

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Notes	The Group		The Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>Assets</b>					
Cash and short term funds		1,676,612	1,419,038	1,631,544	1,374,452
Deposits and placements with banks and other financial institutions		2,031	2,033	2,002	2,004
Financial assets held for trading	A5	4,188	267	4,188	267
Derivative financial instruments	A17(i)	10,822	12,919	10,822	12,919
Financial investments available-for-sale	A6	1,303	1,303	611	611
Loans, advances and financing	A7	181,281	183,466	181,281	183,466
Other assets	A8	2,050,689	992,038	2,047,826	989,408
Tax recoverable		11,577	5,895	11,508	5,895
Deferred tax assets		18,126	15,891	18,001	15,771
Amounts due from subsidiaries		-	-	68	46
Amounts due from related companies		26,381	17,834	26,378	17,831
Amounts due from ultimate holding company		99	241	99	241
Statutory deposits with Bank Negara Malaysia		146	146	146	146
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		7,241	7,202	-	-
Property, plant and equipment		59,384	65,093	60,355	66,027
Investment property		18,235	18,364	18,235	18,364
Goodwill		964	964	-	-
<b>Total assets</b>		<b>4,069,079</b>	<b>2,742,694</b>	<b>4,022,114</b>	<b>2,696,498</b>
<b>Liabilities</b>					
Deposits from customers	A9	412,661	217,123	412,661	217,123
Deposits and placements of banks and other financial institutions	A10	1,004,284	980,157	1,004,284	980,157
Derivative financial instruments	A17(i)	16,112	6,884	16,112	6,884
Other liabilities	A11	1,975,827	882,399	1,973,525	880,088
Provision for taxation		-	100	-	-
Amounts due to related companies		3,509	3,530	3,503	3,530
Subordinated loan		10,123	10,000	-	-
<b>Total liabilities</b>		<b>3,422,516</b>	<b>2,100,193</b>	<b>3,410,085</b>	<b>2,087,782</b>
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		546,553	542,491	512,019	508,706
<b>Total equity</b>		<b>646,563</b>	<b>642,501</b>	<b>612,029</b>	<b>608,716</b>
<b>Total equity and liabilities</b>		<b>4,069,079</b>	<b>2,742,694</b>	<b>4,022,114</b>	<b>2,696,498</b>
<b>Commitments and contingencies</b>	A17(ii)	<b>1,731,991</b>	<b>778,485</b>	<b>1,731,991</b>	<b>778,485</b>
<b>Net assets per share (RM)</b>		<b>6.47</b>	<b>6.43</b>	<b>6.12</b>	<b>6.09</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Notes	The Group				The Bank			
		1st quarter ended		Three months ended		1st quarter ended		Three months ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	A12	10,089	9,566	10,089	9,566	8,301	7,912	8,301	7,912
Interest expense	A13	(8,490)	(9,181)	(8,490)	(9,181)	(8,356)	(9,119)	(8,356)	(9,119)
Net interest income / (expense)		1,599	385	1,599	385	(55)	(1,207)	(55)	(1,207)
Income derived from investment of shareholders' funds		5,434	20,526	5,434	20,526	5,434	20,526	5,434	20,526
Income attributable to the depositors		(1)	-	(1)	-	(1)	-	(1)	-
Income from Islamic Banking operations	A21b	5,433	20,526	5,433	20,526	5,433	20,526	5,433	20,526
Fee and commission income	A14	9,070	20,082	9,070	20,082	9,070	20,082	9,070	20,082
Net trading (loss)/income	A14	(9,384)	341	(9,384)	341	(9,384)	341	(9,384)	341
Income from asset management and securities services	A14	4,514	4,179	4,514	4,179	4,514	4,179	4,514	4,179
Brokerage income	A14	32,700	27,795	32,700	27,795	31,624	26,495	31,624	26,495
Other non-interest income/(expense)	A14	17,471	(2,535)	17,471	(2,535)	17,474	(2,466)	17,474	(2,466)
Non-interest income		54,371	49,862	54,371	49,862	53,298	48,631	53,298	48,631
Total income		61,403	70,773	61,403	70,773	58,676	67,950	58,676	67,950
Overheads	A15	(50,342)	(61,259)	(50,342)	(61,259)	(48,732)	(59,715)	(48,732)	(59,715)
Profit before allowances		11,061	9,514	11,061	9,514	9,944	8,235	9,944	8,235
(Allowance for)/writeback of impairment losses on loans, advances and financing	A16	(821)	828	(821)	828	(821)	828	(821)	828
Allowance for impairment losses on other receivables (net)		(274)	(131)	(274)	(131)	(274)	(116)	(274)	(116)
		9,966	10,211	9,966	10,211	8,849	8,947	8,849	8,947
Share of profit of associates		38	74	38	74	-	-	-	-
Profit before taxation		10,004	10,285	10,004	10,285	8,849	8,947	8,849	8,947
Taxation		(4,705)	(5,356)	(4,705)	(5,356)	(4,299)	(5,052)	(4,299)	(5,052)
<b>Profit after taxation</b>		<b>5,299</b>	<b>4,929</b>	<b>5,299</b>	<b>4,929</b>	<b>4,550</b>	<b>3,895</b>	<b>4,550</b>	<b>3,895</b>
Profit for the financial period attributable to : Owners of the Group/Bank		<b>5,299</b>	<b>4,929</b>	<b>5,299</b>	<b>4,929</b>	<b>4,550</b>	<b>3,895</b>	<b>4,550</b>	<b>3,895</b>
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	5.3	4.9	5.3	4.9	4.6	3.9	4.6	3.9

