

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	The Group	
		30 June 2018 RM'000	31 December 2017 RM'000
Assets			
Cash and short term funds		832,831	1,226,387
Deposits and placements with banks and other financial institutions		50,130	29
Financial assets at fair value through profit or loss	A5	2,005	-
Equity instruments at fair value through other comprehensive income	A6	821	-
Financial assets held for trading	A7	-	2,524
Financial investments available-for-sale	A8	-	821
Derivative financial instruments	A19(i)	7,209	9,071
Loans, advances and financing	A9	163,494	169,646
Other assets	A10	1,043,038	2,030,591
Tax recoverable		5,174	1
Deferred tax assets		16,754	21,344
Amounts due from related companies		2,839	4,201
Amounts due from ultimate holding company		132	276
Statutory deposits with Bank Negara Malaysia		91	91
Investment in associates		7,844	7,753
Property, plant and equipment		41,391	48,359
Investment property		17,592	17,849
Goodwill		964	964
Total assets		2,192,309	3,539,907
Liabilities			
Deposits from customers	A11	45,200	38,637
Deposits and placements of banks and other financial institutions	A12	419,665	700,996
Derivative financial instruments	A19(i)	4,043	5,169
Other liabilities	A13	1,092,692	2,078,390
Provision for taxation		195	6,298
Amounts due to related companies		16,815	17,090
Subordinated loan		10,248	10,000
Total liabilities		1,588,858	2,856,580
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		503,441	583,317
Total equity		603,451	683,327
Total equity and liabilities		2,192,309	3,539,907
Commitments and contingencies	A19(ii)	691,344	698,112
Net assets per ordinary share (RM)		6.03	6.83

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	The Bank	
		30 June 2018 RM'000	31 December 2017 RM'000
Assets			
Cash and short term funds		783,509	1,177,737
Deposits and placements with banks and other financial institutions		50,120	-
Financial assets at fair value through profit or loss	A5	2,005	-
Financial assets held for trading	A7	-	2,524
Derivative financial instruments	A19(i)	7,209	9,071
Loans, advances and financing	A9	163,494	169,646
Other assets	A10	1,039,439	2,027,910
Tax recoverable		5,174	-
Deferred tax assets		16,589	21,217
Amounts due from subsidiaries		187	312
Amounts due from related companies		2,839	4,200
Amounts due from ultimate holding company		132	276
Statutory deposits with Bank Negara Malaysia		91	91
Investment in subsidiaries		9,050	9,050
Property, plant and equipment		42,333	49,229
Investment property		17,592	17,849
Total assets		2,139,763	3,489,112
Liabilities			
Deposits from customers	A11	45,200	38,637
Deposits and placements of banks and other financial institutions	A12	419,665	700,996
Derivative financial instruments	A19(i)	4,043	5,169
Other liabilities	A13	1,091,529	2,076,286
Provision for taxation		-	6,242
Amounts due to related companies		16,815	17,090
Total liabilities		1,577,252	2,844,420
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		462,501	544,682
Total equity		562,511	644,692
Total equity and liabilities		2,139,763	3,489,112
Commitments and contingencies	A19(ii)	691,344	698,112
Net assets per ordinary share (RM)		5.63	6.45

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Notes	The Group			
		2nd quarter ended		Six months ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Interest income	A14	9,994	11,122	19,210	21,211
Interest expense	A15	(6,517)	(9,413)	(13,265)	(17,903)
Net interest income		3,477	1,709	5,945	3,308
Income derived from investment of shareholders' funds		8,188	8,998	22,019	14,432
Income attributable to the depositors		(1)	(1)	(1)	(2)
Income from Islamic Banking operations	A24b	8,187	8,997	22,018	14,430
Fee and commission income	A16	4,009	22,665	13,441	31,735
Dividend income	A16	3	2	3	2
Net (loss)/gain arising from financial assets at fair value through profit or loss	A16	(181)	-	137	-
Net loss arising from derivative financial instrument	A16	(57)	(450)	(338)	(14,844)
Net gain arising from financial assets held for trading	A16	-	741	-	5,751
Income from asset management and securities services	A16	4,706	4,375	9,528	8,889
Brokerage income	A16	32,860	32,980	68,542	65,680
Other non-interest income	A16	4,962	5,316	8,278	22,787
Non-interest income		46,302	65,629	99,591	120,000
Total income		57,966	76,335	127,554	137,738
Overheads	A17	(52,504)	(59,500)	(104,739)	(109,842)
Profit before expected credit losses/allowances		5,462	16,835	22,815	27,896
Expected credit losses / allowance for impairment losses on loans advances and financing	A18 (a)	(66)	(448)	(30)	(1,269)
Other expected credit losses written back on /write back of other impairment losses	A18 (b)	358	462	807	188
		5,754	16,849	23,592	26,815
Share of results of associates		124	208	91	246
Profit before taxation		5,878	17,057	23,683	27,061
Taxation		(3,573)	(5,934)	(11,710)	(10,639)
Profit after taxation		2,305	11,123	11,973	16,422
Profit for the financial period attributable to :					
Owners of the Group		2,305	11,123	11,973	16,422
Earnings per share attributable to ordinary equity holders (sen)					
-Basic	B3	2.3	11.1	12.0	16.4

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,305	11,123	11,973	16,422
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve - financial investments available-for-sale	-	130	-	130
- Gain from change in fair value	-	130	-	130
Other comprehensive income for the financial period, net of tax	2,305	11,253	11,973	16,552
Total comprehensive income attributable to:				
Owners of the Group	2,305	11,253	11,973	16,552

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Notes	The Bank			
		2nd quarter ended		Six months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A14	7,955	9,828	15,473	18,129
Interest expense	A15	(6,391)	(9,287)	(13,010)	(17,643)
Net interest income		1,564	541	2,463	486
Income derived from investment of shareholders' funds		8,188	8,998	22,019	14,432
Income attributable to the depositors		(1)	(1)	(1)	(2)
Income from Islamic Banking operations	A24b	8,187	8,997	22,018	14,430
Fee and commission income	A16	4,009	22,665	13,441	31,735
Dividend income	A16	3	2	3	2
Net (loss)/gain arising from financial assets at fair value through profit or loss	A16	(181)	-	137	-
Net loss arising from derivative financial instrument	A16	(57)	(450)	(338)	(14,844)
Net gain arising from financial assets held for trading	A16	-	741	-	5,751
Income from asset management and securities services	A16	4,706	4,375	9,528	8,889
Brokerage income	A16	31,509	31,939	65,830	63,563
Other non-interest income	A16	4,936	5,329	8,268	22,803
Non-interest income		44,925	64,601	96,869	117,899
Total income		54,676	74,139	121,350	132,815
Overheads	A17	(51,082)	(58,517)	(101,684)	(107,249)
Profit before expected credit losses/allowances		3,594	15,622	19,666	25,566
Expected credit losses / allowance for impairment losses on loans advances and financing	A18 (a)	(66)	(448)	(30)	(1,269)
Other expected credit losses written back on /write back of other impairment losses	A18 (b)	358	462	807	188
Profit before taxation		3,886	15,636	20,443	24,485
Taxation		(2,947)	(5,642)	(10,775)	(9,941)
Profit after taxation		939	9,994	9,668	14,544
Profit for the financial period attributable to : Owners of the Bank		939	9,994	9,668	14,544
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	0.9	10.0	9.7	14.5

