

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position As at 30 September 2016

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short-term funds	11	50,834	39,520	50,661	38,893
Securities available-for-sale	12	1,776,323	1,773,211	1,776,323	1,773,211
Securities held-to-maturity	13	1,885,215	1,455,758	1,885,215	1,455,758
Loans, advances and financing	14	615,747	686,015	615,747	686,015
Derivative assets	15	111	4,166	111	4,166
Other assets	16	262,228	125,574	262,386	126,165
Statutory deposits with Bank Negara Malaysia		121,256	125,039	121,256	125,039
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		1,273	1,343	1,273	1,343
Intangible assets		2,481	201	2,481	201
Deferred tax assets		5,276	14,553	5,276	14,553
Total assets		4,720,744	4,225,380	4,720,729	4,225,344
Liabilities					
Deposits from customers	17	1,993,731	1,607,489	1,993,731	1,607,489
Deposits and placements of banks and other financial institutions	18	1,663,159	1,742,514	1,663,159	1,742,514
Derivative liabilities	15	163	-	163	-
Other liabilities	19	260,456	127,654	260,455	127,654
Provision for taxation and zakat		1,376	1,226	1,375	1,223
Total liabilities		3,918,885	3,478,883	3,918,883	3,478,880
Equity					
Share capital		155,000	155,000	155,000	155,000
Reserves		646,859	591,497	646,846	591,464
Total equity		801,859	746,497	801,846	746,464
Total liabilities and equity		4,720,744	4,225,380	4,720,729	4,225,344
Commitments and contingencies	28	435,928	1,141,476	435,928	1,141,476

* Denotes RM4

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss For the nine months ended 30 September 2016

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		RM'000	RM'000	RM'000	RM'000
Operating revenue		65,297	63,358	183,787	194,961
Interest income	20	34,107	38,292	102,718	128,621
Interest expense	21	(25,637)	(27,490)	(77,377)	(78,474)
Net interest income		8,470	10,802	25,341	50,147
Net income from Islamic					
Banking operation	33	13,027	9,205	35,295	28,828
Non-interest income	22	9,813	8,885	21,894	18,907
		31,310	28,892	82,530	97,882
Operating expenses	23	(13,201)	(12,590)	(41,777)	(40,296)
Operating profit before allowances		18,109	16,302	40,753	57,586
Impairment loss (made)/written-back on:					
- loans, advances and financing	24	1,997	(3,551)	5,104	(3,864)
- securities	25	(863)	133	579	6,133
- other assets	26	183	21	69	768
Profit before taxation and zakat		19,426	12,905	46,505	60,623
Taxation		(4,661)	(2,886)	(11,149)	(14,893)
Zakat		(219)	(150)	(682)	(528)
Profit for the period attributable to equity holder of the Bank		14,546	9,869	34,674	45,202
Earnings per ordinary share (sen)					
- Basic and diluted	27	9.38	6.37	22.37	29.16

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2016

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the period attributable to equity holder of the Bank	14,546	9,869	34,674	45,202
Other comprehensive income/(loss):				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available- for-sale:				
Transferred of gains to profit and loss upon disposal	(43)	(10)	(1,802)	845
Fair value changes	9,098	(12,832)	22,490	(2,406)
Other comprehensive loss for the year, net of tax	9,055	(12,842)	20,688	(1,561)
Total comprehensive income for the period attributable to equity holder of Bank	23,601	(2,973)	55,362	43,641

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss For the nine months ended 30 September 2016

Bank	Note	Individual Quarter		Cumulative Quarter	
		3 Months Ended		9 Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Operating revenue		65,287	63,349	183,747	194,918
Interest income	20	34,107	38,292	102,718	128,621
Interest expense	21	(25,637)	(27,490)	(77,377)	(78,474)
Net interest income		8,470	10,802	25,341	50,147
Net income from Islamic					
Banking operation	33	13,027	9,205	35,295	28,828
Non-interest income	22	9,849	8,876	21,900	18,964
		31,346	28,883	82,536	97,939
Operating expenses	23	(13,200)	(12,589)	(41,771)	(40,290)
Operating profit before allowances		18,146	16,294	40,765	57,649
Impairment loss (made)/written-back on:					
- loans, advances and financing	24	1,997	(3,551)	5,104	(3,864)
- securities	25	(863)	133	579	6,133
- other assets	26	183	21	69	768
Profit before taxation and zakat		19,463	12,897	46,517	60,686
Taxation		(4,659)	(2,885)	(11,141)	(14,884)
Zakat		(219)	(150)	(682)	(528)
Profit for the period attributable to equity holder of the Bank		14,585	9,862	34,694	45,274

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2016

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the period attributable to equity holder of the Bank	14,585	9,862	34,694	45,274
Other comprehensive income/(loss):				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available-for-sale:				
Transferred of gains to profit and loss upon disposal	(43)	(10)	(1,802)	845
Fair value changes	9,098	(12,832)	22,490	(2,406)
Other comprehensive loss for the year, net of tax	9,055	(12,842)	20,688	(1,561)
Total comprehensive income for the period attributable to equity holder of Bank	23,640	(2,980)	55,382	43,713

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements
Consolidated statements of changes in equity
For the nine months ended 30 September 2016

Group	Non-distributable				Distributable			Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve * RM'000	Regulatory reserve RM'000	Securities available- for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	
At 1 January 2015	156,500	362,611	164,252	-	(26,819)	8,858	168,287	833,689
Profit for the period	-	-	-	-	-	-	45,202	45,202
Other comprehensive loss for the period	-	-	-	-	(1,561)	-	-	(1,561)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,561)	-	45,202	43,641
Transactions with owner								
Redemption of non- cumulative perpetual preference shares #	(1,500)	(148,500)	-	-	-	-	-	(150,000)
Net transfer from profit equalisation reserve for the period	-	-	-	-	-	(8,858)	8,858	-
At 30 September 2015	155,000	214,111	164,252	-	(28,380)	-	222,347	727,330
At 1 January 2016	155,000	214,111	164,252	1,458	(26,326)	-	238,002	746,497
Profit for the period	-	-	-	-	-	-	34,674	34,674
Other comprehensive income for the period	-	-	-	-	20,688	-	-	20,688
Total comprehensive income for the period	-	-	-	-	20,688	-	34,674	55,362
Transactions with owner								
Transfer to regulatory reserve	-	-	-	2,727	-	-	(2,727)	-
At 30 September 2016	155,000	214,111	164,252	4,185	(5,638)	-	269,949	801,859

* The statutory reserve is maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends.

Regulatory reserve is maintained in compliance with the guideline issued by BNM on 6 April 2015 in relation to the Policy on Classification and Impairment Provisions for Loans/Financing. The requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances is applied on its effective date as 31 December 2015 and such reverse is not distributable for cash.