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.*

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	The Group				The Bank			
	1st quarter ended		Three months ended		1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>5,299</b>	4,929	<b>5,299</b>	4,929	<b>4,550</b>	3,895	<b>4,550</b>	3,895
<b>Other comprehensive income:</b>								
Other comprehensive income for the financial period, net of tax	<b>5,299</b>	4,929	<b>5,299</b>	4,929	<b>4,550</b>	3,895	<b>4,550</b>	3,895
<b>Total comprehensive income attributable to:</b>								
Owners of the Group/Bank	<b>5,299</b>	4,929	<b>5,299</b>	4,929	<b>4,550</b>	3,895	<b>4,550</b>	3,895

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.*

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

<b>The Group</b> <b>31 March 2017</b>	← Attributable to owners of Parent →							<b>Total</b> <b>RM'000</b>
	<b>Ordinary share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Revaluation reserve- financial investments available-for-sale</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2017</b>	100,000	10	155,805	188	3,188	2,104	381,206	642,501
Net profit for the financial period	-	-	-	-	-	-	5,299	5,299
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	5,299	5,299
Share-based payment expense	-	-	-	-	745	-	-	745
Shares released under Equity Ownership Plan	-	-	-	-	(1,982)	-	-	(1,982)
Transfer to regulatory reserve	-	-	-	-	-	(18)	18	-
<b>At 31 March 2017</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>188</b>	<b>1,951</b>	<b>2,086</b>	<b>386,523</b>	<b>646,563</b>

<b>The Group</b> <b>31 March 2016</b>	← Attributable to owners of the Parent →							<b>Total</b> <b>RM'000</b>
	<b>Ordinary share capital</b> <b>RM'000</b>	<b>Redeemable preference shares</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Revaluation reserve- financial investments available-for-sale</b> <b>RM'000</b>	<b>Share-based payment reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
<b>At 1 January 2016</b>	100,000	10	155,805	188	12,146	2,181	384,438	654,768
Net profit for the financial period	-	-	-	-	-	-	4,929	4,929
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	4,929	4,929
Share-based payment expense	-	-	-	-	2,213	-	-	2,213
Share released under Equity Ownership Plan	-	-	-	-	(7,732)	-	-	(7,732)
Transfer to regulatory reserve	-	-	-	-	-	10	(10)	-
<b>At 31 March 2016</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>188</b>	<b>6,627</b>	<b>2,191</b>	<b>323,357</b>	<b>588,178</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.*

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	← Non-distributable →					← Distributable →			Total RM'000
	Ordinary 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	
<b>The Bank</b>									
<b>31 March 2017</b>									
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	-	-	-	-	-	-	-	4,550	4,550
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	-	4,550	4,550
Share-based payment expense	-	-	-	-	745	-	-	-	745
Shares released under Equity Ownership Plan	-	-	-	-	(1,982)	-	-	-	(1,982)
Transfer to regulatory reserve	-	-	-	-	-	-	(18)	18	-
<b>At 31 March 2017</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>(272,007)</b>	<b>1,951</b>	<b>271,377</b>	<b>2,086</b>	<b>352,807</b>	<b>612,029</b>

	← Non-distributable →					← Distributable →			Total RM'000
	Ordinary 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	
<b>The Bank</b>									
<b>31 March 2016</b>									
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	-	-	-	-	-	-	-	3,895	3,895
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	-	3,895	3,895
Share-based payment expense	-	-	-	-	2,213	-	-	-	2,213
Share released under Equity Ownership Plan	-	-	-	-	(7,732)	-	-	-	(7,732)
Transfer to regulatory reserve	-	-	-	-	-	-	10	(10)	-
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	-	(66,000)	(66,000)
<b>At 31 March 2016</b>	<b>100,000</b>	<b>10</b>	<b>155,805</b>	<b>(272,007)</b>	<b>6,627</b>	<b>271,377</b>	<b>2,191</b>	<b>294,110</b>	<b>558,113</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.*

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	The Group		The Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit before taxation	<b>10,004</b>	10,285	<b>8,849</b>	8,947
Adjustments for non-operating and non-cash items	<b>2,825</b>	14,824	<b>2,824</b>	14,762
Cash flow from operating profit before changes in operating assets and liabilities	<b>12,829</b>	25,109	<b>11,673</b>	23,709
Net changes in operating assets	<b>(1,057,295)</b>	(303,748)	<b>(1,057,082)</b>	(302,426)
Net changes in operating liabilities	<b>1,313,221</b>	512,886	<b>1,313,224</b>	511,889
Cash generated from operating activities	<b>268,755</b>	234,247	<b>267,815</b>	233,172
Taxation paid	<b>(11,952)</b>	(10,976)	<b>(11,371)</b>	(10,623)
Net cash generated from operating activities	<b>256,803</b>	223,271	<b>256,444</b>	222,549
Net cash generated from/(used in) investing activities	<b>797</b>	(2,641)	<b>797</b>	(2,565)
Net cash generated from/(used in) financing activities	<b>123</b>	(65,938)	<b>-</b>	(66,000)
	<b>920</b>	(68,579)	<b>797</b>	(68,565)
Net increase in cash and cash equivalents during the financial period	<b>257,723</b>	154,692	<b>257,241</b>	153,984
Cash and cash equivalents at beginning of the financial period	<b>1,391,206</b>	1,155,421	<b>1,346,620</b>	1,120,276
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,648,929</b>	1,310,113	<b>1,603,861</b>	1,274,260
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	<b>1,676,612</b>	1,339,390	<b>1,631,544</b>	1,303,537
Adjustment for monies held in trust:				
Remisiers' balances	<b>(27,683)</b>	(29,277)	<b>(27,683)</b>	(29,277)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,648,929</b>	1,310,113	<b>1,603,861</b>	1,274,260

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2016.*

## **PART A - EXPLANATORY NOTES**

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 31 March 2017 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

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

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Bank.