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	The Bank			
	2nd quarter ended		Six months ended	
	30 June		30 June	
	2018	30 June 2017	2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	939	9,994	9,668	14,544
Other comprehensive income:				
Other comprehensive income for the financial period, net of tax	939	9,994	9,668	14,544
Total comprehensive income attributable to:				
Owners of the Bank	939	9,994	9,668	14,544

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

The Group	← Attributable to owners of Parent →								
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total RM'000
30 June 2018									
At 1 January 2018									
- as previously reported	100,000	10	-	-	317	4,119	1,952	576,929	683,327
-effect of adopting MFRS 9 (Note A26)	-	-	-	(6,014)	(317)	-	5,419	1,838	926
Adjusted at 1 January 2018	100,000	10	-	(6,014)	-	4,119	7,371	578,767	684,253
Net profit for the financial period	-	-	-	-	-	-	-	11,973	11,973
Total comprehensive income for the financial period	-	-	-	-	-	-	-	11,973	11,973
Share-based payment expense	-	-	-	-	-	2,661	-	-	2,661
Shares released under Equity Ownership Plan	-	-	-	-	-	(3,436)	-	-	(3,436)
Transfer from regulatory reserve	-	-	-	-	-	-	(4,129)	4,129	-
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	-	(92,000)	(92,000)
At 30 June 2018	100,000	10	-	(6,014)	-	3,344	3,242	502,869	603,451

The Group	← Attributable to owners of the Parent →								
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total RM'000
30 June 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	-	-	-	-	-	-	-	16,422	16,422
Other comprehensive expense (net of tax)	-	-	-	-	130	-	-	-	130
- financial investments available-for-sales	-	-	-	-	130	-	-	-	130
Total comprehensive income for the financial period	-	-	-	-	130	-	-	16,422	16,552
Share-based payment expense	-	-	-	-	-	1,248	-	-	1,248
Shares released under Equity Ownership Plan	-	-	-	-	-	(1,982)	-	-	(1,982)
Transfer from statutory reserve	-	-	(155,805)	-	-	-	-	155,805	-
Transfer from regulatory reserve	-	-	-	-	-	-	(56)	56	-
Interim dividend paid in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	-	(57,000)	(57,000)
At 30 June 2017	100,000	10	-	-	318	2,454	2,048	496,489	601,319

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

The Bank	← Non-distributable →						← Distributable →				Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Equity instruments at fair value through other comprehensive income RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000		
30 June 2018											
At 1 January 2018											
- as previously reported	100,000	10	-	(272,007)	4,119	-	271,377	1,952	539,241	644,692	
-effect of adopting MFRS 9 (Note A26)	-	-	-	-	-	(6,331)	-	5,419	1,838	926	
Adjusted at 1 January 2018	100,000	10	-	(272,007)	4,119	(6,331)	271,377	7,371	541,079	645,618	
Net profit for the financial period	-	-	-	-	-	-	-	-	9,668	9,668	
Total comprehensive income for the financial period	-	-	-	-	-	-	-	-	9,668	9,668	
Share-based payment expense	-	-	-	-	2,661	-	-	-	-	2,661	
Shares released under Equity Ownership Plan	-	-	-	-	(3,436)	-	-	-	-	(3,436)	
Transfer from regulatory reserve	-	-	-	-	-	-	(4,129)	-	4,129	-	
Interim dividend paid in respect of the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	(92,000)	(92,000)	
At 30 June 2018	100,000	10	-	(272,007)	3,344	(6,331)	271,377	3,242	462,876	562,511	

The Bank	← Non-distributable →						← Distributable →				Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Equity instruments at fair value through other comprehensive income RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000		
30 June 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	-	-	-	-	-	-	-	-	14,544	14,544	
Total comprehensive income for the financial period	-	-	-	-	-	-	-	-	14,544	14,544	
Share-based payment expense	-	-	-	-	1,248	-	-	-	-	1,248	
Share released under Equity Ownership Plan	-	-	-	-	(1,982)	-	-	-	-	(1,982)	
Transfer from statutory reserve	-	-	(155,805)	-	-	-	-	-	155,805	-	
Transfer from regulatory reserve	-	-	-	-	-	-	(56)	-	56	-	
Interim dividend paid in respect of the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	(57,000)	(57,000)	
At 30 June 2017	100,000	10	-	(272,007)	2,454	-	271,377	2,048	461,644	565,526	

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 2017.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	The Group		The Bank	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit before taxation	23,683	27,061	20,443	24,485
Adjustments for non-operating and non-cash items	8,279	(2,448)	8,326	(2,286)
Operating profit before changes in working capital	31,962	24,613	28,769	22,199
Net changes in operating assets	944,229	(207,399)	945,256	(206,815)
Net changes in operating liabilities	(1,120,954)	1,965,483	(1,261,063)	1,965,527
Cash (used in)/generated from operating activities	(144,763)	1,782,697	(287,038)	1,780,911
Taxation paid	(18,357)	(17,165)	(17,561)	(16,329)
Net cash (used in)/generated from operating activities	(163,120)	1,765,532	(304,599)	1,764,582
Net cash generated from investing activities	1,125	(33)	1,128	(32)
Net cash used in financing activities	(91,752)	(56,752)	(92,000)	(57,000)
	(90,627)	(56,785)	(90,872)	(57,032)
Net (decrease)/increase in cash and cash equivalents during the financial period	(253,747)	1,708,747	(395,471)	1,707,550
Cash and cash equivalents at beginning of the financial period	1,059,473	1,391,206	1,151,875	1,346,620
Cash and cash equivalents at end of the financial period	805,726	3,099,953	756,404	3,054,170
Cash and cash equivalents comprise the following:				
Cash and short term funds	832,831	3,127,460	783,509	3,081,677
Adjustment for monies held in trust:				
Remisiers' balances	(27,105)	(27,507)	(27,105)	(27,507)
Cash and cash equivalents at end of the financial period	805,726	3,099,953	756,404	3,054,170

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 2017.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2018 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income and derivative financial instruments that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board.

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 2017. 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 2017.

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 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers" and "Clarifications to MFRS 15"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 140 "Transfers of Investment Property"
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendments to MFRS 1
 - Amendments to MFRS 128
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Bank apply MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedging relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2017 will not be restated. The impact of adoption of MFRS 9 to the Group and the Bank are disclosed in Note 26.