^ The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements
Consolidated statements of changes in equity
For the nine months ended 30 September 2016 (cont'd.)

Bank	Non-distributable				Distributable			
	Share capital RM'000	Share premium RM'000	Statutory reserve * RM'000	Regulatory reserve # RM'000	Securities available-for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2015	156,500	362,611	164,252	-	(26,819)	8,858	168,199	833,601
Profit for the period	-	-	-	-	-	-	45,274	45,274
Other comprehensive loss for the period	-	-	-	-	(1,561)	-	-	(1,561)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,561)	-	45,274	43,713
Transactions with owner								
Redemption of non-cumulative perpetual preference shares #	(1,500)	(148,500)	-	-	-	-	-	(150,000)
Net transfer from profit equalisation reserve for the period	-	-	-	-	-	(8,858)	8,858	-
At 30 September 2015	155,000	214,111	164,252	-	(28,380)	-	222,331	727,314
At 1 January 2016	155,000	214,111	164,252	1,458	(26,326)	-	237,969	746,464
Profit for the period	-	-	-	-	-	-	34,694	34,694
Other comprehensive income for the period	-	-	-	-	20,688	-	-	20,688
Total comprehensive income for the period	-	-	-	-	20,688	-	34,694	55,382
Transactions with owner								
Transfer to regulatory reserve	-	-	-	2,727	-	-	(2,727)	-
At 30 September 2016	155,000	214,111	164,252	4,185	(5,638)	-	269,936	801,846

* The statutory reserve is maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends.

Regulatory reserve is maintained in compliance with the guideline issued by BNM on 6 April 2015 in relation to the Policy on Classification and Impairment Provisions for Loans/Financing. The requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances is applied on its effective date as 31 December 2015 and such reverse is not distributable for cash.

^ The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Consolidated statements of cash flows
For the nine months ended 30 September 2016

	Note	Group		Bank	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation and zakat		46,505	60,623	46,517	60,686
Adjustments		(11,418)	(11,635)	(11,464)	(11,735)
Operating profit before changes in working capital		35,087	48,988	35,053	48,951
Changes in working capital:					
Net changes in operating assets		(460,907)	(321,259)	(460,466)	(321,255)
Net changes in operating liabilities		439,320	467,155	439,321	467,156
Net cash generated from operating activities		13,500	194,884	13,908	194,852
Net cash used in investing activities		(2,186)	(995)	(2,140)	(895)
Net cash generated from financing activities		-	(150,000)	-	(150,000)
Net change in cash and cash equivalents		11,314	43,889	11,768	43,957
Cash and cash equivalents at beginning of the period		39,520	65,077	38,893	64,955
Cash and cash equivalents at end of the period	11	50,834	108,966	50,661	108,912

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"), Guidelines on Financial Reporting and Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 1965 in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2015.

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2015.

2. Significant accounting policies

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements for the year ended 31 December 2015.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group and the Bank have adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2016.

- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in *Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiatives*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 *Agriculture - Bearer Plants*
- Amendments to MFRS 127 Consolidated and Separate Financial Statements - *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012 - 2014 Cycle

The above adoption did not result in any material impact to the financial statements of the Group and the Bank.

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

2.2 Standards issued but not yet effective

At the date of authorisation of the condensed interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group and the Bank.

Effective for financial periods beginning on or after 1 January 2018

Description	Effective financial periods beginning on or after
MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The impact of applying MFRS 9 and MFRS 15 on the financial statements are described below for which the effects are still being assessed:

(a) MFRS 9 *Financial Instruments*

In November 2014, the MASB issued the final version of MFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project, replacing MFRS 139 and all previous versions of MFRS 9. This Standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 9 *Financial Instruments* also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 *Financial Instruments* aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory.

Unaudited Interim Financial Statements

2. Significant accounting policies (cont'd.)

2.2 Standards issued but not yet effective (cont'd.)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 *Revenue from Contracts with Customers* was issued in September 2014 and established a new five-step model which will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2.3 Standards and interpretations which effective dates are yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Comments about seasonal or cyclical factors

The Group's and the Banks's performance is not affected by any seasonal or cyclical factors but is affected by the level of activities in the securities and derivatives markets.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 2016.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 September 2016.

Unaudited Interim Financial Statements

6. Debt and equity securities

There were no changes in equity securities during the quarter ended 30 September 2016.

7. Dividend paid/payable

There were no dividends declared or paid during the quarter ended 30 September 2016.

8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2015 was not qualified.

9. Performance review

The Group and the Bank recorded a higher pre-tax profit of RM19.4 million for the third quarter ended 30 September 2016, an increase of RM6.5 million or 51% as compared to the pre-tax profit of RM12.9 million recorded in the previous corresponding quarter ended 30 September 2015. The increase in earnings were mainly due to higher profit income and bad debts recovered in the current quarter.

The pre-tax profit for the nine months period ended 30 September 2016 amounted to RM46.5 million, a decrease of 23% as compared to the pre-tax profit of RM60.6 million recorded in the previous corresponding nine months period ended 30 September 2015. The higher earnings in the previous period were mainly due to a recovery in the arrears of interest income.

10. Prospect for 2016

The gross domestic product (GDP) for Malaysia grew 4.0% year-on-year in the Quarter 2, 2016 (Quarter 1, 2016: 4.2%), in line with the official full year forecast of 4.0% - 4.5%.

Foreign liquidity flow into the region improved as global investors returned in search for higher yield in Asian markets, albeit with a less vigorous effect on Bursa Malaysia. The price performance of crude oil continued to hold bearing on Ringgit's movement which, in turn, contributed to a subdued performance of the equity market. The FBM KLCI closed marginally lower by -0.1% for Quarter 3, 2016 at 1,652.55 points. On a year-to-date basis, the local benchmark is down by -2.4%.

On 13 July 2016, Bank Negara Malaysia initiated a new policy rate setting, the first change since 2014, with a cut in the Overnight Policy Rate (OPR) from 3.25% to 3.00%. The easing in monetary policy provided the impetus for bond yields to come down in the Quarter 3, 2016, as bond/sukuk investors saw this as the first of several potential rate cuts to come. The benchmark 10 years MGS fell 20 basis points to a low of around 3.54% before slightly easing off to end the quarter around 3.58%. The benchmark 3-months KLIBOR also followed suit and came down, to end the quarter at 3.40%.

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10. Prospect for 2016 (cont'd.)