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

### **A2. Changes in estimates**

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

### **A3. Dividends paid and proposed**

A single tier interim dividend of 57sen per ordinary share, amounting to RM57,000,000 in respect of the financial year ended 31 December 2016, which was approved by the Board of Directors on 25 January 2017, was paid on 4 April 2017.

No dividend has been proposed during the financial period ended 31 March 2017.

### **A4. Significant events after balance sheet date**

There were no significant events that had occurred between 31 March 2017 and the date of this announcement.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A5. Financial assets held for trading**

	<b>The Group and the Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>At fair value</b>		
<b>Quoted securities :</b>		
<i>In Malaysia</i>		
Shares	1,351	217
<i>Outside Malaysia</i>		
Shares	2,091	50
<b>Unquoted securities :</b>		
<i>In Malaysia</i>		
Bonds	746	-
Total financial assets held for trading	<b>4,188</b>	<b>267</b>

**A6. Financial investments available-for-sale**

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

**A7. Loans, advances and financing**

	<b>The Group and the Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>(i) By type</b>		
Staff loans *	181,372	183,565
Other loans	2,904	2,075
Gross loans, advances and financing	<b>184,276</b>	<b>185,640</b>
Less: allowance for impairment losses		
- Individual impairment allowance	(2,904)	(2,075)
- Portfolio impairment allowance	(91)	(99)
<b>Total net loans, advances and financing</b>	<b>181,281</b>	<b>183,466</b>

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



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A7. Loans, advances and financing (continued)**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>		
Individuals	<b>184,276</b>	185,640
<b>(iii) By interest rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan	<b>20,629</b>	22,009
Variable rate		
- BLR plus	<b>163,647</b>	163,631
	<b>184,276</b>	185,640
<b>(iv) By economic purpose:</b>		
Personal use	<b>2,215</b>	2,250
Purchase of residential property (housing)	<b>177,100</b>	177,685
Purchase of transport vehicles	<b>4,961</b>	5,705
Gross loans, advances and financing	<b>184,276</b>	185,640
<b>(v) By geographical distribution</b>		
Malaysia	<b>184,276</b>	185,640
<b>(vi) By residual contractual maturity</b>		
Within one year	<b>291</b>	376
One year to less than three years	<b>2,204</b>	2,357
Three years to less than five years	<b>3,359</b>	3,561
Five years and more	<b>178,422</b>	179,346
	<b>184,276</b>	185,640
<b>(vii) Impaired loans, advances and financing by economic purpose</b>		
Purchase of residential property (housing)	<b>2,524</b>	1,741
Purchase of transport vehicles	<b>380</b>	334
Gross impaired loans, advances and financing	<b>2,904</b>	2,075
<b>(viii) Impaired loans, advances and financing by geographical distribution</b>		
Malaysia	<b>2,904</b>	2,075
<b>(ix) Movements in the impaired loans, advances and financing are as follows:</b>		
At 1 January	<b>2,075</b>	1,228
Classified as impaired during the year	<b>836</b>	1,132
Amounts written back in respect of recoveries	<b>(7)</b>	(285)
At 31 March	<b>2,904</b>	2,075
Ratio of gross impaired loans to total loans, advances and financing	<b>1.6%</b>	1.1%

**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	
	31 March 2017 RM'000	31 December 2016 RM'000
<u>Individual impairment allowance</u>		
At 1 January	2,075	1,228
Allowance made during the year	836	1,132
Amounts written back during the year	(7)	(285)
At 31 March	<b>2,904</b>	<b>2,075</b>
<u>Portfolio impairment allowance</u>		
At 1 January	99	159
Net allowance made during the year	(8)	(60)
At 31 March	<b>91</b>	<b>99</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<b>1.2%</b>	<b>1.2%</b>

	The Group		The Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>A8. Other assets</b>				
Due from brokers and clients, net of allowance for impairment loss	<b>1,857,196</b>	785,557	<b>1,855,253</b>	783,772
Collateral pledged for derivative transactions	<b>141,353</b>	141,853	<b>141,353</b>	141,853
Other debtors, deposits and prepayments, net of allowance for doubtful debts	<b>52,140</b>	64,628	<b>51,220</b>	63,783
	<b>2,050,689</b>	992,038	<b>2,047,826</b>	989,408

	The Group and the Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
<b>A9. Deposits from customers</b>		
<u>(i) By type of deposits</u>		
Structured deposits	<b>140,550</b>	141,050
Short term money market deposits	<b>272,111</b>	76,073
	<b>412,661</b>	217,123
<u>(ii) By type of customers</u>		
Local government and statutory bodies	<b>89,219</b>	72,579
Business enterprises	<b>243,643</b>	64,495
Individuals	<b>76,049</b>	76,299
Others	<b>3,750</b>	3,750
	<b>412,661</b>	217,123

