

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 31 March 2017

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short-term funds	11	168,484	34,233	168,414	34,175
Securities held-for-trading	12	4,935	-	4,935	-
Securities available-for-sale	13	3,722,993	3,542,363	3,722,993	3,542,363
Loans, advances and financing	14	538,537	556,843	538,537	556,843
Derivative assets	15	423	528	423	528
Other assets	16	197,417	108,150	197,439	108,173
Statutory deposits with Bank Negara Malaysia		113,061	114,645	113,061	114,645
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		1,205	1,263	1,205	1,263
Intangible assets		3,208	2,530	3,208	2,530
Deferred tax assets		13,501	15,998	13,501	15,998
Total assets		4,763,764	4,376,553	4,763,716	4,376,518
Liabilities					
Deposits from customers	17	2,203,068	1,987,757	2,203,068	1,987,757
Deposits and placements of banks and other financial institutions	18	1,578,603	1,521,857	1,578,603	1,521,857
Other liabilities	19	223,098	79,439	223,097	79,438
Provision for zakat		1,747	1,528	1,743	1,525
Total liabilities		4,006,516	3,590,581	4,006,511	3,590,577
Equity					
Share capital		155,000	155,000	155,000	155,000
Reserves		602,248	630,972	602,205	630,941
Total equity		757,248	785,972	757,205	785,941
Total liabilities and equity		4,763,764	4,376,553	4,763,716	4,376,518
Commitments and contingencies					
	28	471,397	475,289	471,397	475,289

* Denotes RM4

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

Condensed consolidated statements of profit or loss
For the three months ended 31 March 2017

	Note	Group Individual / Cumulative Quarter		Bank Individual / Cumulative Quarter	
		3 Months Ended		3 Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Operating revenue		56,497	58,236	56,479	58,218
Interest income	20	27,926	34,554	27,926	34,554
Interest expense	21	(22,280)	(25,590)	(22,280)	(25,590)
Net interest income		5,646	8,964	5,646	8,964
Net income from Islamic Banking	33	10,745	11,180	10,745	11,180
Non-interest income	22	8,385	5,012	8,367	4,994
Operating expenses	23	24,776	25,156	24,758	25,138
Operating profit before allowances		(13,364)	(14,054)	(13,362)	(14,052)
Impairment loss (made)/written back on:		11,412	11,102	11,396	11,086
- loans, advances and financing	24	4,104	4,063	4,104	4,063
- securities	25	(819)	2,202	(819)	2,202
- other assets	26	(430)	91	(430)	91
Profit before taxation and zakat		14,267	17,458	14,251	17,442
Taxation		(3,038)	(4,127)	(3,034)	(4,123)
Zakat		(218)	(241)	(218)	(241)
Profit for the period attributable to equity holder of the Bank		11,011	13,090	10,999	13,078
Earnings per ordinary share (sen)					
- Basic and diluted	27	7.10	8.45		

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

Condensed consolidated statements of comprehensive income
For the three months ended 31 March 2017

	Group		Bank	
	Individual / Cumulative Quarter		Individual / Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to equity holder of the Bank	11,011	13,090	10,999	13,078
Other comprehensive income/(loss):				
Other comprehensive gain/ (loss) to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available-for-sale				
- Transferred of gain to profit				
- or loss upon disposal	(1,083)	(62)	(1,083)	(62)
- Fair value changes	11,363	11,931	11,363	11,931
Other comprehensive gain for the year, net of tax	10,280	11,869	10,280	11,869
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gain on defined benefit plans	(15)	-	(15)	-
Other comprehensive gain for the year, net of tax	(15)	-	(15)	-
Total comprehensive income for the period attributable to equity holder of Bank	21,276	24,959	21,264	24,947

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

Condensed statements of changes in equity
For the three months ended 31 March 2017

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	Retained profits RM'000	
At 1 January 2016	155,000	214,111	164,252	1,458	(26,327)	238,002	746,497
Profit for the period	-	-	-	-	-	13,090	13,090
Other comprehensive income for the period	-	-	-	-	11,870	-	11,870
Total comprehensive income for the period	-	-	-	-	11,870	13,090	24,960
Transactions with owner							
Transfer to regulatory reserve	-	-	-	2,417	-	(2,417)	-
At 31 March 2016	155,000	214,111	164,252	3,875	(14,457)	248,675	771,456
At 1 January 2017	155,000	214,111	164,252	3,932	(42,535)	291,212	785,972
Profit for the period	-	-	-	-	-	11,011	11,011
Other comprehensive income for the period	-	-	-	-	10,280	(15)	10,265
Total comprehensive income for the period	-	-	-	-	10,280	10,996	21,276
Transactions with owner							
Transfer to regulatory reserve	-	-	-	(394)	-	394	-
Dividends	-	-	-	-	-	(50,000)	(50,000)
At 31 March 2017	155,000	214,111	164,252	3,538	(32,255)	252,602	757,248

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

^ 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 regulatory reserve is maintained in compliance with the revised Bank Negara Malaysia guidelines on classification and impairment provisions for loans/financing policy in which the Bank required to maintain, in aggregate, collective impairment allowance and regulatory reserves of no less than 1.2% of total outstanding loans and advances, net of individual impairment allowances.