The primary capital market is beginning to show signs of a rebound. In the corporate bond market, gross amount of new debt securities issued surged to RM59.8 billion in the first eight months, 68.1% higher compared with the same period in 2015. During the same period, the gross amount raised via the issuance of new shares and warrants amounted to RM6.31 billion, of which a total of RM4.90 billion was raised in June and July 2016. It was still 35% lower year-on-year, but the gap has narrowed significantly since the start of the year.

The Bank expects to face an increasingly challenging operating landscape amid uncertainty with respect to the Federal Reserve interest rate decision, and as the fallout from the Brexit decision in the U.K. unravels. As such, the Bank will continue focusing its effort on managing the Bank's balance sheet as well as enhancing efforts for business activity. Cognisant of the prevailing market conditions, the Bank will remain focused on improving its fee-based revenue streams while maintaining a strict discipline over its operational costs.

11. Cash and short-term funds

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Cash and balances with banks and other financial institutions	46,534	39,520	46,361	38,893
Money at call and deposit placements maturing within one month	4,300	-	4,300	-
	<u>50,834</u>	<u>39,520</u>	<u>50,661</u>	<u>38,893</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM2,315,000 and RM971,000 respectively (31.12.2015: RM3,652,000 and RM3,616,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and the Bank.

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12. Securities available-for-sale

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	54,824	3,351
Government Investment Issues	58,460	5,874
Negotiable Instruments of Deposit	149,195	198,877
	<u>262,479</u>	<u>208,102</u>
Quoted securities in Malaysia:		
Shares	23,931	-
Unquoted securities in Malaysia:		
Corporate Bonds/Sukuk	1,484,236	1,557,229
Loan Stocks	4,920	7,123
	<u>1,489,156</u>	<u>1,564,352</u>
At cost		
Unquoted securities in Malaysia:		
Shares	757	757
	<u>1,776,323</u>	<u>1,773,211</u>

13. Securities held-to-maturity

	Note	Group and Bank	
		30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost			
Money market instruments:			
Malaysian Government Securities		454,526	211,927
Government Investment Issues		463,333	222,830
		<u>917,859</u>	<u>434,757</u>
Unquoted securities in Malaysia:			
Corporate Bonds/Sukuk		1,000,691	1,054,336
Less: Individual impairment allowance	(a)	(33,335)	(33,335)
		<u>1,885,215</u>	<u>1,455,758</u>

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13. Securities held-to-maturity (cont'd.)

In October 2016, all of the held-to-maturity financial assets will be reclassified to available-for-sale financial assets due to breach in the “tainting” rule for the held-to-maturity financial assets. The Bank will reassess the classification of financial assets under MFRS 9 Financial Instruments when the standard come into effect on or after 1 January 2018.

(a) Movements in individual impairment allowance - Corporate Bonds / Sukuk

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	(33,335)	(38,761)
Amount written off	-	5,426
At 30 September 2016/31 December 2015	<u>(33,335)</u>	<u>(33,335)</u>

14. Loans, advances and financing

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Term loans/financing		
Syndicated term loans	83,754	84,351
Other term loans	122,703	213,927
Islamic financing	202,692	240,942
	<u>409,149</u>	<u>539,220</u>
Margin accounts	297,353	240,223
Staff loans	544	501
Gross loans, advances and financing	<u>707,046</u>	<u>779,944</u>
Less: Impairment allowances		
- Collective impairment allowance	(3,244)	(6,856)
- Individual impairment allowance	(88,055)	(87,073)
Net loans, advances and financing	<u>615,747</u>	<u>686,015</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

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14. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprises	472,645	587,246
Individuals	234,401	192,698
Gross loans, advances and financing	<u>707,046</u>	<u>779,944</u>

(ii) By interest rate sensitivity

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
<u>Fixed rate</u>		
Staff loans	544	501
Margin accounts	297,353	240,223
<u>Variable rate</u>		
Cost-plus	206,457	298,278
Cost-plus (Islamic financing)	202,692	240,942
Gross loans, advances and financing	<u>707,046</u>	<u>779,944</u>

(iii) By economic sector

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Mining and quarrying	89,060	90,492
Manufacturing	88,231	88,231
Wholesale & retail trade and restaurants & hotels	10,853	11,451
Transport, storage and communications	-	85,550
Finance, insurance and business services	243,581	246,623
Education, health and other services activities	40,919	64,899
Household	234,402	192,698
Gross loans, advances and financing	<u>707,046</u>	<u>779,944</u>

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(a) Gross loans, advances and financing (cont'd.)

(iv) By maturity profile

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Within one year	504,566	539,491
One year to five years	113,662	150,354
After five years	88,818	90,099
Gross loans, advances and financing	707,046	779,944

(b) Impaired loans, advances and financing ("ILs")

(i) Movements in ILs are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	208,040	107,404
Classified as impaired during the period/year	10	107,522
Amount recovered	(746)	(3,470)
Amount written off	(824)	(3,416)
At 30 September 2016/31 December 2015	206,480	208,040
Less: Individual impairment allowance	(88,055)	(87,073)
Net ILs	118,425	120,967
Ratio of net ILs to gross loans, advances and financing less individual impairment allowance	19.13%	17.46%

(ii) ILs by economic sector:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Manufacturing	88,231	88,231
Wholesale & retail trade and restaurants & hotels	10,853	11,451
Finance, insurance and business services	107,373	107,664
Others	23	694
	206,480	208,040

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(c) Movements in impairment allowances by class of financial assets

(i) Individual impairment allowance

Group and Bank	Term loans/ financing RM'000	Staff loans RM'000	Margin accounts RM'000	Total RM'000
31 December 2015				
At 1 January	89,426	77	817	90,320
Reclassification from collective impairment allowance	226	-	-	226
Impairment made during the financial period/year	6,247	-	-	6,247
Amount written back	(5,151)	-	-	(5,151)
Discount unwind	(1,153)	-	-	(1,153)
Amount written off	(3,360)	(56)	-	(3,416)
At 31 December	<u>86,235</u>	<u>21</u>	<u>817</u>	<u>87,073</u>
30 September 2016				
At 1 January	86,235	21	817	87,073
Impairment made during the financial period	8,089	-	7	8,096
Amount written back	(540)	-	-	(540)
Discount unwind	(5,750)	-	-	(5,750)
Amount written off	-	-	(824)	(824)
At 30 September	<u>88,034</u>	<u>21</u>	<u>-</u>	<u>88,055</u>

Unaudited Interim Financial Statements

14. Loans, advances and financing (cont'd.)

(c) Movements in impairment allowances by class of financial assets (cont'd.)