	The Group and the Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
<b>A10. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	<b>684,134</b>	648,203
Other financial institutions	<b>320,150</b>	331,954
	<b>1,004,284</b>	980,157

	The Group		The Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>A11. Other liabilities</b>				
Due to brokers and clients	<b>1,789,307</b>	746,011	<b>1,789,307</b>	746,011
Others	<b>186,520</b>	136,388	<b>184,218</b>	134,077
	<b>1,975,827</b>	882,399	<b>1,973,525</b>	880,088

**PART A - EXPLANATORY NOTES (CONTINUED)**

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
<b>A12. Interest income</b>				
<b>Group</b>				
Loans, advances and financing	1,374	1,492	1,374	1,492
Money at call and deposits placements with banks and other financial institutions	8,398	7,787	8,398	7,787
Financial assets held for trading	25	26	25	26
Others	291	258	291	258
	<b>10,088</b>	<b>9,563</b>	<b>10,088</b>	<b>9,563</b>
Amortisation of premium less accretion of discount	1	3	1	3
	<b>10,089</b>	<b>9,566</b>	<b>10,089</b>	<b>9,566</b>
<b>Bank</b>				
Loans, advances and financing	1,374	1,492	1,374	1,492
Money at call and deposits placements with banks and other financial institutions	6,610	6,133	6,610	6,133
Financial assets held for trading	25	26	25	26
Others	291	258	291	258
	<b>8,300</b>	<b>7,909</b>	<b>8,300</b>	<b>7,909</b>
Amortisation of premium less accretion of discount	1	3	1	3
	<b>8,301</b>	<b>7,912</b>	<b>8,301</b>	<b>7,912</b>
<b>A13. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	7,658	6,763	7,658	6,763
Deposits from customers	698	2,356	698	2,356
Subordinated loans	134	62	134	62
	<b>8,490</b>	<b>9,181</b>	<b>8,490</b>	<b>9,181</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	7,658	6,763	7,658	6,763
Deposits from customers	698	2,356	698	2,356
	<b>8,356</b>	<b>9,119</b>	<b>8,356</b>	<b>9,119</b>
<b>A14. Non interest income</b>				
<b>Group</b>				
a) <b>Fee income and commission income:</b>				
Commissions	673	339	673	339
Portfolio management fees	-	1,362	-	1,362
Advisory and arrangement fees	3,216	4,605	3,216	4,605
Underwriting commissions	-	593	-	593
Placement fees	3,902	7,074	3,902	7,074
Other fee income	1,279	6,109	1,279	6,109
	<b>9,070</b>	<b>20,082</b>	<b>9,070</b>	<b>20,082</b>
b) <b>Net trading (loss)/income</b>				
Gain arising from trading in financial assets held for trading	5,010	361	5,010	361
- realised gain	3,928	361	3,928	361
- unrealised gain	1,082	-	1,082	-
(Loss)/gain arising from trading in derivative financial instruments	(14,394)	(20)	(14,394)	(20)
- realised (loss)/gain	(6,261)	470	(6,261)	470
- unrealised loss	(8,133)	(490)	(8,133)	(490)
	<b>(9,384)</b>	<b>341</b>	<b>(9,384)</b>	<b>341</b>
c) <b>Other income:</b>				
Foreign exchange gain/(loss)	16,044	(3,688)	16,044	(3,688)
Gain on disposal of property, plant and equipment	444	1	444	1
Other non-operating income	983	1,152	983	1,152
	<b>17,471</b>	<b>(2,535)</b>	<b>17,471</b>	<b>(2,535)</b>
d) <b>Income from asset management and securities services</b>	4,514	4,179	4,514	4,179
e) <b>Brokerage Income</b>	32,700	27,795	32,700	27,795
<b>Total non interest income</b>	<b>54,371</b>	<b>49,862</b>	<b>54,371</b>	<b>49,862</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A14. Non interest income (Continued)**

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
a) <b>Fee income and commission income:</b>				
Commissions	673	339	673	339
Portfolio management fees	-	1,362	-	1,362
Advisory and arrangement fees	3,216	4,605	3,216	4,605
Underwriting commissions	-	593	-	593
Placement fees	3,902	7,074	3,902	7,074
Other fee income	1,279	6,109	1,279	6,109
	<b>9,070</b>	<b>20,082</b>	<b>9,070</b>	<b>20,082</b>
b) <b>Net trading (loss)/income</b>				
Gain arising from trading in financial assets held for trading	5,010	361	5,010	361
- realised gain	3,928	361	3,928	361
- unrealised gain	1,082	-	1,082	-
(Loss)/gain arising from trading in derivative financial instruments	(14,394)	(20)	(14,394)	(20)
- realised (loss)/gain	(6,261)	470	(6,261)	470
- unrealised loss	(8,133)	(490)	(8,133)	(490)
	<b>(9,384)</b>	<b>341</b>	<b>(9,384)</b>	<b>341</b>
c) <b>Other income:</b>				
Foreign exchange gain/(loss)	16,047	(3,620)	16,047	(3,620)
Gain on disposal of property, plant and equipment	444	1	444	1
Other non-operating income	983	1,153	983	1,153
	<b>17,474</b>	<b>(2,466)</b>	<b>17,474</b>	<b>(2,466)</b>
d) <b>Income from asset management and securities services</b>	4,514	4,179	4,514	4,179
e) <b>Brokerage Income</b>	31,624	26,495	31,624	26,495
<b>Total non interest income</b>	<b>53,298</b>	<b>48,631</b>	<b>53,298</b>	<b>48,631</b>