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

Condensed statements of changes in equity For the three months ended 31 March 2016 (cont'd.)

Bank	<----- 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	Retained profits RM'000		
At 1 January 2016	155,000	214,111	164,252	1,458	(26,327)	237,970	746,464	
Profit for the period	-	-	-	-	-	13,078	13,078	
Other comprehensive income for the period	-	-	-	-	11,869	-	11,869	
Total comprehensive income for the period	-	-	-	-	11,869	13,078	24,947	
Transactions with owner								
Net transfer from profit								
Transfer to regulatory reserve	-	-	-	2,417	-	(2,417)	-	
At 31 March 2016	155,000	214,111	164,252	3,875	(14,458)	248,631	771,411	
At 1 January 2017	155,000	214,111	164,252	3,932	(42,535)	291,181	785,941	
Profit for the period	-	-	-	-	-	10,999	10,999	
Other comprehensive income for the period	-	-	-	-	10,280	(15)	10,265	
Total comprehensive income for the period	-	-	-	-	10,280	10,984	21,264	
Transactions with owner								
Transfer to regulatory reserve	-	-	-	(394)	-	394	-	
Dividends	-	-	-	-	-	(50,000)	(50,000)	
At 31 March 2017	155,000	214,111	164,252	3,538	(32,255)	252,559	757,205	

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

^ 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.

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The Condensed Unaudited 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.

Unaudited Interim Financial Statements

Condensed statements of cash flows
For the three months ended 31 March 2017

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit before taxation and zakat	14,267	17,458	14,251	17,442
Adjustments for non-cash items	(3,237)	(5,625)	(3,237)	(5,616)
Operating profit before changes in working capital	11,030	11,833	11,014	11,826
Changes in working capital:				
Net changes in operating assets	(243,468)	(216,948)	(243,463)	(216,393)
Net changes in operating liabilities	365,702	553,517	365,701	253,151
Net cash generated from operating activities	133,264	348,402	133,252	48,584
Net cash generated from investing activities	987	(333)	987	(9)
Net cash generated from financing activities	-	-	-	-
Net change in cash and cash equivalents	134,251	348,069	134,239	48,575
Cash and cash equivalents at beginning of the period	34,233	39,520	34,175	38,893
Cash and cash equivalents at end of the period	168,484	387,589	168,414	87,468

Cash and cash equivalents comprise:

	Group		Bank	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Cash and short-term funds	168,484	387,589	168,414	87,468
	168,484	387,589	168,414	87,468

The Condensed Unaudited 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.

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, 2016 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 2016.

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 2016.

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 2016.

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 2017.

Description

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 12

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

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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
Amendments to MFRS 1 and MFRS 128 (Annual Improvements to MFRS 1 January 2018 Standards 2014-2016 Cycle)	
MFRS 2 Share-based Payment - <i>Classification and Measurement of Share-Based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments</i>	1 January 2018
Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts (Amendments to MFRS 4)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 140 - <i>Transfer of Investment Property</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019

Standards and interpretations which effective dates are yet to be announced

Amendments to MFRS 10 and MFRS 128 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plans to adopt the above standards and interpretations when they become effective in the respective financial year. These standards and interpretation are expected to have no significant impact to the financial statements of the Group and of the Bank upon their initial application except as described below:

(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 projects replacing MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") and all previous version of MFRS 9. This Standard introduces new requirements for classification and measurement, impairment, and hedge accounting of financial instruments. 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.

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2. Significant accounting policies (cont'd.)

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

(a) MFRS 9 *Financial Instruments* (cont'd.)

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 restatement to comparative information is not compulsory. The Group and the Bank are in the midst of assessing the full impact of adopting MFRS 9.

(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

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.

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 31 March 2017.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2017.

6. Debt and equity securities

There were no changes in equity securities during the quarter ended 31 March 2017.

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7. Dividend paid/payable

A single tier interim dividend in respect of the current financial year ended 31 December 2016 of RM0.32258 on 155,000,000 Ordinary Shares of RM1.00 each, amounting to a net dividend payable of RM50.0 million has been approved by the Board of Directors on 24 February 2017. On 31 March 2017, Bank Negara Malaysia ("BNM") approved this dividend.

8. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

9. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM14.3 million for the first quarter ended 31 March 2017, a decrease of RM3.2 million or 18% as compared to pre-tax profit of RM17.5 million recorded in the corresponding quarter ended 31 March 2016. The decrease in the profit were mainly due to an impairment made on securities of RM0.8 million in the current quarter as compared to the impairment written back of RM2.2 million in corresponding quarter last year.

10. Prospect for 2017

The gross domestic product ("GDP") for Malaysia grew 4.2% year-on-year in 2016. For 2017, the official forecast by Bank Negara Malaysia ("BNM") for GDP growth was revised upwards from 4.0%-5.0% to 4.3 - 4.8%.

The FBM KLCI rose 6.0% in the first quarter of 2017, being the best performance since the 6.1% gain recorded in the second quarter of 2013. The index peaked at 1,754.6 points during the quarter, the highest closing since 28 May 2015. The positive sentiment on Bursa was driven by foreign investors, who became net purchasers of local equity after selling in the fourth quarter of 2016.

Rising optimism in the equity market is reflected by fund raising activity in the primary market. The amount of funds raised through the issuance of new shares and warrants surged to RM1.02 billion in the first two months of the year, higher than the RM784 million raised in the fourth quarter of 2016. Four companies were listed in the first quarter with two more in April 2017; this is already equivalent to half of the total number of IPOs recorded in the entire 2016.

Meanwhile, fund raising in the corporate bond market has been noticeably muted with gross amount of new debt securities issued in the first two months of 2017 amounted to RM6.49 billion, 51% lower compared with the corresponding period in 2016.

The beginning of March saw bond yields rising up again, on the back of persistent hawkish statements by key Fed officials for a Fed Funds rate hike, which triggered a sell-off in Ringgit denominated ("RM") bonds. The US rate hike from 0.75% to 1.00% eventually materialized, but as this was already priced in by the market, RM bond yields stabilized thereafter, with the 10-years MGS yield closing the quarter around 4.14%.

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10. Prospect for 2017 (cont'd.)

There were positive announcement that BNM is considering to ease rules on the short-selling of government bonds to deepen domestic financial markets and revive interest in its debt.

The Bank's operating landscape in the first quarter continued to be challenging. 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	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Cash and balances with banks and other financial institutions	53,884	34,233	53,814	34,175
Money at call and deposit placements maturing within one month	114,600	-	114,600	-
	<u>168,484</u>	<u>34,233</u>	<u>168,414</u>	<u>34,175</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM4,052,000 and RM3,078,000 respectively (31.12.2016: RM1,183,000 and RM959,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and the Bank.

12. Securities held-for-trading

	Group and Bank	
	2017 RM'000	2016 RM'000
At fair value		
Unquoted securities in Malaysia: Corporate Bonds	4,935	-
	<u>4,935</u>	<u>-</u>

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13. Securities available-for-sale

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	473,474	471,465
Government Investment Issues	512,641	507,028
Negotiable Instruments of Deposit	297,517	248,925
	<u>1,283,632</u>	<u>1,227,418</u>
Quoted securities in Malaysia:		
Shares	<u>20,107</u>	<u>21,218</u>
Unquoted securities in Malaysia:		
Corporate Bonds	2,413,318	2,288,043
Loan Stocks	5,179	4,927
	<u>2,418,497</u>	<u>2,292,970</u>
At cost		
Unquoted securities in Malaysia:		
Shares	<u>757</u>	<u>757</u>
	<u>3,722,993</u>	<u>3,542,363</u>

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14. Loans, advances and financing

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Term loans/financing		
Syndicated term loans	83,729	83,728
Other term loans	99,311	87,522
Islamic financing	191,300	198,901
	<u>374,340</u>	<u>370,151</u>
Margin accounts	237,060	261,148
Staff loans	512	528
	<u>611,912</u>	<u>631,827</u>
Gross loans, advances and financing		
Less: Impairment allowances		
- Collective impairment allowance	(2,960)	(2,784)
- Individual impairment allowance	(70,415)	(72,200)
Net loans, advances and financing	<u>538,537</u>	<u>556,843</u>

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

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Domestic business enterprises		
- Small medium enterprises	444,248	426,557
Individuals	167,664	205,270
Gross loans, advances and financing	<u>611,912</u>	<u>631,827</u>

(ii) By interest rate sensitivity

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Fixed rate		
Staff loans	512	528
Margin accounts	237,060	261,148
Variable rate		
Cost-plus	183,040	171,250
Cost-plus (Islamic financing)	191,300	198,901
Gross loans, advances and financing	<u>611,912</u>	<u>631,827</u>

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

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

(iii) By economic sector

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Mining and quarrying	97,989	88,730
Manufacturing	72,900	72,900
Wholesale & retail trade and restaurants & hotels	31,821	10,828
Finance, insurance and business services	200,610	212,378
Education, health and others	40,927	41,721
Household	167,665	205,270
Gross loans, advances and financing	<u>611,912</u>	<u>631,827</u>