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained earnings as at 1 January 2018.

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.

PART

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 92sen per ordinary share, amounting to RM92,000,000 in respect of the financial year ended 31 December 2017, which was approved by the Board of Directors on 26 January 2018, was paid on 22 March 2018.

No dividend has been proposed during the financial period ended 30 June 2018.

A4. Significant events after balance sheet date

On 6 September 2017, CIMB Group Sdn Bhd ("CIMBG") signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities Sdn Bhd ("Jupiter Securities") for a cash consideration of RM55 million ("Proposed Acquisition"). The proposed acquisition is in connection with the proposed partnership with China Galaxy International Financial Holdings Limited, a wholly-owned subsidiary of China Galaxy Securities Co. Ltd., with respect to a potential strategic partnership in the cash equities business in the region ("Proposed Partnership") wherein Jupiter Securities shall be the platform for the partnership's operations in Malaysia.

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

A5. Financial assets at fair value through profit or loss

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	214	-
<i>Outside Malaysia</i>		
Shares	389	-
Unquoted securities :		
<i>In Malaysia</i>		
Bonds	1,402	-
Total financial assets at fair value through profit or loss	2,005	-

PART A - EXPLANATORY NOTES (CONTINUED)

A6. Equity instruments at fair value through other comprehensive income

	The Group		The Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
<u>At fair value</u>				
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	821	-	-	-
Total equity instruments at fair value through other comprehensive income	821	-	-	-

A7. Financial assets held for trading

	The Group and the Bank 31 December 2017 RM'000
<u>At fair value</u>	
Quoted securities :	
<i>In Malaysia</i>	
Shares	686
<i>Outside Malaysia</i>	
Shares	71
Unquoted securities :	
<i>In Malaysia</i>	
Bonds	1,767
Total financial assets held for trading	2,524

A8. Financial investments available-for-sale

	The Group 31 December 2017 RM'000	The Bank 31 December 2017 RM'000
<u>At fair value</u>		
Unquoted securities :		
<i>Outside Malaysia</i>		
Shares	7,152	6,331
	7,152	6,331
Allowance for impairment losses :		
Unquoted shares outside Malaysia	(6,331)	(6,331)
	(6,331)	(6,331)
Total financial investments available-for-sale	821	-

PART A - EXPLANATORY NOTES (CONTINUED)**A9. Loans, advances and financing**

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
(i) By type of financing		
At amortised cost		
Staff loans *	161,587	169,731
Other loans	2,807	1,905
Gross loans, advances and financing, at amortised cost	<u>164,394</u>	171,636
Less: Expected credit losses/allowance for impairment losses		
- Individual impairment allowance	-	(1,905)
- Portfolio impairment allowance	(900)	(85)
Total net loans, advances and financing	<u>163,494</u>	<u>169,646</u>
* There were no loans to directors included in staff loans of the Group and the Bank as at 30 June 2018. (31 December 2017: RM Nil).		
(ii) By type of customers		
Individuals	<u>164,394</u>	171,636
(iii) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loan	15,043	16,838
Variable rate		
- BLR plus	<u>149,351</u>	154,798
	<u>164,394</u>	<u>171,636</u>
(iv) By economic purpose:		
Personal use	2,136	2,162
Purchase of residential property (housing)	159,972	166,404
Purchase of transport vehicles	2,286	3,070
Gross loans, advances and financing	<u>164,394</u>	171,636
(v) By geographical distribution		
Malaysia	<u>164,394</u>	171,636
(vi) By economic sector:		
Household	<u>164,394</u>	171,636

PART A - EXPLANATORY NOTES (CONTINUED)

A9. Loans, advances and financing (continued)

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
(vii) By residual contractual maturity		
Within one year	372	270
One year to less than three years	1,683	1,914
Three years to less than five years	1,496	2,058
Five years and more	160,843	167,394
	164,394	171,636
(viii) Credit impaired / impaired loans, advances and financing by economic purpose		
Purchase of residential property (housing)	2,321	1,401
Purchase of transport vehicles	486	504
Gross impaired loans, advances and financing	2,807	1,905
(ix) Credit impaired / impaired loans, advances and financing by geographical distribution		
Malaysia	2,807	1,905
(x) Credit impaired / impaired loans, advances and financing by economic sector		
Household	2,807	1,905

PART A - EXPLANATORY NOTES (CONTINUED)

A9. Loans, advances and financing (continued)

(xi) Movements in the expected credit losses/allowance for impaired loans, advances and financing are as follows:

Expected credit losses movement of loans, advances and financing at amortised cost:

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	Total RM'000
The Group and the Bank						
Loans, advances and financing to customers at amortised cost						
As at 1 January 2018	-	-	-	1,905	85	1,990
Effect of adopting MFRS 9	132	19	621	(1,905)	(85)	(1,218)
Adjusted 1 Jan 2018	132	19	621	-	-	772
Changes in expected credit losses due to transferred within stages:						
Transferred to Stage 1	32	(32)	-	-	-	-
Transferred to Stage 2	(6)	29	(23)	-	-	-
Transferred to Stage 3	-	(99)	99	-	-	-
Total charge to Income Statement:	(100)	122	106	-	-	128
Financial assets that have been derecognised	(2)	-	-	-	-	(2)
Change in credit risk:	(98)	122	106	-	-	130
At 30 June 2018	58	39	803	-	-	900

Loss allowance for non-credit-impaired exposures and regulatory reserve 1.0%

Movement in allowances on loans, advances and financing:

Individual impairment allowance

At 1 January 2017	2,075
Allowance made during the year	2,034
Amounts written back during the year	(2,204)
At 31 December 2017	<u>1,905</u>

Portfolio impairment allowance

At 1 January 2017	99
Net amount written back during the year	(14)
At 31 December 2017	<u>85</u>

Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance 1.2%

PART A - EXPLANATORY NOTES (CONTINUED)

A9. Loans, advances and financing (continued)

(xii) Movements in credit impaired/impaired loans, advances and financing (continued)

Gross carrying amount movement of loans, advances and financing at amortised cost as credit impaired:

	The Group and the Bank		
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Impaired loans under MFRS 139 RM'000	Total RM'000
As at 1 January 2018	-	1,905	1,905
Effect of adopting MFRS 9	1,905	(1,905)	-
Adjusted 1 January 2018	1,905	-	1,905
Transfer within stages:	868	-	868
Amount recovered	(4)	-	(4)
Other changes in loans, advances and financing	38	-	38
At 30 June 2018	2,807	-	2,807

Ratio of credit impaired loans to total loans, advances and financing

**The Group and
the Bank
30 June
2018
1.7%**

Impaired loans under MFRS 139:

At 1 January 2017
Classified as impaired during the financial year
Amount written back in respect of recoveries
At 31 December 2017

