	10,077	31,934	30,536
Amortisation of premium less accretion of discount	3	(10)	5	(13)
	12,740	10,067	31,939	30,523
Bank				
Loans, advances and financing	1,461	1,532	4,462	4,550
Money at call and deposits placements with banks and other financial institutions	9,461	5,892	21,954	17,619
Reverse repurchase agreements	-	587	-	2,962
Financial assets held for trading	18	158	69	305
Others	220	272	701	749
	11,160	8,441	27,186	26,185
Amortisation of premium less accretion of discount	3	(10)	5	(13)
	11,163	8,431	27,191	26,172
A13. Interest expense				
Group				
Deposits and placements of banks and other financial institutions	10,054	6,815	26,533	23,594
Deposits from customers	1,869	1,912	3,339	4,560
Subordinated loans	104	65	239	209
	12,027	8,792	30,111	28,363
Bank				
Deposits and placements of banks and other financial institutions	10,054	6,815	26,533	23,594
Deposits from customers	1,869	1,912	3,339	4,560
	11,923	8,727	29,872	28,154
A14. Non interest income				
Group				
a) Fee income and commission income:				
Commissions	1,953	2,274	5,018	4,148
Portfolio management fees	473	1,626	3,507	5,023
Advisory and arrangement fees	8,737	10,220	29,246	47,405
Underwriting commissions	-	-	593	7,638
Placement fees	110	2,667	8,136	9,558
Other fee income	1,328	3,620	9,090	9,516
	12,601	20,407	55,590	83,288
b) Net trading income				
Gain/(loss) arising from trading in financial assets held for trading	2,358	(6,226)	3,013	(2,514)
- realised gain/(loss)	2,314	(956)	3,085	(644)
- unrealised gain/(loss)	44	(5,270)	(72)	(1,870)
(Loss)/gain arising from trading in derivative financial instruments	(1,152)	10,571	(1,066)	10,483
- realised (loss)/gain	(960)	11,268	(904)	11,051
- unrealised loss	(192)	(697)	(162)	(568)
	1,206	4,345	1,947	7,969
c) Dividend income from:				
Financial assets held for trading	-	-	-	202
d) Other income:				
Foreign exchange gain	5,268	4,472	3,982	6,332
Gain on disposal of property, plant and equipment	287	415	557	476
Other non-operating income	3,107	1,075	7,044	3,679
	8,662	5,962	11,583	10,487
e) Income from asset management and securities services	2,540	1,496	6,686	6,228
f) Brokerage Income	27,888	29,578	86,136	101,027
Total non interest income	52,897	61,788	161,942	209,201

PART A - EXPLANATORY NOTES (CONTINUED)

A14. Non interest income (Continued)

	3rd quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
a) Fee income and commission income:				
Commissions	1,953	2,274	5,018	4,148
Portfolio management fees	473	1,626	3,507	5,023
Advisory and arrangement fees	8,737	10,220	29,246	47,405
Underwriting commissions	-	-	593	7,638
Placement fees	110	2,667	8,136	9,558
Other fee income	1,328	3,620	9,090	9,516
	12,601	20,407	55,590	83,288
b) Net trading income				
Gain/(loss) arising from trading in financial assets held for trading	2,358	(6,226)	3,013	(2,514)
- realised gain/(loss)	2,314	(956)	3,085	(644)
- unrealised gain/(loss)	44	(5,270)	(72)	(1,870)
(Loss)/gain arising from trading in derivative financial instruments	(1,152)	10,571	(1,066)	10,483
- realised (loss)/gain	(960)	11,268	(904)	11,051
- unrealised loss	(192)	(697)	(162)	(568)
	1,206	4,345	1,947	7,969
c) Dividend income from:				
Financial assets held for trading	-	-	-	202
d) Other income:				
Foreign exchange gain	5,284	4,438	4,001	6,265
Gain on disposal of property, plant and equipment	287	415	557	476
Other non-operating income	3,106	1,071	7,044	3,675
	8,677	5,924	11,602	10,416
e) Income from asset management and securities services	2,540	1,496	6,686	6,228
f) Brokerage Income	26,855	28,164	82,344	97,269
Total non interest income	51,879	60,336	158,169	205,372

A15. Overheads

Group

Personnel costs

- Salaries, allowances and bonuses	41,166	35,260	102,782	115,459
- Pension cost (defined contribution plan)	3,552	4,238	11,240	13,247
- Management Separation Scheme	-	-	-	11,208
- Overtime, meal and transport claims	92	130	294	446
- Others	1,881	2,484	6,769	7,819
	46,691	42,112	121,085	148,179

Establishment costs

- Depreciation of property, plant and equipment	3,728	4,274	12,444	12,681
- Depreciation of investment property	129	129	386	386
- Rental	1,630	8,155	13,332	19,717
- Others	3,005	4,563	11,103	10,841
	8,492	17,121	37,265	43,625