(iv) By maturity profile

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Within one year	414,945	433,621
One year to five years	196,846	198,085
After five years	121	121
Gross loans, advances and financing	<u>611,912</u>	<u>631,827</u>

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

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

(i) Movements in ILs are as follows:

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	260,003	208,040
Classified as impaired during the period/year	-	90,238
Amount recovered	(2,530)	(22,120)
Amount written off	-	(16,155)
At 31 March 2017/31 December 2016	<u>257,473</u>	<u>260,003</u>
Less: Individual impairment allowance	<u>(70,415)</u>	<u>(72,200)</u>
Net ILs	<u>187,058</u>	<u>187,803</u>
Ratio of net ILs to gross loans, advances and financing less individual impairment allowance	<u>34.54%</u>	<u>33.56%</u>

(ii) ILs by economic sector:

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Mining and quarrying	86,200	88,730
Manufacturing	72,900	72,900
Wholesale & retail trade and restaurants & hotels	10,828	10,828
Finance, insurance and business services	87,522	87,522
Others	23	23
	<u>257,473</u>	<u>260,003</u>

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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 2016				
At 1 January	86,235	21	817	87,073
Impairment made during the financial period/year	9,517	3	7	9,527
Amount written back	(644)	-	-	(644)
Discount unwind	(7,601)	-	-	(7,601)
Amount written off	(15,331)	-	(824)	(16,155)
At 31 December	<u>72,176</u>	<u>24</u>	<u>-</u>	<u>72,200</u>
31 March 2017				
At 1 January	72,176	24	-	72,200
Amount written back	(679)	-	-	(679)
Discount unwind	(1,106)	-	-	(1,106)
At 31 December	<u>70,391</u>	<u>24</u>	<u>-</u>	<u>70,415</u>

(ii) Collective impairment allowance

Terms loans/financing	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	2,784	6,856
Impairment made/(written back) during the period/year	176	(4,072)
At 31 December	<u>2,960</u>	<u>2,784</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>

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15. Derivative assets

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
31 March 2017			
Interest rate related derivatives:			
- Interest rate swaps	320,000	423	-
31 December 2016			
Interest rate related derivatives:			
- Interest rate swaps	320,000	528	-

16. Other assets

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Interest/profit receivables		35,706	28,135	35,706	28,135
Amounts due from brokers and clients		129,330	44,890	129,330	44,890
Deposits, prepayments and other receivables		11,103	11,840	11,103	11,840
Less: Individual impairment allowance	(b)	(3,684)	(3,187)	(3,684)	(3,187)
		<u>7,419</u>	<u>8,653</u>	<u>7,419</u>	<u>8,653</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)	13	43	13	43
Amount due from subsidiaries	(c)	-	-	22	23
Tax recoverable		24,949	26,429	24,949	26,429
		<u>197,417</u>	<u>108,150</u>	<u>197,439</u>	<u>108,173</u>

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16. Other assets (cont'd.)

(a) Amounts due from brokers and clients

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Brokers	32,306	24,654
Clients	97,024	20,236
	<u>129,330</u>	<u>44,890</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	
	31 March	31 December
	2017	2016
	RM'000	RM'000
At 1 January	-	(2,567)
Impairment made during the period/year	-	(1)
Amount written off	-	2,568
At 31 December	<u>-</u>	<u>-</u>

(b) Deposits, prepayments and other receivables

Movements in individual impairment allowance:

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
At 1 January	(3,187)	(3,232)
Impairment made during the period/year	(498)	(833)
Amount written back	68	248
Amount written off	-	580
Adjustment	-	50
Reversal from unearned fee income	(67)	-
At 31 December	<u>(3,684)</u>	<u>(3,187)</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	
	31 March 2017 RM'000	31 December 2016 RM'000
(a) By types of deposit		
Call deposits	22,100	31,072
Fixed deposits	2,180,968	1,956,685
	2,203,068	1,987,757
(b) By types of customer		
Business enterprises	1,766,484	1,678,421
Government and statutory bodies	434,068	306,847
Individual	2,516	2,489
	2,203,068	1,987,757
(c) The maturity structure of term deposits is as follows:		
Due within six months	2,062,195	1,955,495
Six months to one year	107,873	32,262
One year to two years	33,000	-
	2,203,068	1,987,757

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
(a) Call deposits		
- Other financial institutions	3,921	3,811
(b) Fixed deposits		
- Licensed banks	-	12,300
- Other financial institutions	1,574,682	1,505,746
	1,574,682	1,518,046
	1,578,603	1,521,857