**A15. Overheads**

**Group**

**Personnel costs**

- Salaries, allowances and bonuses	32,062	30,097	32,062	30,097
- Pension cost (defined contribution plan)	3,801	3,783	3,801	3,783
- Overtime, meal and transport claims	79	94	79	94
- Others	1,541	1,656	1,541	1,656
	<b>37,483</b>	<b>35,630</b>	<b>37,483</b>	<b>35,630</b>

**Establishment costs**

- Depreciation of property, plant and equipment	5,354	4,405	5,354	4,405
- Depreciation of investment property	129	129	129	129
- Rental	6,758	6,373	6,758	6,373
- Others	3,743	4,462	3,743	4,462
	<b>15,984</b>	<b>15,369</b>	<b>15,984</b>	<b>15,369</b>

**Marketing expenses**

- Advertisement	240	(388)	240	(388)
- Entertainment expenses	1,547	1,401	1,547	1,401
- Others	338	1,003	338	1,003
	<b>2,125</b>	<b>2,016</b>	<b>2,125</b>	<b>2,016</b>

**Administration and general expenses**

- Legal and professional fees	705	82	705	82
- Communication	259	434	259	434
- Printing and stationery	325	224	325	224
- Administrative vehicle, travelling and insurance expenses	848	1,039	848	1,039
- Others	2,603	3,292	2,603	3,292
	<b>4,740</b>	<b>5,071</b>	<b>4,740</b>	<b>5,071</b>

-Personnel cost	(9,446)	217	(9,446)	217
-Establishment cost	(3,914)	1,490	(3,914)	1,490
-Marketing expenses	(309)	(420)	(309)	(420)
-Administration and general expenses	3,679	1,886	3,679	1,886
Management fee	-	-	-	-
Shared services cost #	(9,990)	3,173	(9,990)	3,173

<b>Total overhead expenses</b>	<b>50,342</b>	<b>61,259</b>	<b>50,342</b>	<b>61,259</b>
--------------------------------	---------------	---------------	---------------	---------------

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

	1st quarter ended		Three months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	31,556	29,664	31,556	29,664
- Pension cost (defined contribution plan)	3,743	3,730	3,743	3,730
- Overtime, meal and transport claims	79	94	79	94
- Others	1,518	1,638	1,518	1,638
	<b>36,896</b>	<b>35,126</b>	<b>36,896</b>	<b>35,126</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	5,318	4,365	5,318	4,365
- Depreciation of investment property	129	129	129	129
- Rental	6,219	5,760	6,219	5,760
- Others	3,729	4,462	3,729	4,462
	<b>15,395</b>	<b>14,716</b>	<b>15,395</b>	<b>14,716</b>
<b>Marketing expenses</b>				
- Advertisement	240	(388)	240	(388)
- Entertainment expenses	1,547	1,348	1,547	1,348
- Others	314	1,001	314	1,001
	<b>2,101</b>	<b>1,961</b>	<b>2,101</b>	<b>1,961</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	461	(99)	461	(99)
- Communication	256	434	256	434
- Printing and stationery	325	224	325	224
- Administrative vehicle, travelling and insurance expenses	839	1,032	839	1,032
- Others	2,449	3,148	2,449	3,148
	<b>4,330</b>	<b>4,739</b>	<b>4,330</b>	<b>4,739</b>
Shared services cost #	<b>(9,990)</b>	3,173	<b>(9,990)</b>	3,173
Total overhead expenses	<b>48,732</b>	<b>59,715</b>	<b>48,732</b>	<b>59,715</b>

# 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	(1,710)	(859)	(836)	(137)
- written back during the financial year	881	1,663	7	941
(b) Portfolio impairment allowance				
- Writeback/ (made) during the financial year	8	24	8	24
	<b>(821)</b>	<b>828</b>	<b>(821)</b>	<b>828</b>

**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.

	<b>The Group and The Bank</b>		
	<b>Principal amount RM'000</b>	<b>Fair values Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>At 31 March 2017</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	805,329	4,089	(12,312)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	140,550	3,744	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	311,415	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	281,100	2,989	(3,800)
<b>Total derivative assets/(liabilities)</b>	<b>1,538,394</b>	<b>10,822</b>	<b>(16,112)</b>
<b>At 31 December 2016</b>			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	17,944	-	(90)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	141,050	6,936	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	316,883	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	282,100	5,983	(6,794)
<b>Total derivative assets/(liabilities)</b>	<b>757,977</b>	<b>12,919</b>	<b>(6,884)</b>

## **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 31 March 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM10,822,000 (31 December 2016: RM12,919,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

##### Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

##### Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 March 2017, the Group and the Bank has posted cash collateral of RM141 million (31 December 2016: RM142 million) on their derivative contracts.

There have been no changes since the end of the previous financial year in respect of the following:

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts , as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2016.

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

**ii) Commitment and contingencies**

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

These commitments and contingencies are not secured over the Group and the Bank.