Marketing expenses

- Advertisement	1,019	1,076	1,297	4,569
- Entertainment expenses	1,007	1,488	3,577	5,143
- Others	374	488	1,299	1,823
	2,400	3,052	6,173	11,535

Administration and general expenses

- Legal and professional fees	805	987	1,201	1,680
- Communication	255	680	864	2,003
- Printing and stationery	217	165	701	514
- Administrative vehicle, travelling and insurance expenses	865	1,018	2,921	3,514
- Others	1,543	1,960	7,262	5,140
	3,685	4,810	12,949	12,851

Shared services cost #	(19,000)	(7,739)	(15,081)	(37,496)
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Total overhead expenses	42,268	59,356	162,391	178,694
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PART A - EXPLANATORY NOTES (CONTINUED)**A15. Overheads (Continued)**

	3rd quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	40,726	34,869	101,351	114,475
- Pension cost (defined contribution plan)	3,498	4,193	11,079	13,099
- Management Separation Scheme	-	-	-	11,208
- Overtime, meal and transport claims	92	130	294	446
- Others	1,797	2,404	6,649	7,600
	46,113	41,596	119,373	146,828
Establishment costs				
- Depreciation of property, plant and equipment	3,686	4,234	12,320	12,568
- Depreciation of investment property	129	129	386	386
- Rental	1,252	7,724	12,067	18,760
- Others	2,961	4,591	11,051	10,807
	8,028	16,678	35,824	42,521
Marketing expenses				
- Advertisement	1,018	1,065	1,299	4,534
- Entertainment expenses	999	1,484	3,513	5,070
- Others	316	487	1,227	1,811
	2,333	3,036	6,039	11,415
Administration and general expenses				
- Legal and professional fees	705	799	845	1,324
- Communication	252	680	859	1,997
- Printing and stationery	217	165	701	514
- Administrative vehicle, travelling and insurance expenses	858	1,014	2,897	3,496
- Others	1,460	1,949	6,978	5,052
	3,492	4,607	12,280	12,383
Shared services cost #	(19,000)	(7,739)	(15,081)	(37,496)
Total overhead expenses	40,966	58,178	158,435	175,651

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	(1,741)	(1,497)	(1,119)	(785)
- written back during the financial year	210	722	285	1,120
(b) Portfolio impairment allowance				
- Writeback/ (made) during the financial year	36	66	50	(178)
	(1,495)	(709)	(784)	157

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	Fair values	
	RM'000	Assets	Liabilities
		RM'000	RM'000
At 30 September 2016			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	57,595	26	(232)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	141,800	4,971	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	294,293	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	283,600	5,036	(6,036)
Total derivative assets/(liabilities)	777,288	10,033	(6,268)
At 31 December 2015			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	17,172	-	(44)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	144,800	9,323	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	311,624	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	289,600	7,618	(8,331)
Total derivative assets/(liabilities)	763,196	16,941	(8,375)

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 fulfil 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 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM10,033,000 (31 December 2015: RM16,941,000). 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 2016, the Group and the Bank has posted cash collateral of RM143 million (31 December 2015: RM146 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 2015.

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 2016	31 December 2015
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	18,925	9,406
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	9,283	19,813
Total credit-related commitments and contingencies	28,208	29,219
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	57,595	17,172
Interest rate related contracts		
- Five years and above	141,800	144,800
Equity related contracts		
- One year to less than 5 years	294,293	311,624
Credit related contracts		
- Five years and above	283,600	289,600
Total treasury-related commitments and contingencies	777,288	763,196
	805,496	792,415

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. The revised guidelines took effect for all banking institutions on 1 January 2016 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 - Risk-Weighted Assets) which was revised on 13 October 2015. 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 2016	31 December 2015	30 September 2016	31 December 2015
Before deducting proposed dividend				
Common Equity Tier 1 Ratio	32.020%	33.250%	35.756%	35.482%
Tier 1 ratio	32.020%	33.250%	35.756%	35.482%
Total capital ratio	32.020%	33.250%	35.756%	35.482%
After deducting proposed dividend				
Common Equity Tier 1 Ratio	32.020%	29.747%	35.756%	31.560%
Tier 1 ratio	32.020%	29.747%	35.756%	31.560%
Total capital ratio	32.020%	29.747%	35.756%	31.560%

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

	The Group		The Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Credit risk	1,102,409	1,166,117	843,892	981,769
Market risk	83,657	86,545	83,161	85,296
Operational risk	602,238	631,580	585,876	615,721
Total risk-weighted assets	1,788,304	1,884,242	1,512,929	1,682,786