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19. Other liabilities

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Amounts due to clients	(a)	140,035	47,136	140,035	47,136
Interest/profit payables		16,591	18,148	16,591	18,148
Accrued liabilities and other payables		62,722	10,374	62,722	10,374
Employee benefits		3,176	3,104	3,176	3,104
Amount due to immediate holding company	(b)	573	676	573	676
Amount due to related company	(b)	1	1	-	-
		<u>223,098</u>	<u>79,439</u>	<u>223,097</u>	<u>79,438</u>

Group and Bank	
31 March 2017 RM'000	31 December 2016 RM'000

(a) Amount due to brokers and clients

Brokers	49,730	-
Clients	90,305	47,136
	<u>140,035</u>	<u>47,136</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 / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Loans, advances and financing		
- Interest income on non-impaired loans	5,046	6,706
- Interest income on impaired loans ("ILs")	1,106	1,924
Money at call and deposit placements with financial institutions	886	625
Securities held-for-trading	1	-
Securities available-for-sale		
- Interest income on non-impaired securities	20,484	14,053
- Interest income on impaired securities	631	117
Securities held-to-maturity		
- Interest income on non-impaired securities	-	10,176
Derivative instruments	57	1,052
	<u>28,211</u>	<u>34,653</u>
Accretion of discount less amortisation of premium	(285)	(99)
	<u>27,926</u>	<u>34,554</u>

21. Interest expense

Group and Bank	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Deposits from customers	13,149	16,181
Deposits and placements of bank and other financial institutions	9,131	9,409
	<u>22,280</u>	<u>25,590</u>

Unaudited Interim Financial Statements

22. Non-interest income

	Group		Bank	
	Individual / Cumulative		Individual / Cumulative	
	Quarter		Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans, advances and financing	11	21	11	21
Corporate advisory fees	142	498	142	498
Underwriting fees	158	1,033	158	1,033
Management fees	346	-	346	-
Brokerage commission	6,207	4,744	6,207	4,744
Other fee income	497	1,009	483	995
	<u>7,361</u>	<u>7,305</u>	<u>7,347</u>	<u>7,291</u>
Investment income/(loss):				
Net gain on sale of securities				
- available-for-sale	20	51	20	51
Net unrealised gain/(loss) on				
- revaluation of securities held-for-trading	2	-	2	-
- revaluation of derivative instruments	(104)	(2,498)	(104)	(2,498)
	<u>(82)</u>	<u>(2,447)</u>	<u>(82)</u>	<u>(2,447)</u>
Gross dividends from:				
Securities available-for-sale	987	-	987	-
	<u>987</u>	<u>-</u>	<u>987</u>	<u>-</u>
Other income:				
Intercompany management fee	92	78	92	78
Others	27	76	23	72
	<u>119</u>	<u>154</u>	<u>115</u>	<u>150</u>
	<u>8,385</u>	<u>5,012</u>	<u>8,367</u>	<u>4,994</u>

Unaudited Interim Financial Statements

23. Operating expenses

	Group Individual / Cumulative Quarter		Bank Individual / Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	6,541	7,021	6,541	7,021
Executive/Chief Executive Officer - Fee	30	30	30	30
Employees' benefits	53	74	53	74
Defined contribution plans	1,025	1,098	1,025	1,098
Social security costs	33	25	33	25
Other staff related expenses	199	478	199	478
	<u>7,881</u>	<u>8,726</u>	<u>7,881</u>	<u>8,726</u>
(ii) Establishment costs:				
Depreciation and amortisation	209	161	209	161
Rental				
- office equipment	7	14	7	14
- premises	582	595	582	595
IT expenses	1,112	734	1,112	734
Other establishment costs	56	80	56	80
	<u>1,966</u>	<u>1,584</u>	<u>1,966</u>	<u>1,584</u>
(iii) Promotion and marketing related expenses:				
Business promotion and advertisement	235	652	235	652
Entertainment	105	130	105	130
	<u>340</u>	<u>782</u>	<u>340</u>	<u>782</u>

Unaudited Interim Financial Statements

23. Operating expenses (cont'd.)

	Group		Bank	
	Individual / Cumulative		Individual / Cumulative	
	Quarter		Quarter	
	3 Months Ended		3 Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	61	55	55	49
Non-Executive Directors' remuneration	96	150	96	150
Communication expenses	26	50	26	50
Management fees	1,707	1,653	1,705	1,651
Professional fees	217	229	217	229
Securities Commission's levy	468	247	468	247
Brokerage fee	267	235	267	235
Others	335	343	341	349
	<u>3,177</u>	<u>2,962</u>	<u>3,175</u>	<u>2,960</u>
	<u>13,364</u>	<u>14,054</u>	<u>13,362</u>	<u>14,052</u>