(ii) Collective impairment allowance

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Terms loans/financing		
At 1 January	6,856	5,731
Reclassification to individual impairment allowance	-	(226)
Impairment (write back)/made during the period/year	(3,612)	1,351
	<u>3,244</u>	<u>6,856</u>
Ratio of collective impairment allowance to gross loans, advances and financing less individual impairment allowance (including regulatory reserve)	<u>1.20%</u>	<u>1.20%</u>

15. Derivative assets

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
30 September 2016			
Interest rate related derivatives:			
- Interest rate swaps	<u>320,000</u>	<u>111</u>	<u>163</u>
31 December 2015			
Interest rate related derivatives:			
- Interest rate swaps	<u>970,000</u>	<u>4,166</u>	<u>-</u>

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16. Other assets

	Group		Bank	
	30 September Note	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Interest/profit receivables	37,306	29,663	37,306	29,663
Amounts due from brokers and clients	191,916	71,876	191,916	71,876
Less: Individual impairment allowance	-	(2,567)	-	(2,567)
(a)	<u>191,916</u>	<u>69,309</u>	<u>191,916</u>	<u>69,309</u>
Deposits, prepayments and other receivables	10,969	7,278	10,969	7,278
Less: Individual impairment allowance	(2,885)	(3,232)	(2,885)	(3,232)
(b)	<u>8,084</u>	<u>4,046</u>	<u>8,084</u>	<u>4,046</u>
Amount recoverable from Danaharta	97,032	97,032	97,032	97,032
Less: Individual impairment allowance	(97,032)	(97,032)	(97,032)	(97,032)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due from related companies	(c) 30	25	30	25
Amount due from subsidiaries	(c) -	-	158	591
Tax recoverable	24,892	22,531	24,892	22,531
	<u>262,228</u>	<u>125,574</u>	<u>262,386</u>	<u>126,165</u>

Unaudited Interim Financial Statements

16. Other assets (cont'd.)

(a) Amounts due from brokers and clients

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Brokers	17,335	23,219
Clients	174,581	48,657
	<u>191,916</u>	<u>71,876</u>
Less: Individual impairment allowance	-	(2,567)
	<u>191,916</u>	<u>69,309</u>

Clients' and brokers' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

Movements in individual impairment allowance on amount due from clients:

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
At 1 January	(2,567)	(2,566)
Impairment made during the period/year	(12)	(1)
Amount written off	2,579	-
	<u>-</u>	<u>(2,567)</u>

(b) Deposits, prepayments and other receivables

Movements in individual impairment allowance:

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
At 1 January	(3,232)	(4,499)
Impairment made during the period/year	(275)	(725)
Amount written back	335	1,886
Amount written off	287	151
Reversal from unearned fee income	-	(45)
	<u>(2,885)</u>	<u>(3,232)</u>

Unaudited Interim Financial Statements

16. Other assets (cont'd.)

- (c) The amounts due from related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

17. Deposits from customers

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(a) By types of deposit		
Call deposits	22,801	66,216
Fixed deposits	1,970,930	1,541,273
	<u>1,993,731</u>	<u>1,607,489</u>
(b) By types of customer		
Business enterprises	1,568,660	1,414,146
Government and statutory bodies	422,600	190,940
Individual	2,471	2,403
	<u>1,993,731</u>	<u>1,607,489</u>
(c) The maturity structure of term deposits are as follows:		
Due within six months	1,918,073	1,545,930
Six months to one year	75,658	61,559
	<u>1,993,731</u>	<u>1,607,489</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(a) Call deposits		
- Other financial institutions	<u>5,566</u>	<u>95,596</u>
(b) Fixed deposits		
- Licensed banks	-	219,000
- Licensed Islamic banks	49,500	30,000
- Other financial institutions	1,608,093	1,397,918
	<u>1,657,593</u>	<u>1,646,918</u>
	<u>1,663,159</u>	<u>1,742,514</u>

Unaudited Interim Financial Statements

19. Other liabilities

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Amounts due to brokers and clients	(a)	217,067	72,721	217,067	72,721
Interest/profit payables		16,744	20,372	16,744	20,372
Accrued liabilities and other payables		14,603	20,983	14,603	20,983
Profit equalisation reserve	33(h)	-	9,305	-	9,305
Employee benefits		3,030	2,807	3,030	2,807
Amount due to immediate holding company	(b)	9,012	1,463	9,011	1,463
Amount due to related company	(b)	-	3	-	3
		<u>260,456</u>	<u>127,654</u>	<u>260,455</u>	<u>127,654</u>

Group and Bank	
30 September 2016 RM'000	31 December 2015 RM'000

(a) Amount due to brokers and clients

Brokers	34,887	-
Clients	182,180	72,721
	<u>217,067</u>	<u>72,721</u>

Clients' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date under the Rules of Bursa Malaysia Securities Berhad.

- (b) The amounts due to immediate holding company and related company are non-trade in nature, unsecured, interest-free and are repayable on demand.

Unaudited Interim Financial Statements

20. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	6,663	9,936	19,603	31,323
- Interest income on impaired loans ("ILs")	1,892	286	5,751	869
Money at call and deposit placements with financial institutions	911	1,109	2,933	3,709
Securities available-for-sale				
- Interest income on non-impaired securities	12,549	17,371	39,481	47,483
- Interest income on impaired securities	95	119	351	15,038
Securities held-to-maturity				
- Interest income on non-impaired securities	11,786	8,584	32,957	24,499
Derivative instruments	254	1,012	1,831	3,800
	<u>34,150</u>	<u>38,417</u>	<u>102,907</u>	<u>126,721</u>
Accretion of discount less amortisation of premium	(43)	(125)	(189)	1,900
	<u>34,107</u>	<u>38,292</u>	<u>102,718</u>	<u>128,621</u>

21. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	14,511	12,658	41,429	32,007
Deposits and placements of bank and other financial institutions	11,126	14,832	35,948	46,467
	<u>25,637</u>	<u>27,490</u>	<u>77,377</u>	<u>78,474</u>

Unaudited Interim Financial Statements

22. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Fee income:				
Fees on loans, advances and financing	13	74	38	487
Corporate advisory fees	565	1,416	1,243	2,613
Underwriting fees	664	180	1,697	2,109
Management fees	-	-	-	925
Brokerage commission	4,636	4,658	13,948	14,642
Rollover charges	554	465	1,474	1,291
Facility fee	265	167	815	167
Redemption fee	104	-	285	-
Placement fees	133	-	610	48
Other fee income	10	66	40	98
	<u>6,944</u>	<u>7,026</u>	<u>20,150</u>	<u>22,380</u>
Investment income/(loss):				
Net gain/(loss) on sale of securities				
- available for sale	15	10	1,763	(850)
- held to maturity	3,164	120	3,164	120
Net unrealised (loss)/gain on - revaluation of derivatives instruments	(1,009)	1,666	(4,217)	(3,209)
	<u>2,170</u>	<u>1,796</u>	<u>710</u>	<u>(3,939)</u>
Gross dividends from:				
Securities available-for-sale	591	-	591	147
	<u>591</u>	<u>-</u>	<u>591</u>	<u>147</u>
Other income:				
Gain on disposal of property, plant and equipment	-	-	-	34
Intercompany management fees	78	39	303	193
Others	30	24	140	92
	<u>108</u>	<u>63</u>	<u>443</u>	<u>319</u>
	<u>9,813</u>	<u>8,885</u>	<u>21,894</u>	<u>18,907</u>