**The Group and
the Bank
31 December 2017
RM'000**
2,075
2,034
(2,204)
1,905

Ratio of gross impaired loans to total loans, advances and financing

1.1%

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
A10. Other assets				
Due from brokers and clients, net of expected credit losses/allowance	801,688	1,194,813	798,965	1,193,066
Collateral pledged for derivative transactions	138,353	139,353	138,353	139,353
Other debtors, deposits and prepayments, net of expected credit losses / allowance	102,997	696,425	102,121	695,491
	1,043,038	2,030,591	1,039,439	2,027,910

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
A11. Deposits from customers		
<u>(i) By type of deposits</u>		
Short term money market deposits	45,200	38,637
 <u>(ii) By type of customers</u>		
Government and statutory bodies	30,101	-
Business enterprises	15,099	38,637
	45,200	38,637

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
A12. Deposits and placements of banks and other financial institutions		
Licensed banks	170,588	250,705
Other financial institutions	249,077	450,291
	419,665	700,996

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

Due within six months	419,665	700,996
	419,665	700,996

	The Group		The Bank	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
A13. Other liabilities				
Due to brokers and clients	748,538	1,136,062	748,538	1,136,062
Structured deposits	137,550	138,550	137,550	138,550
Expected credit losses/Allowance for commitments and contingencies	1	-	1	-
Others	206,603	803,778	205,440	801,674
	1,092,692	2,078,390	1,091,529	2,076,286

PART A - EXPLANATORY NOTES (CONTINUED)

A13. OTHER LIABILITIES (CONTINUED)

(a) Expected credit losses movement of loan commitments and financial guarantee contracts are as follows:

The Group and the Bank	12-month expected	Total
	credit losses - (Stage 1)	RM'000
	RM'000	RM'000
As at 1 January 2018	-	-
Effect of adopting MFRS 9	<u>1</u>	<u>1</u>
Adjusted 1 Jan 2018	<u>1</u>	<u>1</u>
At 30 June 2018	<u>1</u>	<u>1</u>

As at 30 June 2018, the gross carrying amount of loan commitments that are credit impaired for the Group and the Bank is RM845.000 .

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
A14. Interest income				
<u>Group</u>				
Loans, advances and financing	1,358	1,371	2,690	2,745
Money at call and deposits placements with banks and other financial institutions	8,216	9,240	15,655	17,638
Financial assets at fair value through profit or loss	15	-	43	-
Financial assets held for trading	-	11	-	36
Others	405	498	823	789
	9,994	11,120	19,211	21,208
Amortisation of premium less accretion of discount	-	2	(1)	3
	9,994	11,122	19,210	21,211
<u>Bank</u>				
Loans, advances and financing	1,358	1,371	2,690	2,745
Money at call and deposits placements with banks and other financial institutions	6,197	7,946	11,938	14,556
Financial assets at fair value through profit or loss	15	-	43	-
Financial assets held for trading	-	11	-	36
Others	385	498	803	789
	7,955	9,826	15,474	18,126
Amortisation of premium less accretion of discount	-	2	(1)	3
	7,955	9,828	15,473	18,129
A15. Interest expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	5,536	8,226	10,877	15,884
Deposits from customers	855	1,061	2,133	1,759
Subordinated loans	125	126	248	260
Others	1	-	7	-
	6,517	9,413	13,265	17,903
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	5,536	8,226	10,877	15,884
Deposits from customers	855	1,061	2,133	1,759
	6,391	9,287	13,010	17,643

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
A16. Non interest income				
<u>Group</u>				
a) Fee income and commission income:				
Commissions	2	728	1,399	1,401
Advisory and arrangement fees	3,058	12,526	9,987	15,742
Underwriting commissions	6	2,195	10	2,195
Placement fees	125	4,307	227	8,209
Other fee income	818	2,909	1,818	4,188
	4,009	22,665	13,441	31,735
b) Net gain arising from financial assets at fair value through profit or loss				
- realised gain	12	-	419	-
- unrealised loss	(193)	-	(282)	-
	(181)	-	137	-
c) Net loss arising from derivative financial instrument				
- realised loss	(57)	(8,770)	(338)	(15,031)
- unrealised gain	-	8,320	-	187
	(57)	(450)	(338)	(14,844)
d) Net gain arising from financial assets held for trading:				
- realised gain	-	1,354	-	5,282
- unrealised (loss)/gain	-	(613)	-	469
	-	741	-	5,751
e) Dividend income from:				
Financial assets at fair value through profit or loss	3	-	3	-
Financial assets held for trading	-	2	-	2
	3	2	3	2
f) Other income:				
Foreign exchange gain	3,295	3,925	4,726	19,969
Gain on disposal of property, plant and equipment	488	294	1,273	738
Other non-operating income	1,179	1,097	2,279	2,080
	4,962	5,316	8,278	22,787
g) Income from asset management and securities services	4,706	4,375	9,528	8,889
h) Brokerage Income	32,860	32,980	68,542	65,680
Total non interest income	46,302	65,629	99,591	120,000

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
A16. Non interest income (Continued)				
<u>Bank</u>				
a) Fee income and commission income:				
Commissions	2	728	1,399	1,401
Advisory and arrangement fees	3,058	12,526	9,987	15,742
Underwriting commissions	6	2,195	10	2,195
Placement fees	125	4,307	227	8,209
Other fee income	818	2,909	1,818	4,188
	4,009	22,665	13,441	31,735
b) Net gain arising from financial assets at fair value through profit or loss				
- realised gain	12	-	419	-
- unrealised loss	(193)	-	(282)	-
	(181)	-	137	-
c) Net loss arising from derivative financial instrument				
- realised loss	(57)	(8,770)	(338)	(15,031)
- unrealised gain	-	8,320	-	187
	(57)	(450)	(338)	(14,844)
d) Net gain arising from financial assets held for trading:				
- realised gain	-	1,354	-	5,282
- unrealised (loss)/gain	-	(613)	-	469
	-	741	-	5,751
e) Dividend income from:				
Financial assets at fair value through profit or loss	3	-	3	-
Financial assets held for trading	-	2	-	2
	3	2	3	2
f) Other income:				
Foreign exchange gain	3,289	3,936	4,737	19,983
Gain on disposal of property, plant and equipment	470	294	1,255	738
Other non-operating income	1,177	1,099	2,276	2,082
	4,936	5,329	8,268	22,803
g) Income from asset management and securities services	4,706	4,375	9,528	8,889
h) Brokerage Income	31,509	31,939	65,830	63,563
Total non interest income	44,925	64,601	96,869	117,899