24. Impairment written back on loans, advances and financing

	Group and Bank	
	Individual / Cumulative	
	Quarter	
	3 Months Ended	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Collective impairment allowance		
- (Made)/written back during the period (net) [Note 14(c)(ii)]	(176)	3,222
Individual impairment allowance		
- Made during the period [Note 14(c)(i)]	-	(1,652)
- Written back [Note 14(c)(i)]	679	986
Interest on impaired loans recovered	3,601	1,357
Bad debts recovered	-	150
	<u>4,104</u>	<u>4,063</u>

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

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Securities available-for-sale (net)	(819)	2,193
Interest on impaired securities recovered	-	9
	<u>(819)</u>	<u>2,202</u>

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

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Impairment (made)/written back made on:		
- Other debtors (net)	(430)	91
	<u>(430)</u>	<u>91</u>

27. Basic earnings per ordinary share

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period	<u>11,011</u>	<u>13,090</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>
Basic earnings per ordinary share (sen)	<u>7.10</u>	<u>8.45</u>

Unaudited Interim Financial Statements

28. Commitments and contingencies

	<----- 31 March 2017 ----->			<----- 31 December 2016 ----->		
	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	-	-	-	10,000	5,000	5,000
Interest rate related contract with an original maturity of:						
- not exceeding one year	220,000	563	113	220,000	614	123
- exceeding one year	100,000	1,296	259	100,000	1,341	268
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	151,397	30,279	30,279	115,289	23,058	23,056
- exceeding one year	-	-	-	30,000	15,000	15,000
Total	471,397	32,138	30,651	475,289	45,013	43,447

* 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	
	31 March 2017 RM'000	31 December 2016 RM'000
(i) Outstanding credit exposures with connected parties	<u>227,619</u>	<u>241,015</u>
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>6.24%</u>	<u>6.79%</u>
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>Nil</u>	<u>Nil</u>

Unaudited Interim Financial Statements

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	
	31 March 2017 RM'000	31 March 2016 RM'000
Penultimate holding company		
Income:		
Brokerage fees earned	2,486	2,064
Immediate holding company		
Expenditure:		
Rental of premises	572	587
Management fees paid	1,705	1,651
Other related companies		
Income:		
Interest income on securities	2,129	4,316
Brokerage fees earned	744	214
Expenditure:		
Interest expense on deposits	1,489	1,668

Unaudited Interim Financial Statements

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	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	182,959	104,909
Other payables	160	134
Amount due from:		
Fee receivable	60	80
Sundry deposits	553	553
Securities	169,674	169,475
	<u>169,674</u>	<u>169,475</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
31 March 2017				
Assets measured at fair value				
Securities held-for-trading				
Unquoted securities	-	4,935	-	4,935
Securities available-for-sale				
Money market instruments	-	1,283,632	-	1,283,632
Quoted securities	20,107	-	-	20,107
Unquoted securities	-	2,090,906	327,591	2,418,497
Derivative assets	-	423	-	423
Assets for which fair values are disclosed:				
Loans, advances and financing	-	128	-	128

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 2016				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	1,227,418	-	1,227,418
Quoted securities	21,218	-	-	21,218
Unquoted securities	-	1,964,635	328,335	2,292,970
Derivative assets	-	528	-	528
Assets for which fair values are disclosed:				
Loans, advances and financing	-	125	-	125

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	
	31 March 2017 RM'000	31 December 2016 RM'000
Securities available-for-sale		
Unquoted securities		
At 1 January	328,335	7,122
Addition of unquoted securities	-	323,408
Total gains recognised in profit or loss		
Included within interest income	631	445
Included within net income from Islamic Banking operation	690	-
Included within impairment written back on securities	<u>(819)</u>	<u>(2,172)</u>
	502	(1,727)
Settlements	(1,246)	(468)
At 31 March 2017/31 December 2016	<u>327,591</u>	<u>328,335</u>

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.

Unaudited Interim Financial Statements

32. Capital management

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 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	3,538	3,932	3,538	3,932
Securities available-for-sale reserve	(32,255)	(42,535)	(32,255)	(42,535)
Retained profits	241,591	291,212	241,560	291,181
	<u>746,237</u>	<u>785,972</u>	<u>746,206</u>	<u>785,941</u>
Less: Regulatory adjustments	(20,247)	(22,460)	(20,247)	(22,460)
Total Tier 1 Capital	<u>725,990</u>	<u>763,512</u>	<u>725,959</u>	<u>763,481</u>
Tier 2 Capital				
Collective impairment allowance and regulatory reserve	4,660	4,819	4,660	4,819
Total Tier 2 capital	<u>4,660</u>	<u>4,819</u>	<u>4,660</u>	<u>4,819</u>
Total Capital	<u>730,650</u>	<u>768,331</u>	<u>730,619</u>	<u>768,300</u>
CET1 Capital	41.073%	45.157%	41.071%	45.155%
Tier 1 Capital	41.073%	45.157%	41.071%	45.155%
Total Capital	41.336%	45.442%	41.334%	45.440%