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22. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Fee income:				
Fees on loans, advances and financing	13	74	38	487
Corporate advisory fees	565	1,416	1,243	2,613
Underwriting fees	664	180	1,697	2,109
Management fees	-	-	-	925
Brokerage commission	4,636	4,658	13,948	14,642
Rollover charges	554	465	1,474	1,291
Facility fee	265	167	815	167
Redemption fee	104	-	285	-
Placement fees	133	-	610	48
Other fee income	2	58	8	61
	<u>6,936</u>	<u>7,018</u>	<u>20,118</u>	<u>22,343</u>
Investment income/(loss):				
Net gain/(loss) on sale of securities				
- available for sale	15	10	1,763	(850)
- held to maturity	3,164	120	3,164	120
Net unrealised (loss)/gain on - revaluation of derivatives instruments	(1,009)	1,666	(4,217)	(3,209)
	<u>2,170</u>	<u>1,796</u>	<u>710</u>	<u>(3,939)</u>
Gross dividends from:				
Securities available-for-sale	591	-	591	147
Subsidiary	46	-	46	100
	<u>637</u>	<u>-</u>	<u>637</u>	<u>247</u>
Other income:				
Gain on disposal of property, plant and equipment	-	-	-	34
Intercompany management fees	78	39	303	193
Others	28	23	132	86
	<u>106</u>	<u>62</u>	<u>435</u>	<u>313</u>
	<u>9,849</u>	<u>8,876</u>	<u>21,900</u>	<u>18,964</u>

Unaudited Interim Financial Statements

23. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	6,647	6,106	21,737	20,642
Executive Director/Chief Executive Officer				
- Fees	30	30	90	90
Employees' benefits	75	52	223	132
Defined contribution plans	1,134	1,063	3,077	3,163
Social security costs	33	25	86	75
Other staff related expenses	134	507	1,102	1,567
	<u>8,053</u>	<u>7,783</u>	<u>26,315</u>	<u>25,669</u>
(ii) Establishment costs:				
Depreciation and amortisation	240	114	567	353
Rental				
- office equipment	14	15	37	47
- premises	605	563	1,790	1,661
IT expenses	960	988	2,511	2,344
Other establishment costs	85	115	267	382
	<u>1,904</u>	<u>1,795</u>	<u>5,172</u>	<u>4,787</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	435	227	1,677	1,470
Entertainment	88	82	292	248
	<u>523</u>	<u>309</u>	<u>1,969</u>	<u>1,718</u>

Unaudited Interim Financial Statements

23. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration - Audit	54	54	163	164
Non-Executive Directors' remuneration	167	165	496	525
Communication expenses	45	29	117	90
Management fees	1,639	1,683	4,933	4,941
Professional fees	86	70	375	131
Brokerage fee	251	208	659	764
Corporate dealers and remisiers' commissions	17	18	44	82
Securities Commission's Levy	274	240	796	745
License fee and stamp duty	5	4	182	172
Bursa fee	33	90	93	166
Others	150	142	463	342
	<u>2,721</u>	<u>2,703</u>	<u>8,321</u>	<u>8,122</u>
	<u>13,201</u>	<u>12,590</u>	<u>41,777</u>	<u>40,296</u>

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23. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	6,647	6,106	21,737	20,642
Executive Director/Chief Executive Officer				
- Fees	30	30	90	90
Employees' benefits	75	52	223	132
Defined contribution plans	1,134	1,063	3,077	3,163
Social security costs	33	25	86	75
Other staff related expenses	134	507	1,102	1,567
	<u>8,053</u>	<u>7,783</u>	<u>26,315</u>	<u>25,669</u>
(ii) Establishment costs:				
Depreciation and amortisation	240	114	567	353
Rental				
- office equipment	14	15	37	47
- premises	605	563	1,790	1,661
IT expenses	960	988	2,511	2,344
Other establishment costs	85	115	267	382
	<u>1,904</u>	<u>1,795</u>	<u>5,172</u>	<u>4,787</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	435	227	1,677	1,470
Entertainment	88	82	292	248
	<u>523</u>	<u>309</u>	<u>1,969</u>	<u>1,718</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	54	54	163	164
- Other services				
Non-Executive Directors' remuneration	167	165	496	525
Communication expenses	45	29	117	90
Management fees	1,638	1,681	4,928	4,935
Professional fees	86	70	375	131
Brokerage fees	251	208	659	764
Corporate dealers and remisiers' commissions	17	18	44	82
Securities Commission's Levy	274	240	796	745
License fee and stamp duty	5	4	182	172
Bursa fee	33	90	93	166
Others	150	143	462	342
	<u>2,720</u>	<u>2,702</u>	<u>8,315</u>	<u>8,116</u>
	<u>13,200</u>	<u>12,589</u>	<u>41,771</u>	<u>40,290</u>

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24. Impairment loss written-back/(made) on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Collective impairment allowance				
- Write back/(made) during the period/year (net) [Note 14(c)(ii)]	(516)	894	3,612	(1,186)
Individual impairment allowance				
- Made during the period/year [Note 14(c)(i)]	(3,512)	(4,667)	(8,096)	(5,854)
- Written back [Note 14(c)(i)]	-	222	540	3,176
Bad debts and interest in suspense recovered	6,025	-	9,048	-
	<u>1,997</u>	<u>(3,551)</u>	<u>5,104</u>	<u>(3,864)</u>

25. Impairment loss written-back/(made) on securities

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Securities available-for-sale (net)	(1,238)	133	196	6,133
Bad debts and interest in suspense recovered	375	-	383	-
	<u>(863)</u>	<u>133</u>	<u>579</u>	<u>6,133</u>

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26. Impairment (made)/written-back on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Impairment written-back/(made) on:				
- Amount due from brokers and clients (net)	(11)	-	(12)	(1)
- Other debtors (net)	194	21	81	769
	<u>183</u>	<u>21</u>	<u>69</u>	<u>768</u>

27. Basic earnings per ordinary shares

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>14,546</u>	<u>9,869</u>	<u>34,674</u>	<u>45,202</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
Basic earnings per ordinary share (sen)	<u>9.38</u>	<u>6.37</u>	<u>22.37</u>	<u>29.16</u>

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28. Commitments and contingencies

	<----- 30 September 2016 ----->			<----- 31 December 2015 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Group and Bank						
Obligations under an on-going underwriting agreement	-	-	-	73,100	36,550	36,550
Interest rate related contracts over one year to five years	320,000	2,582	516	970,000	9,754	1,951
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	85,928	17,186	17,181	68,376	13,675	13,673
- exceeding one year	30,000	15,000	15,000	30,000	15,000	15,000
Total	435,928	34,768	32,697	1,141,476	74,979	67,174

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia Guidelines.

29. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(i) Outstanding credit exposures with connected parties	<u>242,623</u>	<u>330,000</u>
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>6.54%</u>	<u>8.65%</u>
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>Nil</u>	<u>Nil</u>

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30. Related party disclosures

(a) Significant related party transactions and balances

The following significant transactions between the Group and the Bank and related parties took place at terms agreed between parties during the financial period/year.

	Group and Bank	
	30 September 2016 RM'000	30 September 2015 RM'000
Penultimate holding company		
Income:		
Brokerage fees earned	6,381	7,768
Expenditure:		
Interest expense on deposits	35	301
Immediate holding company		
Expenditure:		
Rental of premises	1,757	1,624
Management fees paid	4,928	4,935
Other related companies		
Income:		
Interest income on securities	12,448	12,854
Interest income on loans, advances and financing	-	5,339
Brokerage fees earned	1,435	482
Expenditure:		
Interest expense on deposits	4,112	2,444

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30. Related party disclosures (cont'd.)

(a) Significant related party transactions and balances (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Bank with their related parties are as follows:

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Penultimate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	50,000	-
Other payables	10	-
	<u> </u>	<u> </u>
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	120,120	141,271
	<u> </u>	<u> </u>
Amount due from:		
Fee receivable	5	20
Sundry deposits	553	553
Securities	170,944	310,879
	<u> </u>	<u> </u>

Other related companies include companies within the YPB Group and companies related to the Directors of the Bank.

Unaudited Interim Financial Statements

31. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2016				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	262,479	-	262,479
Quoted securities	23,931	-	-	23,931
Unquoted securities	-	1,484,236	4,920	1,489,156
Derivative assets	-	111	-	111
Assets for which fair values are disclosed:				
Securities held-to-maturity				
Money market instruments		874,711		874,711
Unquoted securities	-	961,861	-	961,861
Loans, advances and financing	-	140	-	140
Liability measured at fair value				
Derivative liabilities	-	163	-	163

Unaudited Interim Financial Statements

31. Fair value hierarchy (cont'd.)

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2015				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	208,102	-	208,102
Unquoted securities	-	1,557,230	7,122	1,564,352
Derivative assets	-	4,166	-	4,166
Assets for which fair values are disclosed:				
Securities held-to-maturity				
Money market instruments	-	431,820	-	431,820
Unquoted securities	-	1,024,162	-	1,024,162
Loans, advances and financing	-	125	-	125
Liability measured at fair value				
Derivative liabilities	-	-	-	-

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period/year.

Unaudited Interim Financial Statements

31. Fair value hierarchy (cont'd.)

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Securities available-for-sale		
Unquoted securities		
At 1 January	7,122	62,040
Total gains recognised in profit or loss		
Included within interest income	333	21,146
Included within impairment written back on securities	(2,535)	9,136
	(2,202)	30,282
Settlements	-	(85,200)
At 30 September 2016/31 December 2015	4,920	7,122

Changing one or more of the inputs to the reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The above total gains/(losses) on Level 3 financial instruments recognised in profit or loss for the current financial period is attributable to those financial instruments held as at reporting date.

Unaudited Interim Financial Statements

32. Capital management

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	155,000	155,000	155,000	155,000
Share premium - ordinary share	214,111	214,111	214,111	214,111
Statutory reserve	164,252	164,252	164,252	164,252
Regulatory reserve	4,185	1,458	4,185	1,458
Securities available-for-sale reserve	(5,638)	(26,326)	(5,638)	(26,326)
Retained profits	235,275	238,002	235,242	237,969
	<u>767,185</u>	<u>746,497</u>	<u>767,152</u>	<u>746,464</u>
Less: Regulatory adjustments	(11,942)	(16,212)	(11,942)	(16,212)
<i>Total CET1 Capital</i>	<u>755,243</u>	<u>730,285</u>	<u>755,210</u>	<u>730,252</u>
Additional Tier 1 Capital	-	-	-	-
Total Tier 1 Capital	<u>755,243</u>	<u>730,285</u>	<u>755,210</u>	<u>730,252</u>
Tier 2 Capital				
Collective impairment allowance	7,429	7,889	7,429	7,889
Total Tier 2 capital	<u>7,429</u>	<u>7,889</u>	<u>7,429</u>	<u>7,889</u>
Total Capital	<u>762,672</u>	<u>738,174</u>	<u>762,639</u>	<u>738,141</u>
CET1 Capital Ratio	40.600%	36.470%	40.596%	36.460%
Tier 1 Capital Ratio	40.600%	36.470%	40.596%	36.460%
Total Capital Ratio	41.000%	36.864%	40.995%	36.854%

Unaudited Interim Financial Statements

32. Capital management (cont'd.)

- (ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Total risk-weighted assets for credit risk	1,594,864	1,683,891	1,594,987	1,684,357
Total risk-weighted assets equivalent for market risk	42,450	85,575	42,450	85,575
Total risk-weighted assets equivalent for operational risk	222,873	232,973	222,873	232,973
	<u>1,860,187</u>	<u>2,002,439</u>	<u>1,860,310</u>	<u>2,002,905</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 30 September 2016

	Note	Group and Bank	
		30 September 2016 RM'000	31 December 2015 RM'000
Assets			
Cash and short-term funds	(a)	837	899
Securities available-for-sale	(b)	466,490	461,797
Securities held-to-maturity	(c)	963,114	612,645
Financing and advances	(d)	199,448	236,449
Other assets	(e)	16,834	9,684
Deferred tax assets		267	4,240
Total assets		1,646,990	1,325,714
Liabilities			
Deposits from customers	(f)	476,921	367,113
Deposits and placements of banks and other financial institutions	(g)	538,854	353,767
Profit equalisation reserve	(h)	-	9,305
Other liabilities	(i)	27,945	21,374
Provision for taxation and zakat		7,244	9,393
Total liabilities		1,050,964	760,952
Islamic banking capital funds			
Islamic banking funds		396,600	396,600
Reserves		199,426	168,162
Total Islamic banking capital funds		596,026	564,762
Total liabilities and Islamic banking capital funds		1,646,990	1,325,714

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of profit or loss
For the nine months ended 30 September 2016