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

	The Group		The Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Common Equity Tier I capital				
Ordinary shares	100,000	100,000	100,000	100,000
Other reserves	498,880	554,758	467,191	525,727
Less : Proposed dividends	-	(66,000)	-	(66,000)
Common Equity Tier I capital before regulatory adjustments	598,880	588,758	567,191	559,727
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(15,429)	(15,278)	(15,308)	(15,155)
Deduction in excess of Tier 1 & 2 capital	(2,492)	(6,462)	(2,956)	(7,407) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(5,151)	(3,268)	(5,847)	(3,898)
Others	(2,222)	(2,284)	(2,119)	(2,181)
Common equity tier I capital after regulatory adjustments	572,622	560,502	540,961	531,086
Tier II capital				
Redeemable Preference Shares	6	7	6	7
Portfolio impairment allowance and regulatory reserves	2,228	159	2,228	159
Tier II capital before regulatory adjustments	2,234	166	2,234	166
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,726)	(6,628)	(5,190)	(7,573)
Total Tier II capital	-	-	-	-
Total capital base	572,622	560,502	540,961	531,086

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 primary 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, agency, unit trust and securities services.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

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

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
Write back of 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
30 September 2016						
Segment assets	26,921	1,394,209	2,036,017	48,861	211,515	3,717,523
Unallocated assets						51,458
Total assets						3,768,981
Segment liabilities	10,030	1,175,994	1,898,168	42,200	16,618	3,143,010
Unallocated liabilities						5,204
Total liabilities						3,148,214
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	887	47	1,880	1,886	5	4,705
Amortisation of premium less accretion of discount	-	5	-	-	-	5

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)

	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 2015						
Net interest (expense)/income	-	(2,321)	-	-	4,481	2,160
Non interest income	63,315	9,404	98,249	34,940	3,293	209,201
Income from Islamic Banking operations	10,679	19,590	3,706	3,084	128	37,187
	73,994	26,673	101,955	38,024	7,902	248,548
Overheads	(51,574)	(3,700)	(74,433)	(48,938)	(49)	(178,694)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(2,653)	(150)	(4,794)	(5,025)	(59)	(12,681)
<i>Depreciation of Investment Property</i>	-	-	-	(386)	-	(386)
Profit before allowances	22,420	22,973	27,522	(10,914)	7,853	69,854
Write back of impairment losses on loans, advances and financing	-	-	-	-	157	157
(Allowance for)/write back of impairment losses on other receivables	(481)	259	1,508	167	(51)	1,402
Segment results	21,939	23,232	29,030	(10,747)	7,959	71,413
Share of results of associates						881
Profit before taxation						72,294
Taxation						(26,641)
Net profit for the financial period						45,653
31 December 2015						
Segment assets	38,407	1,558,142	881,216	42,619	228,707	2,749,091
Unallocated assets						55,653
Total assets						2,804,744
Segment liabilities	3,064	1,330,950	727,971	8,394	74,410	2,144,789
Unallocated liabilities						5,187
Total liabilities						2,149,976
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	1,822	145	3,568	4,239	-	9,774
Amortisation of premium less accretion of discount	-	(13)	-	-	-	(13)

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

- 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-Market prices will be verified by Group Risk Management Quantitative Analysts before submitting to Group Risk Committee and Board for approval;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification;
- 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 or / and Group Risk Committee;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. 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;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value; and

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.

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

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2016 and 31 December 2015

The Group	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
30 September 2016					
Financial assets					
Financial assets held for trading					
- Quoted securities	1,143	1,143	-	-	1,143
- Unquoted securities	1,264	-	1,264	-	1,264
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	10,033	-	10,033	-	10,033
Total	13,877	1,143	11,297	1,437	13,877
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	6,268	-	6,268	-	6,268
Total	6,268	-	6,268	-	6,268

The Bank	Carrying amount RM'000	Quoted market prices (Level 1) RM'000	Fair Value		Total RM'000
			Observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
30 September 2016					
Financial assets					
Financial assets held for trading					
- Quoted securities	1,143	1,143	-	-	1,143
- Unquoted securities	1,264	-	1,264	-	1,264
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	10,033	-	10,033	-	10,033
Total	13,185	1,143	11,297	745	13,185
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	6,268	-	6,268	-	6,268
Total	6,268	-	6,268	-	6,268

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

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2016 and 31 December 2015 (Continued)

The Group	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	21,290	1,162	18,691	1,437	21,290
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375
The Bank	RM'000	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	20,598	1,162	18,691	745	20,598
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375

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 2016 and 31 December 2015 for the Group and the Bank.