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

	<b>The Group and the Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>Principal amount RM'000</b>	<b>Principal amount RM'000</b>
<u>Credit-related</u>		
Obligations under underwriting agreement	<b>188,773</b>	13,500
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	<b>4,824</b>	7,008
Total credit-related commitments and contingencies	<b>193,597</b>	20,508
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	<b>805,329</b>	17,944
Interest rate related contracts		
- Five years and above	<b>140,550</b>	141,050
Equity related contracts		
- One year to less than 5 years	<b>311,415</b>	316,883
Credit related contracts		
- Five years and above	<b>281,100</b>	282,100
Total treasury-related commitments and contingencies	<b>1,538,394</b>	757,977
	<b>1,731,991</b>	778,485



## PART A - EXPLANATORY NOTES (CONTINUED)

### A18. Capital Adequacy

The capital adequacy framework applicable is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015. 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	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<b>Before deducting proposed dividend</b>				
Common Equity Tier 1 Ratio	27.576%	35.635%	29.009%	39.553%
Tier 1 ratio	27.576%	35.635%	29.009%	39.553%
Total capital ratio	27.576%	35.635%	29.009%	39.553%
<b>After deducting proposed dividend</b>				
Common Equity Tier 1 Ratio	27.576%	32.344%	29.009%	35.689%
Tier 1 ratio	27.576%	32.344%	29.009%	35.689%
Total capital ratio	27.576%	32.344%	29.009%	35.689%

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

	The Group		The Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Credit risk	1,381,959	1,080,354	1,186,057	842,875
Market risk	50,646	53,653	50,119	53,119
Operational risk	583,004	597,796	563,860	579,052
Total risk-weighted assets	2,015,609	1,731,803	1,800,036	1,475,046

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

	The Group		The Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>Common Equity Tier I capital</b>				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	484,236	542,491	450,451	508,706
Less : Proposed dividends	-	(57,000)	-	(57,000)
Common Equity Tier I capital before regulatory adjustments	584,236	585,491	550,451	551,706
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(18,126)	(15,891)	(18,001)	(15,771)
Deduction in excess of Tier 1 & 2 capital	(287)	(1,193)	(500)	(1,636)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(6,834)	(5,102)	(7,689)	(5,767)
Others	(2,193)	(2,207)	(2,086)	(2,104)
Common equity tier I capital after regulatory adjustments	555,832	560,134	522,175	526,428
Total Tier 1 Capital	555,832	560,134	522,175	526,428
<b>Tier II capital</b>				
Redeemable Preference Shares	5	6	5	6
Portfolio impairment allowance and regulatory reserves	2,177	2,203	2,177	2,203
Tier II capital before regulatory adjustments	2,182	2,209	2,182	2,209
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(2,469)	(3,402)	(2,682)	(3,845)
Total Tier II capital	-	-	-	-
Total capital base	555,832	560,134	522,175	526,428

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

# includes the proposed single tier second interim dividend of RM57 million in respect of the financial year ended 31 December 2016 which was paid on 4 April 2017

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A19. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

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

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

#### **Definition of segments**

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

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

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

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

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

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

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A19. Segment reporting (Continued)**

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

<b>The Group</b>	<b>Financial advisory, underwriting and other fees RM'000</b>	<b>Debt / financing related RM'000</b>	<b>Equity related RM'000</b>	<b>Investments and securities services RM'000</b>	<b>Support and others RM'000</b>	<b>Total RM'000</b>
<b>31 March 2017</b>						
Net interest income	-	263	-	-	1,336	1,599
Non interest income	6,218	1,251	37,097	8,549	1,256	54,371
Income from Islamic Banking operations	-	3,624	737	1,072	-	5,433
	<u>6,218</u>	<u>5,138</u>	<u>37,834</u>	<u>9,621</u>	<u>2,592</u>	<u>61,403</u>
Overheads	(5,506)	(4,605)	(31,424)	(8,413)	(394)	(50,342)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(725)	(47)	(1,906)	(2,672)	(4)	(5,354)
<i>Depreciation of Investment Property</i>	-	-	-	(129)	-	(129)
Profit before allowances	712	533	6,410	1,208	2,198	11,061
Allowance for impairment losses on loans, advances and financing	-	-	-	-	(821)	(821)
(Allowance for)/ write back of impairment losses on other receivables	(319)	351	(317)	11	-	(274)
Segment results	<u>393</u>	<u>884</u>	<u>6,093</u>	<u>1,219</u>	<u>1,377</u>	<u>9,966</u>
Share of results of associates						38
Profit before taxation						10,004
Taxation						(4,705)
Net profit for the financial period						<u>5,299</u>
<b>31 March 2017</b>						
Segment assets	14,347	1,715,688	2,026,600	37,948	216,427	4,011,010
Unallocated assets						58,069
<b>Total assets</b>						<u>4,069,079</u>
Segment liabilities	4,538	1,420,755	1,871,163	36,983	85,556	3,418,995
Unallocated liabilities						3,521
<b>Total liabilities</b>						<u>3,422,516</u>
<b>Other segment items</b>						
Incurred capital expenditure:						
- addition of property, plant and equipment	15	-	168	190	222	595
Amortisation of premium less accretion of discount	-	1	-	-	-	1