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	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets for credit risk	1,533,953	1,445,121	1,533,961	1,445,132
Total risk-weighted assets equivalent for market risk	24,999	31,200	24,999	31,200
Total risk-weighted assets equivalent for operational risk	208,625	214,477	208,625	214,477
	<u>1,767,577</u>	<u>1,690,798</u>	<u>1,767,585</u>	<u>1,690,809</u>

Unaudited Interim Financial Statements

33. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 31 March 2017

	Note	Group and Bank	
		31 March 2017 RM'000	31 December 2016 RM'000
Assets			
Cash and short-term funds	(a)	34,492	576
Securities available-for-sale	(b)	1,634,025	1,478,943
Financing and advances	(c)	188,591	196,117
Other assets	(d)	14,595	13,596
Deferred tax assets		1,239	2,834
Total assets		1,872,942	1,692,066
Liabilities			
Deposits from customers	(e)	740,098	502,766
Deposits and placements of banks and other financial institutions	(f)	480,824	553,439
Other liabilities	(h)	37,245	29,343
Provision for taxation and zakat		4,521	10,287
Total liabilities		1,262,688	1,095,835
Islamic banking capital funds			
Islamic banking funds		396,600	396,600
Reserves		213,654	199,631
Total Islamic banking capital funds		610,254	596,231
Total liabilities and Islamic banking capital funds		1,872,942	1,692,066

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

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

Statements of profit or loss
For the three months ended 31 March 2017

	Note	Group and Bank Individual / Cumulative Quarter	
		31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of depositors' and others	(i)	20,278	18,748
Income attributable to depositors	(j)	(9,533)	(7,568)
Net income attributable to reporting institution		10,745	11,180
Operating expenses	(k)	(843)	(907)
		9,902	10,273
Impairment written back/(made) on:			
- financing and advances	(l)	2,048	1,284
- securities	(m)	(568)	594
- other assets	(n)	(414)	4
Profit before taxation and zakat		10,968	12,155
Taxation		(2,537)	(2,808)
Zakat		(218)	(241)
Profit for the period		8,213	9,106

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

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

Statements of comprehensive income

For the three months ended 31 March 2017

	Group and Bank Individual / Cumulative Quarter 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period attributable to equity holder of the Bank	10,968	12,155
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 available-for-sale		
Cumulative gain transferred to profit and loss upon to profit or loss disposal	(1,063)	(11)
Fair value changes	6,873	2,749
Other comprehensive gain for the year, net of tax	5,810	2,738
Total comprehensive income for the period attributable to equity holder of the Bank	16,778	14,893

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

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

Condensed statements of changes in equity
For the three months ended 31 March 2017

Group and Bank	----- Non-distributable -----		Distributable	Total RM'000
	Islamic banking funds RM'000	Securities available- for-sale reserve ^ RM'000	Retained earnings RM'000	
At 1 January 2016	396,600	(5,638)	173,800	564,762
Profit for the period	-	-	9,106	9,106
Other comprehensive loss for the period	-	2,738	-	2,738
Total comprehensive income for the period	-	2,738	9,106	11,844
At 31 March 2016	396,600	(2,900)	182,906	576,606
At 1 January 2017	396,600	(8,255)	207,886	596,231
Profit for the period	-	-	8,213	8,213
Other comprehensive income for the period	-	5,810	-	5,810
Total comprehensive income for the period	-	5,810	8,213	14,023
At 31 March 2017	396,600	(2,445)	216,099	610,254

^ 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 Unaudited 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.

Unaudited Interim Financial Statements

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

Condensed statements of cash flows

For the three months ended 31 March 2017

	Group and Bank	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Profit before taxation and zakat	10,968	12,155
Adjustments for non-cash items	(4,489)	(3,858)
Operating profit before changes in working capital	<u>6,479</u>	<u>8,297</u>
Net changes in operating assets	(139,198)	(133,420)
Net changes in operating liabilities	<u>166,635</u>	<u>148,153</u>
Net cash generated from / (used in) operating activities	<u>33,916</u>	<u>23,030</u>
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	33,916	23,030
Cash and cash equivalents at beginning of the period	<u>576</u>	<u>899</u>
Cash and cash equivalents at end of the period	<u>34,492</u>	<u>23,929</u>

Cash and cash equivalents comprise:

	Group and Bank	
	31 March	31 March
	2017	2016
	RM'000	RM'000
Cash and short-term funds	<u>34,492</u>	<u>23,929</u>
	<u>34,492</u>	<u>23,929</u>

The Condensed Unaudited 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.