PART A - EXPLANATORY NOTES (CONTINUED)**A17. Overheads**

Group	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	30,009	38,825	70,084	70,887
- Pension cost (defined contribution plan)	4,162	3,788	8,285	7,589
- Overtime, meal and transport claims	142	94	247	173
- Others	1,299	1,932	3,847	3,473
	35,612	44,639	82,463	82,122
Establishment costs				
- Depreciation of property, plant and equipment	3,470	5,112	7,076	10,466
- Depreciation of investment property	128	128	257	257
- Rental	7,688	7,057	12,759	13,815
- Others	2,808	1,981	6,372	5,724
	14,094	14,278	26,464	30,262
Marketing expenses				
- Advertisement	229	1,039	343	1,279
- Entertainment expenses	367	986	1,761	2,533
- Others	999	409	1,285	747
	1,595	2,434	3,389	4,559
Administration and general expenses				
- Legal and professional fees	194	740	(117)	1,445
- Communication	190	197	436	456
- Printing and stationery	295	623	843	948
- Administrative vehicle, travelling and insurance	360	1,016	1,504	1,864
- Others	6,131	2,762	10,184	5,365
	7,170	5,338	12,850	10,078
Shared services cost #	(5,967)	(7,189)	(20,427)	(17,179)
Total overhead expenses	52,504	59,500	104,739	109,842

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Overheads (Continued)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Personnel costs				
- Salaries, allowances and bonuses	29,435	38,373	68,946	69,929
- Pension cost (defined contribution plan)	4,094	3,735	8,150	7,478
- Overtime, meal and transport claims	142	94	247	173
- Others	1,202	1,912	3,731	3,430
	34,873	44,114	81,074	81,010
Establishment costs				
- Depreciation of property, plant and equipment	3,451	5,077	7,025	10,395
- Depreciation of investment property	128	128	257	257
- Rental	7,315	6,848	11,691	13,067
- Others	2,793	1,973	6,343	5,702
	13,687	14,026	25,316	29,421
Marketing expenses				
- Advertisement	249	1,039	343	1,279
- Entertainment expenses	325	934	1,689	2,481
- Others	929	402	1,211	716
	1,503	2,375	3,243	4,476
Administration and general expenses				
- Legal and professional fees	189	643	(133)	1,104
- Communication	189	196	432	452
- Printing and stationery	295	623	843	948
- Administrative vehicle, travelling and insurance	348	999	1,487	1,838
- Others	5,965	2,730	9,849	5,179
	6,986	5,191	12,478	9,521
Shared services cost #	(5,967)	(7,189)	(20,427)	(17,179)
Total overhead expenses	51,082	58,517	101,684	107,249

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

PART A - EXPLANATORY NOTES (CONTINUED)

A18 (a). Expected credit losses /allowance for impairment losses on loans advances and financing

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
The Group and the Bank	RM'000	RM'000	RM'000	RM'000
Expected credit losses/allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	(66)	-	(128)	-
- Individual impairment allowance	-	(452)	-	(1,281)
- Portfolio impairment allowance	-	4	-	12
Credit impaired/impaired loans and advances :				
- recovered	-	-	98	-
	(66)	(448)	(30)	(1,269)

A18 (b). Other Expected credit losses written back on / write back of other impairment losses

The Group and the Bank				
Expected credit losses written back on:				
- Other receivables	358	-	807	-
Net allowance written back on:				
- Other receivables	-	462	-	188
	358	462	807	188

PART A - EXPLANATORY NOTES (CONTINUED)

A19. 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 June 2018			
Trading derivatives			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	137,550	3,481	-
<u>Equity derivatives</u>			
Equity options			
- 1 year to 3 years	277,849	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	275,100	3,728	(4,043)
Total derivative assets/(liabilities)	690,499	7,209	(4,043)
At 31 December 2017			
Trading derivatives			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	138,550	4,519	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	281,108	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	277,100	4,552	(5,169)
Total derivative assets/(liabilities)	696,758	9,071	(5,169)

PART A - EXPLANATORY NOTES (CONTINUED)

A19. 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 June 2018, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM7,209,000 (31 December 2017: RM9,017,000). 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 June 2018, the Group and the Bank has posted cash collateral of RM138 million (31 December 2017: RM139 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 2017.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. 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 June	31 December
	2018	2017
	Principal	Principal
	amount	amount
	RM'000	RM'000
<u>Credit-related</u>		
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	845	1,354
Total credit-related commitments and contingencies	845	1,354
<u>Treasury-related</u>		
Interest rate related contracts		
- Five years and above	137,550	138,550
Equity related contracts		
- One year to less than 5 years	277,849	281,108
Credit related contracts		
- Five years and above	275,100	277,100
Total treasury-related commitments and contingencies	690,499	696,758
	691,344	698,112

PART A - EXPLANATORY NOTES (CONTINUED)

A20. 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 June 2018	31 December 2017	30 June 2018	31 December 2017
Before deducting proposed dividend				
Common Equity Tier 1 Ratio	32.248%	35.950%	35.705%	39.596%
Tier 1 ratio	32.248%	35.950%	35.705%	39.596%
Total capital ratio	32.359%	35.950%	35.836%	39.596%
After deducting proposed dividend				
Common Equity Tier 1 Ratio	32.248%	30.867%	35.705%	33.651%
Tier 1 ratio	32.248%	30.867%	35.705%	33.651%
Total capital ratio	32.359%	30.867%	35.836%	33.651%

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

	The Group		The Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Credit risk	1,123,949	1,110,035	861,459	869,393
Market risk	43,170	56,342	42,754	55,924
Operational risk	612,254	643,358	590,469	622,356
Total risk-weighted assets	<u>1,779,373</u>	<u>1,809,735</u>	<u>1,494,682</u>	<u>1,547,673</u>

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

	The Group		The Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Common Equity Tier I capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	503,441	583,317	462,501	544,682
Less : Proposed dividends	-	(92,000)	-	(92,000)
Common Equity Tier I capital before regulatory adjustments	603,441	591,317	562,501	552,682
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(16,754)	(21,344)	(16,589)	(21,217)
Deduction in excess of Tier 1 & 2 capital	-	(1,417)	-	(1,503) N1
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(8,664)	(6,859)	(9,000)	(7,200)
Regulatory reserve	(3,242)	(1,952)	(3,242)	(1,952)
Others	-	(174)	-	-
Common equity tier I capital after regulatory adjustments	<u>573,817</u>	<u>558,607</u>	<u>533,670</u>	<u>520,810</u>
Total Tier I Capital	<u>573,817</u>	<u>558,607</u>	<u>533,670</u>	<u>520,810</u>
Tier II capital				
Redeemable Preference Shares	4	5	4	5
General provisions/ Portfolio impairment allowance and regulatory reserves	3,339	2,037	3,339	2,203
Tier II capital before regulatory adjustments	3,343	2,042	3,343	2,208
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(1,381)	(3,459)	(1,381)	(3,545)
Total Tier II capital	<u>1,962</u>	<u>-</u>	<u>1,962</u>	<u>-</u> N1
Total capital	<u>575,779</u>	<u>558,607</u>	<u>535,632</u>	<u>520,810</u>

N1 The excess of Tier II capital was deducted under Common Equity Tier I capital

PART A - EXPLANATORY NOTES (CONTINUED)

A21. LEVERAGE RATIO

The leverage ratio framework applicable to the Malaysian banking entities is based on BNM Leverage Ratio issued on 8 December 2017, which comes into effect on 1 January 2018. A Banking institution must maintain a minimum of Leverage ratio of 3% at all times as required by the Policy.