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income derived from investment of depositors' and others	(j)	21,377	16,181	59,175	47,467
Income attributable to depositors	(k)	(8,350)	(6,976)	(23,880)	(18,639)
Net income attributable to reporting institution		13,027	9,205	35,295	28,828
Operating expenses	(l)	(941)	(782)	(2,657)	(2,325)
Operating profit before allowances		12,086	8,423	32,638	26,503
Impairment loss written-back/(made) on:					
- financing and advances	(m)	(516)	(42)	1,249	(1,513)
- securities	(n)	-	-	594	2,197
- other assets	(o)	1	(91)	55	(91)
Profit before taxation and zakat		11,571	8,290	34,536	27,096
Taxation		(3,093)	(2,455)	(8,102)	(6,627)
Zakat		(219)	(150)	(682)	(528)
Profit for the period		8,259	5,685	25,752	19,941

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of comprehensive income
For the nine months ended 30 September 2016

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the period attributable to equity holder of the Bank	8,259	5,685	25,752	19,941
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available-for-sale:				
Cumulative loss transferred to profit or loss upon disposal	(28)	-	(39)	(5)
Fair value changes	1,922	(2,466)	5,551	(195)
Other comprehensive income for the year, net of tax	1,894	(2,466)	5,512	(200)
Total comprehensive income for the period attributable to equity holder of the Bank	10,153	3,219	31,264	19,741

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of changes in equity
For the nine months ended 30 September 2016

Group and Bank	<----- Non-distributable ----->			Distributable	
	Islamic banking funds RM'000	Securities available-for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2015	396,600	(5,643)	8,858	138,751	538,566
Profit for the period	-	-	-	19,941	19,941
Other comprehensive loss for the period	-	(200)	-	-	(200)
Total comprehensive (loss)/income for the period	-	(200)	-	19,941	19,741
Transactions with owner					
Net transfer from profit equalisation reserve for the period	-	-	(8,858)	8,858	-
At 30 September 2015	396,600	(5,843)	-	167,550	558,307
At 1 January 2016	396,600	(5,638)	-	173,800	564,762
Profit for the period	-	-	-	25,752	25,752
Other comprehensive income for the period	-	5,512	-	-	5,512
Total comprehensive income for the period	-	5,512	-	25,752	31,264
At 30 September 2016	396,600	(126)	-	199,552	596,026

^ The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Condensed consolidated statements of cash flows
For the nine months ended 30 September 2016

	Note	Group and Bank	
		30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation and zakat		34,536	27,096
Adjustments		(7,019)	(11,436)
Operating profit before changes in working capital		27,517	15,660
Changes in working capital:			
Net changes in operating assets		(316,909)	(170,971)
Net changes in operating liabilities		289,330	208,213
Net cash (used in) / generated from operating activities		(62)	52,902
Net increase in cash and cash equivalents		(62)	52,902
Cash and cash equivalents at beginning of the period		899	304
Cash and cash equivalents at end of the period	33(a)	837	53,206

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(a) Cash and short-term funds

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Cash and balances with banks and other financial institutions	837	899

(b) Securities available-for-sale

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At fair value		
Money market instruments:		
Government Investment Issues	52,425	-
Islamic Negotiable Instruments	149,194	198,877
	<u>201,619</u>	<u>198,877</u>
Unquoted securities in Malaysia:		
Islamic Corporate Bonds/Sukuk	264,871	262,920
	<u>466,490</u>	<u>461,797</u>

(c) Securities held-to-maturity

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Money market instruments:		
Government Investment Issues	463,333	222,830
Unquoted securities in Malaysia:		
Islamic Corporate Bonds/Sukuk	499,781	389,815
	<u>963,114</u>	<u>612,645</u>

In October 2016, all of the held-to-maturity financial assets will be reclassified to available-for-sale financial assets due to breach in the “tainting” rule for the held-to-maturity financial assets. The Bank will reassess the classification of financial assets under MFRS 9 Financial Instruments when the standard come into effect on or after 1 January 2018.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Term financing		
- Syndicated term financing	202,692	240,942
Gross financing and advances	<u>202,692</u>	<u>240,942</u>
Less: Impairment allowance		
- Collective impairment allowance	(3,244)	(4,493)
Total net financing and advances	<u>199,448</u>	<u>236,449</u>

The Group and the Bank operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

(a) Gross financing and advances

(i) By type of customer

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Domestic business enterprises	202,692	240,942
Gross financing and advances	<u>202,692</u>	<u>240,942</u>

(ii) By profit rate sensitivity

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Variable rate		
Cost-plus	202,692	240,942
Gross financing and advances	<u>202,692</u>	<u>240,942</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(a) Gross financing and advances (cont'd.)

(iii) By economic sector

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Mining and quarrying	89,060	90,493
Transport, storage and communications	-	85,550
Finance, insurance and business services	72,713	-
Education, health and others	40,919	64,899
Gross financing and advances	<u>202,692</u>	<u>240,942</u>

(iv) By maturity profile

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Within one year	657	901
One year to five years	113,305	150,041
After five years	88,730	90,000
Gross financing and advances	<u>202,692</u>	<u>240,942</u>

(v) By classification of Shariah contracts

	Group and Bank	
	30 September	31 December
	2016	2015
	RM'000	RM'000
Syndicated term financing		
Commodity Murabahah	202,692	240,942
Gross financing and advances	<u>202,692</u>	<u>240,942</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Financing and advances (cont'd.)

(b) Movement in impairment allowances by class of financial assets

(i) Collective impairment allowance

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Term financing		
At 1 January	4,493	2,809
(Written-back)/impairment made during the period/year	(1,249)	1,684
	3,244	4,493
Ratio of collective impairment allowance to gross financing and advances less individual impairment allowance	1.60%	1.86%

(e) Other assets

	Note	Group and Bank	
		30 September 2016 RM'000	31 December 2015 RM'000
Other debtors, deposits and prepayments		1,036	271
Less: Individual impairment allowance	(a)	-	(124)
		1,036	147
Profit receivables		15,798	9,537
		16,834	9,684

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(e) Other assets (cont'd.)