## EXPLANATORY NOTES (Continued)

### A19. Segment reporting (Continued)

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
31 March 2016						
Net interest (expense)/income	-	(441)	-	-	826	385
Non interest income	10,493	3,346	29,697	5,508	818	49,862
Income from Islamic Banking operations	140	20,210	514	(638)	300	20,526
	10,633	23,115	30,211	4,870	1,944	70,773
Overheads	(12,612)	(5,353)	(29,997)	(12,657)	(640)	(61,259)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(708)	(318)	(2,351)	(1,028)	-	(4,405)
<i>Depreciation of Investment Property</i>	-	-	-	(129)	-	(129)
Profit/(loss) before allowances	(1,979)	17,762	214	(7,787)	1,304	9,514
Write back of impairment losses on loans, advances and financing	-	-	-	-	828	828
(Allowance for)/write back of impairment losses on other receivables	(443)	48	203	61	-	(131)
Segment results	(2,422)	17,810	417	(7,726)	2,132	10,211
Share of results of associates						74
Profit before taxation						10,285
Taxation						(5,356)
Net profit for the financial period						4,929
31 December 2016						
Segment assets	18,824	1,488,053	919,912	41,096	233,139	2,701,024
Unallocated assets						41,670
<b>Total assets</b>						<u>2,742,694</u>
Segment liabilities	5,294	1,209,102	813,733	48,942	19,490	2,096,561
Unallocated liabilities						3,632
<b>Total liabilities</b>						<u>2,100,193</u>
<b>Other segment items</b>						
Incurred capital expenditure:						
- addition of property, plant and equipment	813	37	2,687	2,111	1	5,649
Amortisation of premium less accretion of discount	-	3	-	-	-	3

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A20. FAIR VALUE ESTIMATION**

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

#### Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

#### Valuation Model Review and Approval

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

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A20. FAIR VALUE ESTIMATION (CONTINUED)**

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

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b><u>The Group</u></b>					
<b>31 March 2017</b>					
<i>Recurring fair value measurement</i>					
<b><u>Financial assets</u></b>					
Financial assets held for trading	4,188	3,442	746	-	4,188
Financial investments available-for-sale	1,303	-	-	1,303	1,303
Derivative financial instruments					
- Trading derivatives	10,822	-	10,822	-	10,822
<b>Total</b>	<b>16,313</b>	<b>3,442</b>	<b>11,568</b>	<b>1,303</b>	<b>16,313</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	16,112	-	16,112	-	16,112
<b>Total</b>	<b>16,112</b>	<b>-</b>	<b>16,112</b>	<b>-</b>	<b>16,112</b>

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b><u>The Bank</u></b>					
<b>31 March 2017</b>					
<i>Recurring fair value measurement</i>					
<b><u>Financial assets</u></b>					
Financial assets held for trading	4,188	3,442	746	-	4,188
Financial investments available-for-sale	611	-	-	611	611
Derivative financial instruments					
- Trading derivatives	10,822	-	10,822	-	10,822
<b>Total</b>	<b>15,621</b>	<b>3,442</b>	<b>11,568</b>	<b>611</b>	<b>15,621</b>
<b><u>Financial liabilities</u></b>					
Derivative financial instruments					
- Trading derivatives	16,112	-	16,112	-	16,112
<b>Total</b>	<b>16,112</b>	<b>-</b>	<b>16,112</b>	<b>-</b>	<b>16,112</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A20. FAIR VALUE ESTIMATION (CONTINUED)**

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

	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>The Group</b>					
<b>31 December 2016</b>					
<i>Recurring fair value measurement</i>					
<b>Financial assets</b>					
Financial assets held for trading	267	267	-	-	267
Financial investments available-for-sale	1,303	-	-	1,303	1,303
Derivative financial instruments					
- Trading derivatives	12,919	-	12,919	-	12,919
<b>Total</b>	<b>14,489</b>	<b>267</b>	<b>12,919</b>	<b>1,303</b>	<b>14,489</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	6,884	-	6,884	-	6,884
<b>Total</b>	<b>6,884</b>	<b>-</b>	<b>6,884</b>	<b>-</b>	<b>6,884</b>
	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>The Bank</b>					
<b>31 December 2016</b>					
<i>Recurring fair value measurement</i>					
<b>Financial assets</b>					
Financial assets held for trading	267	-	267	-	267
Financial investments available-for-sale	611	-	-	611	611
Derivative financial instruments					
- Trading derivatives	12,919	-	12,919	-	12,919
<b>Total</b>	<b>13,797</b>	<b>-</b>	<b>13,186</b>	<b>611</b>	<b>13,797</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	6,884	-	6,884	-	6,884
<b>Total</b>	<b>6,884</b>	<b>-</b>	<b>6,884</b>	<b>-</b>	<b>6,884</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A20. FAIR VALUE ESTIMATION (CONTINUED)**

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

<b>The Group</b>	<b>Financial Assets Financial investments available-for-sale RM'000</b>	<b>Total RM'000</b>
<b>31 March 2017</b>		
At 1 January/ 31 March 2017	<b>1,303</b>	<b>1,303</b>

<b>The Bank</b>	<b>Financial Assets Financial investments available-for-sale RM'000</b>	<b>Total RM'000</b>
<b>31 March 2017</b>		
At 1 January/ 31 March 2017	<b>611</b>	<b>611</b>

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

Total loss recognised in Statement of income relating to assets held on 31 December 2016	<b>(134)</b>	<b>(134)</b>
--	--------------	--------------

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

Total loss recognised in Statement of income relating to assets held on 31 December 2016	<b>(134)</b>	<b>(134)</b>
--	--------------	--------------



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. The operations of Islamic Banking**