30 June 2018

	The Group	The Bank
Leverage ratio	<u>18.59%</u>	<u>20.82%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. 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

PART A - EXPLANATORY NOTES (CONTINUED)

A22. 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	Debt / financing related	Equity related	Investments and securities services	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2018						
Net interest income	-	3,290	-	-	2,655	5,945
Non interest income	6,758	3,616	64,688	21,293	3,236	99,591
Income from Islamic Banking operations	246	17,516	1,591	2,665	-	22,018
	7,004	24,422	66,279	23,958	5,891	127,554
Overheads	(21,929)	(15,003)	(63,976)	(1,203)	(2,628)	(104,739)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(1,194)	(121)	(3,167)	(2,554)	(40)	(7,076)
<i>Depreciation of Investment Property</i>	-	-	-	(257)	-	(257)
(Loss)/ profit before expected credit losses	(14,925)	9,419	2,303	22,755	3,263	22,815
Expected credit losses written back/(made) on loans, advances and financing	-	-	-	98	(128)	(30)
Other expected credit losses written back/(made) for other impairment losses	724	(2,593)	2,178	497	1	807
Segment results	(14,201)	6,826	4,481	23,350	3,136	23,592
Share of results of associates						91
Profit before taxation						23,683
Taxation						(11,710)
Net profit for the financial period						11,973
30 June 2018						
Segment assets	6,651	931,153	997,682	30,937	200,178	2,166,601
Unallocated assets						25,708
Total assets						2,192,309
Segment liabilities	4,421	676,473	820,794	49,590	20,550	1,571,828
Unallocated liabilities						17,030
Total liabilities						1,588,858
Other segment items						
Capital expenditure:						
- addition of property, plant and equipment	12	-	107	50	324	493
Amortisation of premium less accretion of discount	-	(1)	-	-	-	(1)

PART A - EXPLANATORY NOTES (CONTINUED)

A22. 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 June 2017						
Net interest income	-	632	-	-	2,676	3,308
Non interest income	21,192	6,366	71,069	18,943	2,430	120,000
Income from Islamic Banking operations	629	9,433	1,932	2,436	-	14,430
	21,821	16,431	73,001	21,379	5,106	137,738
Overheads	(17,909)	(7,941)	(61,788)	(21,389)	(815)	(109,842)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(1,406)	(83)	(3,759)	(5,210)	(8)	(10,466)
<i>Depreciation of Investment Property</i>	-	-	-	(257)	-	(257)
Profit before allowances	3,912	8,490	11,213	(10)	4,291	27,896
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(1,269)	(1,269)
(Allowance for)/write back of impairment losses on other receivables	(162)	88	244	18	-	188
Segment results	3,750	8,578	11,457	8	3,022	26,815
Share of results of associates						246
Profit before taxation						27,061
Taxation						(10,639)
Net profit for the financial period						16,422
 31 December 2017						
Segment assets	37,667	1,884,751	1,363,978	35,414	190,499	3,512,309
Unallocated assets						27,598
Total assets						3,539,907
Segment liabilities	4,953	1,514,390	1,232,768	70,510	10,569	2,833,190
Unallocated liabilities						23,390
Total liabilities						2,856,580
Other segment items						
Capital expenditure:						
- addition of property, plant and equipment	3,413	-	830	40	160	4,443
Amortisation of premium less accretion of discount	-	3	-	-	-	3

PART A - EXPLANATORY NOTES (CONTINUED)

A23. 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)

A23. 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 June 2018 and 31 December 2017.

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>					
30 June 2018					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	603	603	-	-	603
- Unquoted securities	1,402	-	1,402	-	1,402
Equity instruments at fair value through other comprehensive income					
- Unquoted securities	821	-	-	821	821
Derivative financial instruments					
- Trading derivatives	7,209	-	7,209	-	7,209
Total	10,035	603	8,611	821	10,035
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	4,043	-	4,043	-	4,043
Total	4,043	-	4,043	-	4,043

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Bank</u>					
30 June 2018					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss					
- Quoted securities	603	603	-	-	603
- Unquoted securities	1,402	-	1,402	-	1,402
Derivative financial instruments					
- Trading derivatives	7,209	-	7,209	-	7,209
Total	9,214	603	8,611	-	9,214
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	4,043	-	4,043	-	4,043
Total	4,043	-	4,043	-	4,043

PART A - EXPLANATORY NOTES (CONTINUED)

A23. 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 June 2018 and 31 December 2017. (Continued)

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>					
31 December 2017					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	757	757	-	-	757
- Unquoted securities	1,767	-	1,767	-	1,767
Financial investments available-for-sale					
- Unquoted securities	821	-	-	821	821
Derivative financial instruments					
- Trading derivatives	9,071	-	9,071	-	9,071
Total	12,416	757	10,838	821	12,416
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	5,169	-	5,169	-	5,169
Total	5,169	-	5,169	-	5,169

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Bank</u>					
31 December 2017					
<i>Recurring fair value measurement</i>					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	757	757	-	-	757
- Unquoted securities	1,767	-	1,767	-	1,767
Derivative financial instruments					
- Trading derivatives	9,071	-	9,071	-	9,071
Total	11,595	757	10,838	-	11,595
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	5,169	-	5,169	-	5,169
Total	5,169	-	5,169	-	5,169

PART A - EXPLANATORY NOTES (CONTINUED)

A23. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2018 and 31 December 2017 for the Group and the Bank.