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Group		
30 September 2016		
At 1 January / 30 September 2016	<u>1,437</u>	<u>1,437</u>

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Bank		
30 September 2016		
At 1 January / 30 September 2016	<u>745</u>	<u>745</u>

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Group		
31 December 2015		
At 1 January	1,464	1,464
Total loss recognised in other comprehensive income	(27)	(27)
At 31 December	<u>1,437</u>	<u>1,437</u>

Total loss recognised in other comprehensive income relating to assets held on 31 December 2015

<u>(27)</u>	<u>(27)</u>
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	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Bank		
31 December 2015		
At 1 January / 31 December 2015	<u>745</u>	<u>745</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21a. Unaudited Statements of Financial Position as at 30 September 2016

		The Group and the Bank	
		30	31
		September	December
		2016	2015
Notes		RM'000	RM'000
Assets			
	Cash and short-term funds	394,818	444,880
	Islamic derivative financial instruments	10,007	16,941
	Other assets	179,229	151,393
	Deferred tax assets	124	88
	Property, plant and equipment	256	338
	Amount due from related companies	191	353
	Total assets	584,625	613,993
Liabilities and Islamic Banking capital funds			
	Deposits from customers	141,800	144,800
	Islamic derivative financial instruments	6,036	8,331
	Provision for taxation and Zakat	2,525	361
	Other liabilities	13,307	6,763
	Amount due to related companies	406	401
	Total liabilities	164,074	160,656
	Islamic Banking capital funds	55,696	55,250
	Reserves	364,855	398,087
	Total Islamic Banking capital funds	420,551	453,337
	Total liabilities and Islamic Banking capital funds	584,625	613,993

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking

A21b. Unaudited Statements of Income for the financial period ended 30 September 2016

	The Group and the Bank			
	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	-	-	2,349
Income derived from investment of shareholders' funds	20,954	8,166	51,966	38,452
Allowance for impairment losses on other receivables	(270)	(18)	(373)	(42)
Total attributable income	20,684	8,148	51,593	40,759
Income attributable to the depositors	(5)	-	(6)	(3,614)
Total net income	20,679	8,148	51,587	37,145
Personnel expenses	(421)	(243)	(930)	(549)
Other overheads and expenditures	(1,946)	(5,159)	(7,350)	(9,841)
Profit before taxation	18,312	2,746	43,307	26,755
Taxation	(4,486)	(699)	(10,539)	(6,836)
Profit after taxation/total comprehensive income for the period	13,826	2,047	32,768	19,919
<u>Income from Islamic operations (per page 2)</u>				
Total net income	20,679	8,148	51,587	37,145
Less : Allowance for impairment losses on other receivables	270	18	373	42
	20,949	8,166	51,960	37,187

A21c. Deposits from customers

	The Group and the Bank	
	30	31
	September	December
	2016	2015
	RM'000	RM'000
(i) By type of deposits		
Term deposits		
Specific investment account		
Mudharabah	141,800	144,800
(ii) Maturity structure of term deposits :		
More than five years	141,800	144,800
(iii) By type of customers		
Government and statutory bodies	54,400	54,400
Business enterprises	6,600	7,100
Individuals	77,050	79,550
Others	3,750	3,750
	141,800	144,800

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 2016	31 December 2015
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	145.465%	151.469%
Tier 1 ratio	145.465%	151.469%
Total capital ratio	145.465%	151.469%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	145.465%	129.413%
Tier 1 ratio	145.465%	129.413%
Total capital ratio	145.465%	129.413%

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

	The Group and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
Credit risk	165,929	196,992
Market risk	11,845	11,864
Operational risk	101,743	90,380
Total risk-weighted assets	279,517	299,236

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

	The Group and the Bank	
	30 September 2016	31 December 2015
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	55,696	55,250
Other reserves	351,028	398,087
Less : Proposed dividend	-	(66,000)
Common Equity Tier I capital / Total Tier I Capital	406,724	387,337
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(124)	(88)
Common equity tier I capital after regulatory adjustments / total Tier I capital	406,600	387,249
Total capital base	406,600	387,249

PART B

B1. Group Performance Review

The Group registered a pre-tax profit of RM 51.9 million for the period ended 30 September 2016 as compared to RM72.3million in 2015. The decrease in profit was attributable to lower fee and brokerage income of RM14.9 million and RM27.7 million respectively. This was offset by higher Income from Islamic Banking operations by RM14.8 million.

Overheads decrease RM16.3 million, from RM178.7million in the previous corresponding year to RM162.4 million, mainly due to lower personnel cost.

B2. Prospects for the Current Financial Year

Prospects for the Investment Banking business continue to be dictated by regional and global economic and political developments, the strengthening US Dollar and weaker ASEAN currencies and interest rate directions. Capital market activities remain volatile with a more active fixed income market and corporate exercises offset by continued weak outlook for equities and muted M&A 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 issue during the financial period.

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	21,841	4,989	36,119	45,653
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)	21.8	5.0	36.1	45.7

	The Bank			
	3rd quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	20,822	3,262	32,442	41,096
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)	20.8	3.3	32.4	41.1

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2016 and 31 December 2015.