(a) Deposits, prepayments and other receivables

Movements in individual impairment allowance:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	(124)	-
Impairment made/(written back) during the period/year	54	(91)
Amount written off	70	-
Reversal from unearned fee income	-	(33)
	<u>-</u>	<u>(124)</u>

(f) Deposits from customers

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	<u>476,921</u>	<u>367,113</u>
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	401,921	312,113
Government and statutory bodies	75,000	55,000
	<u>476,921</u>	<u>367,113</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	421,921	367,113
Six months to one year	55,000	-
	<u>476,921</u>	<u>367,113</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(g) Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	538,854	353,767
(ii) By type of customer		
Commodity Murabahah fund		
Licensed Islamic banks	49,500	30,000
Other financial institutions	489,354	323,767
	<u>538,854</u>	<u>353,767</u>

(h) Profit equalisation reserve

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	9,305	11,918
Utilisation	(9,305)	(2,613)
At 30 September 2016/31 December 2015	<u>-</u>	<u>9,305</u>

The PER of the Group and the Bank is provided as per the BNM Revised Guidelines on Profit Equalisation Reserve issued in May 2011. PER relates to the profit of the Bank that are being set aside which can then be used to be paid out to Mudharabah depositors in the event of any shortfall in the actual return of the deposits. The Bank ceased such practice since 2011 and the amount as at the date of statements of financial position represents the undistributed balance. On March 2016, the PER has been fully distributed to the PER holders.

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(i) Other liabilities

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Profit payables to depositors	1,827	3,899
Sundry creditors and accruals	1,690	1,788
Due to immediate holding company	165	26
Due to Head Office	24,263	15,661
	<u>27,945</u>	<u>21,374</u>

(j) Income derived from investment of depositors' funds and others

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income derived from investment of:				
(i) General investment deposits	15,550	11,416	43,505	31,568
(ii) Other deposits	5,827	4,765	15,670	15,899
	<u>21,377</u>	<u>16,181</u>	<u>59,175</u>	<u>47,467</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of depositors' funds and others (cont'd.)

(i) General investment deposits

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Finance income and hibah				
Money at call and deposit placements with financial institutions	454	464	1,110	1,532
Securities available-for- sale				
- Profit on non-impaired securities	2,834	4,527	8,262	11,140
Securities held-to- maturity	10,955	3,204	29,012	8,053
	<u>14,243</u>	<u>8,195</u>	<u>38,384</u>	<u>20,725</u>
Accretion of discount less amortisation of premium	1,279	3,221	5,082	10,838
Total finance income and hibah	<u>15,522</u>	<u>11,416</u>	<u>43,466</u>	<u>31,563</u>
Other operating income				
Net gain on sale of securities available-for- sale	28	-	39	5
	<u>28</u>	<u>-</u>	<u>39</u>	<u>5</u>
	<u>15,550</u>	<u>11,416</u>	<u>43,505</u>	<u>31,568</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(j) Income derived from investment of depositors' funds and others (cont'd.)

(ii) Other deposits

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Finance income and hibah				
Financing and advances	4,338	4,646	13,729	13,262
Other operating income				
Fee income				
- Fees on financing and advances	107	119	343	266
- Corporate advisory fees	1,345	-	1,445	-
- Management fees	-	-	-	1,670
- Other fee income	33	-	100	700
	1,485	119	1,888	2,636
Other income	4	-	53	1
	1,489	119	1,941	2,637
	5,827	4,765	15,670	15,899
Total income derived from investment	21,377	16,181	59,175	47,467

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(k) Income attributable to depositors

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Mudharabah Fund				
Deposits and placements of banks and other financial institutions	-	(29)	-	(85)
Commodity Murabahah fund				
Deposits from customers	(4,182)	(1,999)	(11,803)	(6,750)
Deposits and placements of banks and other financial institutions	(4,168)	(4,948)	(12,077)	(11,804)
	<u>(8,350)</u>	<u>(6,947)</u>	<u>(23,880)</u>	<u>(18,554)</u>
	<u>(8,350)</u>	<u>(6,976)</u>	<u>(23,880)</u>	<u>(18,639)</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(l) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	433	334	1,221	998
Defined contribution plan	89	71	250	207
Social security costs	2	1	6	4
Other staff related expenses	18	19	66	80
	<u>542</u>	<u>425</u>	<u>1,543</u>	<u>1,289</u>
(ii) Establishment costs:				
Rental				
- office equipment	1	2	3	4
- premises	37	34	107	100
IT expenses	109	85	247	231
Others	7	8	23	25
	<u>154</u>	<u>129</u>	<u>380</u>	<u>360</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	-	7	5	7
Entertainment	2	-	8	4
	<u>2</u>	<u>7</u>	<u>13</u>	<u>11</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(l) Operating expenses (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
(iv) Administrative and general expenses:				
Audit fees	5	4	13	11
Non-Executive Directors' remuneration	13	14	38	38
Communication expenses	-	4	6	8
Management fees	125	106	378	322
Professional fees	12	9	39	36
Brokerage fees	81	78	223	234
Others	7	6	24	16
	<u>243</u>	<u>221</u>	<u>721</u>	<u>665</u>
	<u>941</u>	<u>782</u>	<u>2,657</u>	<u>2,325</u>

(m) Impairment loss written-back/(made) on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance (net) [Note 33(d)(b)(i)]	(516)	(42)	1,249	(1,513)
	<u>(516)</u>	<u>(42)</u>	<u>1,249</u>	<u>(1,513)</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(n) Impairment loss written back on securities

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale (net)	-	-	591	2,197
Bad debts recovered	-	-	3	-
	-	-	594	2,197

(o) Impairment loss written-back on other assets

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Impairment loss written-back on:				
- Other debtors (net)	1	(91)	55	(91)
	1	(91)	55	(91)

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(o) Capital adequacy

(i) The capital adequacy ratio of the Group and of the Bank are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Tier 1 Capital		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	396,600	396,600
Securities available-for-sale reserve	(126)	(5,638)
Retained profits	173,800	173,800
	<u>570,274</u>	<u>564,762</u>
Less: Regulatory adjustments	(267)	(4,240)
Total CET 1 Capital, representing Total Tier 1 Capital	<u>570,007</u>	<u>560,522</u>
Tier 2 Capital		
Collective impairment allowance	3,244	4,493
Total Tier 2 capital	<u>3,244</u>	<u>4,493</u>
Total Capital	<u>573,251</u>	<u>565,015</u>
CET1 Capital Ratio	105.477%	105.876%
Tier 1 Capital Ratio	105.477%	105.876%
Total Capital Ratio	106.077%	106.725%

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Total risk-weighted assets for credit risk	468,464	471,855
Total risk-weighted equivalent for operational risk	71,944	57,557
	<u>540,408</u>	<u>529,412</u>

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MIDF Amanah Investment Bank Berhad
(A Participating Organisation of Bursa Malaysia Berhad)



Unaudited Interim Financial Statements

I, Datuk Mohd Najib Hj. Abdullah, being the Group Managing Director/Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the nine months ended 30 September 2016, as set out on pages 1 to 59 have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30 September 2016. The financial performance and cash flows of the Group and the Bank for the period ended on that date are prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

DATUK MOHD NAJIB HJ. ABDULLAH

GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Date: 26 October 2016