	Financial Assets	
	Equity instruments at fair value through other comprehensive income	Total
The Group	Unquoted securities	RM'000
<u>30 June 2018</u>		
At 1 January	-	-
Effect of adopting MFRS 9	821	821
Adjusted 1 January	821	821
At 30 June 2018	821	821

	Financial Assets	
	Financial investments available-for-sale	Total
The Group	RM'000	RM'000
<u>31 December 2017</u>		
At 1 January 2017	1,303	1,303
Total loss recognised in Statement of income	(37)	(37)
Total gain recognised in other comprehensive income	129	129
Redemption of securities	(574)	(574)
At 31 December 2017	821	821

Total loss recognised in Statement of income relating to assets held on 31 December 2017	37	37
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	Financial Assets	
	Financial investments available-for-sale	Total
The Bank	RM'000	RM'000
<u>31 December 2017</u>		
At 1 January 2017	611	611
Total loss recognised in Statement of income	(37)	(37)
Redemption of securities	(574)	(574)
At 31 December 2017	-	-

Total loss recognised in Statement of income relating to assets held on 31 December 2017	(37)	(37)
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PART A - EXPLANATORY NOTES (CONTINUED)

A24. The operations of Islamic Banking

A24a. Unaudited Statements of Financial Position as at 30 June 2018

	The Group and the Bank	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Assets		
Cash and short-term funds	318,279	418,545
Islamic derivative financial instruments	7,209	9,071
Other assets	158,116	142,543
Tax recoverable	9,107	420
Deferred tax assets	78	123
Property, plant and equipment	90	132
Amount due from related companies	127	292
Total assets	493,006	571,126
Liabilities and Islamic Banking capital funds		
Islamic derivative financial instruments	4,043	5,169
Other liabilities	164,423	157,903
Amount due to related companies	383	413
Total liabilities	168,849	163,485
Islamic Banking capital funds	55,696	55,696
Reserves	268,461	351,945
Total Islamic Banking capital funds	324,157	407,641
Total liabilities and Islamic Banking capital funds	493,006	571,126

PART A - EXPLANATORY NOTES (CONTINUED)

A24. The operations of Islamic Banking

A24b. Unaudited Statements of Income for the financial period ended 30 June 2018

	The Group and the Bank			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of shareholders' funds	8,188	8,998	22,019	14,432
Other expected credit losses / (allowance for /write back of impairment losses on other receivables	(205)	(43)	(202)	41
Total attributable income	7,983	8,955	21,817	14,473
Income attributable to the depositors and others	(1)	(1)	(1)	(2)
Total net income	7,982	8,954	21,816	14,471
Personnel expenses	(159)	(288)	(305)	(581)
Other overheads and expenditures	(5,635)	(3,130)	(9,866)	(5,492)
Profit before taxation	2,188	5,536	11,645	8,398
Taxation	(741)	(1,382)	(3,128)	(2,104)
Profit after taxation/total comprehensive income for the period	1,447	4,154	8,517	6,294
<u>Income from Islamic operations (per page 2)</u>				
Total net income	7,982	8,954	21,816	14,471
Less : Other expected credit losses / allowance for /(write back of) impairment losses on other receivables	205	43	202	(41)
	8,187	8,997	22,018	14,430

PART A - EXPLANATORY NOTES (CONTINUED)

A24c. Capital Adequacy

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

	The Group and the Bank	
	30 June 2018	31 December 2017
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	117.684%	143.155%
Tier 1 ratio	117.684%	143.155%
Total capital ratio	117.684%	143.155%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	117.684%	110.836%
Tier 1 ratio	117.684%	110.836%
Total capital ratio	117.684%	110.836%

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

	The Group and the Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Credit risk	159,454	163,477
Market risk	8,223	9,113
Operational risk	107,703	112,080
Total risk-weighted assets	275,380	284,670

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

	The Group and the Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Common Equity Tier I capital		
Ordinary share capital	55,696	55,696
Other reserves	268,461	351,945
Less : Proposed dividend	-	(92,000)
Common Equity Tier I capital / Total Tier I Capital	324,157	315,641
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(78)	(123)
Common equity tier I capital after regulatory adjustments / total Tier I capital	324,079	315,518
Total capital base	324,079	315,518

PART A - EXPLANATORY NOTES (CONTINUED)

A25. Credit transactions and exposures with connected parties

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Outstanding credit exposures with connected parties	23,953	23,554
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.4%	1.1%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

A26. CHANGE IN ACCOUNTING POLICIES

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Bank apply MFRS 9 “Financial Instruments”, replacing MFRS 139 “Financial Instruments: Recognition and Measurement”, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018:

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Financial assets at fair value through profit or loss		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial assets held for trading	2,524	2,524
Opening balance under MFRS 9 as at 1 January 2018	2,524	2,524
Equity instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments available-for-sale	821	-
Opening balance under MFRS 9 as at 1 January 2018	821	-
Financial assets held for trading		
Closing balance under MFRS 139 as at 31 December 2017	2,524	2,524
- reclassification to financial assets at fair value through profit or loss	(2,524)	(2,524)
Opening balance under MFRS 9 as at 1 January 2018	-	-
Financial investments available-for-sale		
Closing balance under MFRS 139 as at 31 December 2017	821	-
- reclassification to equity instruments at fair value through other comprehensive income	(821)	-
Opening balance under MFRS 9 as at 1 January 2018	-	-

PART A - EXPLANATORY NOTES (CONTINUED)**A26. CHANGE IN ACCOUNTING POLICIES (CONTINUED)**

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Bank from MFRS 139 to MFRS 9 as at 1 January 2018: (Continued)

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Bank RM'000
Loans, advances and financing		
Closing balance under MFRS 139 as at 31 December 2017	169,646	169,646
- recognition of expected credit losses under MFRS 9	1,219	1,219
Opening balance under MFRS 9 as at 1 January 2018	<u>170,865</u>	<u>170,865</u>
Other liabilities		
Closing balance under MFRS 139 as at 31 December 2017	2,078,390	2,076,286
- recognition of expected credit losses under MFRS 9	1	1
Opening balance under MFRS 9 as at 1 January 2018	<u>2,078,391</u>	<u>2,076,287</u>
Provision for taxation		
Closing balance under MFRS 139 as at 31 December 2017	6,298	6,242
- in respect of recognition of expected credit losses under MFRS 9	292	292
Opening balance under MFRS 9 as at 1 January 2018	<u>6,590</u>	<u>6,534</u>
Retained earnings		
Closing balance under MFRS 139 as at 31 December 2017	576,929	539,241
- Transfer to regulatory reserve	(5,419)	(5,419)
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	6,331	6,331
- Recognition of expected credit losses under MFRS 9	1,218	1,218
- Tax effect arising from MFRS 9	(292)	(292)
Opening balance under MFRS 9 as at 1 January 2018	<u>578,767</u>	<u>541,079</u>
Revaluation reserve - financial investment available-for-sale		
Closing balance under MFRS 139 as at 31 December 2017	317	-
- Transfer to fair value reserve - equity instruments at fair value through other comprehensive income	(317)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
Fair value reserves - Equity instruments at fair value through other comprehensive income		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from revaluation reserve - financial investment available-for-sale	317	-
- Unrealised loss on equity instruments at fair value through other comprehensive income	(6,331)	(6,331)
Opening balance under MFRS 9 as at 1 January 2018	<u>(6,014)</u>	<u>(6,331)</u>
Regulatory reserve		
Closing balance under MFRS 139 as at 31 December 2017	1,952	1,952
- Transfer from retained profits	5,419	5,419
Opening balance under MFRS 9 as at 1 January 2018	<u>7,371</u>	<u>7,371</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