**A21a. Unaudited Statements of Financial Position as at 31 March 2017**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
<b>Notes</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Cash and short-term funds	497,713	428,970
Islamic derivative financial instruments	6,733	12,919
Other assets	145,090	181,542
Tax recoverable	3,809	1,172
Deferred tax assets	29	25
Property, plant and equipment	204	229
Amount due from related companies	324	432
<b>Total assets</b>	<b>653,902</b>	<b>625,289</b>
<b>Liabilities and Islamic Banking capital funds</b>		
Deposits from customers	140,550	141,050
Islamic derivative financial instruments	3,800	6,794
Other liabilities	79,362	49,454
Amount due to related companies	461	402
<b>Total liabilities</b>	<b>224,173</b>	<b>197,700</b>
Islamic Banking capital funds	55,696	55,696
Reserves	374,033	371,893
<b>Total Islamic Banking capital funds</b>	<b>429,729</b>	<b>427,589</b>
<b>Total liabilities and Islamic Banking capital funds</b>	<b>653,902</b>	<b>625,289</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. The operations of Islamic Banking**

**A21b. Unaudited Statements of Income for the financial period ended 31 March 2017**

	<b>The Group and the Bank</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Income derived from investment of shareholders' funds	5,434	20,526	5,434	20,526
Writeback of/(allowance for) impairment losses on other receivables	<b>84</b>	(3)	<b>84</b>	(3)
<b>Total attributable income</b>	<b>5,518</b>	20,523	<b>5,518</b>	20,523
Income attributable to the depositors	(1)	-	(1)	-
<b>Total net income</b>	<b>5,517</b>	20,523	<b>5,517</b>	20,523
Personnel expenses	(293)	(208)	(293)	(208)
Other overheads and expenditures	(2,362)	(2,812)	(2,362)	(2,812)
<b>Profit before taxation</b>	<b>2,862</b>	17,503	<b>2,862</b>	17,503
Taxation	(722)	(3,837)	(722)	(3,837)
<b>Profit after taxation/total comprehensive income for the period</b>	<b>2,140</b>	13,666	<b>2,140</b>	13,666
Income from Islamic operations (per page 2)				
<b>Total net income</b>	<b>5,517</b>	20,523	<b>5,517</b>	20,523
Less : (Writeback of)/allowance for impairment losses on other receivables	(84)	3	(84)	3
	<b>5,433</b>	20,526	<b>5,433</b>	20,526

**A21c. Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>31 March</b>	31 December
	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
<b><u>(i) By type of deposits</u></b>		
Term deposits		
Specific investment account		
Mudharabah	<b>140,550</b>	141,050
<b><u>(ii) Maturity structure of term deposits :</u></b>		
More than five years	<b>140,550</b>	141,050
<b><u>(iii) By type of customers</u></b>		
Government and statutory bodies	<b>54,400</b>	54,400
Business enterprises	<b>6,350</b>	6,600
Individuals	<b>76,050</b>	76,300
Others	<b>3,750</b>	3,750
	<b>140,550</b>	141,050

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21d. Capital Adequacy**

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

	<b>The Group and the Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
<b>Before deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	<b>143.682%</b>	162.516%
Tier 1 ratio	<b>143.682%</b>	162.516%
Total capital ratio	<b>143.682%</b>	162.516%
<b>After deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	<b>143.682%</b>	140.851%
Tier 1 ratio	<b>143.682%</b>	140.851%
Total capital ratio	<b>143.682%</b>	140.851%

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

	<b>The Group and the Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>155,131</b>	160,917
Market risk	<b>10,693</b>	10,029
Operational risk	<b>92,079</b>	92,144
Total risk-weighted assets	<b>257,903</b>	263,090

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

	<b>The Group and the Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier I capital</b>		
Ordinary share capital	<b>55,696</b>	55,696
Other reserves	<b>314,893</b>	371,893
Less : Proposed dividend	<b>-</b>	(57,000) #
Common Equity Tier I capital / Total Tier I Capital	<b>370,589</b>	370,589
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	<b>(29)</b>	(25)
Common equity tier I capital after regulatory adjustments / total Tier I capital	<b>370,560</b>	370,564
Total capital base	<b>370,560</b>	370,564

# includes the proposed single tier second interim dividend of RM57 million in respect of the financial year ended 31 December 2016 which was paid on 4 April 2017

## **PART B**

### **B1. Group Performance Review**

The Group registered a profit before taxation of RM 10.0 million for the period ended 31 March 2017 as compared to RM10.3 million in 2016.

Net interest income and non interest income increased by RM4.5million and RM1.2million respectively offset by decrease in Income from Islamic Banking operations by RM15.1 million.

Overheads remained well under control, decreased by 17.8% from RM61.3 million to RM50.3 million.

### **B2. Prospects for the Current Financial Year**

Equity capital market transactions remain opportunistic with issuers and investors being cautious of prevailing market conditions resulting in investor appetite for identified investments in various sectors in Asia. The outlook for fixed income markets remain heavily influenced by the direction of currencies and interest rates.

### **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.

	<b>The Group</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>5,299</b>	4,929	<b>5,299</b>	4,929
Weighted average number of ordinary shares in issue ( '000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (expressed in sen per share)	<b>5.3</b>	4.9	<b>5.3</b>	4.9

	<b>The Bank</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>4,550</b>	3,895	<b>4,550</b>	3,895
Weighted average number of ordinary shares in issue ( '000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (expressed in sen per share)	<b>4.6</b>	3.9	<b>4.6</b>	3.9

#### **b) Diluted EPS**

There were no dilutive potential ordinary shares outstanding as at 31 March 2017 and 31 December 2016 .