A26 (a) The impact of the above on the financial statements of the Group and the Bank are set out as follows:

(i) Impact on the Group's and the Bank's Statement of Financial Position as at 31 December 2017 and 1 January 2018:

	Audited as at 31 December 2017 RM'000	The Group Effects of adopting MFRS 9			Adjusted 1 January 2018 RM'000
		Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Assets					
Cash and short term funds	1,226,387	-	-	-	1,226,387
Deposits and placements with banks and other financial institutions	29	-	-	-	29
Financial assets at fair value through profit or loss	-	-	2,524	2,524	2,524
Equity instruments at fair value through other comprehensive income	-	-	821	821	821
Financial assets held for trading	2,524	-	(2,524)	(2,524)	-
Financial investments available-for-sale	821	-	(821)	(821)	-
Derivative financial instruments	9,071	-	-	-	9,071
Loans, advances and financing	169,646	1,219	-	1,219	170,865
Other assets	2,030,591	-	-	-	2,030,591
Tax recoverable	1	-	-	-	1
Deferred taxation	21,344	-	-	-	21,344
Statutory deposits with central banks	91	-	-	-	91
Amounts due from holding company and ultimate holding company	276	-	-	-	276
Amount due from related companies	4,201	-	-	-	4,201
Investment in associates and joint ventures	7,753	-	-	-	7,753
Goodwill	964	-	-	-	964
Property, plant and equipment	48,359	-	-	-	48,359
Investment properties	17,849	-	-	-	17,849
TOTAL ASSETS	3,539,907	1,219	-	1,219	3,541,126
Liabilities					
Deposits from customers	38,637	-	-	-	38,637
Deposits and placements of banks and other financial institutions	700,996	-	-	-	700,996
Derivative financial instruments	5,169	-	-	-	5,169
Amount due to related companies	17,090	-	-	-	17,090
Other liabilities	2,078,390	1	-	1	2,078,391
Provision for taxation	6,298	292	-	292	6,590
Other borrowings	10,000	-	-	-	10,000
TOTAL LIABILITIES	2,856,580	293	-	293	2,856,873
Equity					
Ordinary share capital	100,000	-	-	-	100,000
Reserves	583,317	926	-	926	584,243
	683,317	926	-	926	684,243
Redeemable preference shares	10	-	-	-	10
TOTAL EQUITY	683,327	926	-	926	684,253
TOTAL EQUITY AND LIABILITIES	3,539,907	1,219	-	1,219	3,541,126

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

A26 (a) The impact of the above on the financial statements of the Group and the Bank are set out as follows: (Continued)

(i) Impact on the Group's and the Bank's Statement of Financial Position as at 31 December 2017 and 1 January 2018: (Continued)

	The Bank				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Assets					
Cash and short term funds	1,177,737	-	-	-	1,177,737
Financial assets at fair value through profit or loss	-	-	2,524	2,524	2,524
Financial assets held for trading	2,524	-	(2,524)	(2,524)	-
Derivative financial instruments	9,071	-	-	-	9,071
Loans, advances and financing	169,646	1,219	-	1,219	170,865
Other assets	2,027,910	-	-	-	2,027,910
Deferred taxation	21,217	-	-	-	21,217
Statutory deposits with central banks	91	-	-	-	91
Amounts due from holding company and ultimate holding company	276	-	-	-	276
Amount due from subsidiaries	312	-	-	-	312
Amount due from related companies	4,200	-	-	-	4,200
Investment in subsidiaries	9,050	-	-	-	9,050
Property, plant and equipment	49,229	-	-	-	49,229
Investment properties	17,849	-	-	-	17,849
TOTAL ASSETS	3,489,112	1,219	-	1,219	3,490,331
Liabilities					
Deposits from customers	38,637	-	-	-	38,637
Deposits and placements of banks and other financial institutions	700,996	-	-	-	700,996
Derivative financial instruments	5,169	-	-	-	5,169
Amount due to related companies	17,090	-	-	-	17,090
Other liabilities	2,076,286	1	-	1	2,076,287
Provision for taxation	6,242	292	-	292	6,534
TOTAL LIABILITIES	2,844,420	293	-	293	2,844,713
Equity					
Ordinary share capital	100,000	-	-	-	100,000
Reserves	544,682	926	-	926	545,608
	644,682	926	-	926	645,608
Redeemable preference shares	10	-	-	-	10
TOTAL EQUITY	644,692	926	-	926	645,618
TOTAL EQUITY AND LIABILITIES	3,489,112	1,219	-	1,219	3,490,331

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

A26 (a) The impact of the above on the financial statements of the Group and the Bank are set out as follows: (Continued)

(ii) Impact on the Group's and the Bank's Statement of Changes in Equity as at 31 December 2017 and 1 January 2018:

	The Group				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Retained earnings	576,929	1,838	-	1,838	578,767
Revaluation reserve - financial investment available-for-sale	317	-	(317)	(317)	-
Equity instruments at fair value through other comprehensive income	-	(6,331)	317	(6,014)	(6,014)
Regulatory reserve	1,952	5,419	-	5,419	7,371
Others	4,119	-	-	-	4,119
	<u>583,317</u>	<u>926</u>	<u>-</u>	<u>926</u>	<u>584,243</u>

	The Bank				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Retained earnings	539,241	1,838	-	1,838	541,079
Equity instruments at fair value through other comprehensive income	-	(6,331)	-	(6,331)	(6,331)
Regulatory reserve	1,952	5,419	-	5,419	7,371
Others	3,489	-	-	-	3,489
	<u>544,682</u>	<u>926</u>	<u>-</u>	<u>926</u>	<u>545,608</u>

PART B

B1. Group Performance Review

The Group registered a profit before taxation of RM23.7 million for the period ended 30 June 2018 as compared to RM27.1 million in 2017, decrease of 12.5% Y-o-Y growth.

The decrease in profit was mainly contributed by lower fee income and net trading income by RM18.3 million and RM 5.7 million respectively. However this was mitigated by increase in Income from Islamic Banking operations and brokerage income by RM7.6 million and RM2.9 million, respectively

Overheads decrease from RM109.8 million in 2017 to RM104.7 million in 2018 mainly due to lower establishment cost of RM3.8million and marketing expenses by RM1.1 million.

B2. Prospects for the Current Financial Year

The outlook for the Investment Banking business is cautious as investors are sidelined in view of rising global trade tensions and market uncertainties. Equity Capital Market (ECM), Mergers & Acquisition (M&A) and Debt Capital Market (DCM) activities are expected to track domestic market conditions and investors sentiment.

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			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
Net profit for the financial period (RM '000)	2,305	11,123	11,973	16,422
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)	2.3	11.1	12.0	16.4

	The Bank			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
Net profit for the financial period (RM '000)	939	9,994	9,668	14,544
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)	0.9	10.0	9.7	14.5

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2018 and 30 June 2017 .