Unaudited Interim Financial Statements

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

(a) Cash and short-term funds

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Cash and balances with banks and other financial institutions	1,492	576
Money at call and deposit placements maturing within one month	33,000	-
	34,492	576

(b) Securities available-for-sale

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Government Investment Issues	506,750	501,129
Islamic Negotiable Certificate of Deposits	297,517	248,925
	804,267	750,054
Corporate Bonds/Sukuk	829,758	728,889
	1,634,025	1,478,943

Unaudited Interim Financial Statements

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

(c) Financing and advances

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Term financing		
Syndicated term financing	191,300	198,901
Gross financing and advances	<u>191,300</u>	<u>198,901</u>
Less: Impairment allowance		
- Collective impairment allowance	(2,709)	(2,784)
Total net financing and advances	<u>188,591</u>	<u>196,117</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	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Domestic business enterprises	191,300	198,901
Gross financing and advances	<u>191,300</u>	<u>198,901</u>

(ii) By profit rate sensitivity

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Variable rate		
Cost-plus	191,300	198,901
Gross financing and advances	<u>191,300</u>	<u>198,901</u>

Unaudited Interim Financial Statements

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

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

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

(iii) By economic sector

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Mining and quarrying	86,200	88,730
Finance, insurance and business services	64,173	68,450
Education, health and others	40,927	41,721
Gross financing and advances	<u>191,300</u>	<u>198,901</u>

(iv) By maturity profile

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Within one year	38,591	1,124
One year to five years	152,709	197,777
Gross loans, advances and financing	<u>191,300</u>	<u>198,901</u>

(v) By classification of Shariah contracts

	Group and Bank	
	31 March	31 December
	2017	2016
	RM'000	RM'000
Syndicated term financing		
Commodity Murabahah	191,300	198,901
Gross financing and advances	<u>191,300</u>	<u>198,901</u>

Unaudited Interim Financial Statements

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

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

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

(i) Collective impairment allowance

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Term financing		
At 1 January	2,784	4,493
Impairment written back during the period/year	(75)	(1,709)
At 31 December	<u>2,709</u>	<u>2,784</u>
Ratio of collective impairment allowance to gross financing and advances less individual impairment allowance	<u>1.42%</u>	<u>1.40%</u>

(d) Other assets

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Other debtors, deposits and prepayments	1,253	1,416
Less: Individual impairment allowance	(1,251)	(771)
	<u>2</u>	<u>645</u>
Profit receivables	14,593	12,951
	<u>14,595</u>	<u>13,596</u>

Unaudited Interim Financial Statements

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

(d) Other assets (cont'd.)

(a) Other debtors, deposits and prepayments

Movement in individual impairment allowance:

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	(771)	(124)
Impairment made during the financial period/year	(414)	(922)
Amount written back	-	205
Amount write off	-	70
Reversal from unearned fee income	(66)	-
At 31 December	<u>(1,251)</u>	<u>(771)</u>

(e) Deposits from customers

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	<u>740,098</u>	<u>502,766</u>
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	538,030	413,833
Government and statutory bodies	<u>202,068</u>	<u>88,933</u>
	<u>740,098</u>	<u>502,766</u>
(iii) The maturity structure of term deposits are as follows:		
Due within six months	712,098	502,766
One year to two years	<u>28,000</u>	<u>-</u>
	<u>740,098</u>	<u>502,766</u>

Unaudited Interim Financial Statements

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

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

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	480,824	553,439
	<u>480,824</u>	<u>553,439</u>
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	480,824	553,439
	<u>480,824</u>	<u>553,439</u>

(g) Profit equalisation reserve

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	-	9,305
Utilisation	-	(9,305)
At 31 December	<u>-</u>	<u>-</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 balance sheet date represents the undistributed balance. The distribution of the remaining PER have been completed in year 2016.

Unaudited Interim Financial Statements

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

(h) Other liabilities

	Group and Bank	
	31 March 2017	31 December 2016
	RM'000	RM'000
Profit payables to depositors	2,896	3,717
Sundry creditors and accruals	1,331	1,347
Due to immediate holding company	15	22
Due to Head Office	33,003	24,257
	<u>37,245</u>	<u>29,343</u>

(i) Income derived from investment of depositors funds and others

	Group and Bank	
	Individual / Cumulative	
	Quarter	
	3 Months Ended	
	31 March 2017	31 March 2016
	RM'000	RM'000
Income derived from investment of:		
(i) General investment deposits	17,018	13,659
(ii) Other deposits	3,260	5,089
	<u>20,278</u>	<u>18,748</u>

Unaudited Interim Financial Statements

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

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

(i) General investment deposits

	Group and Bank Individual / Cumulative Quarter 3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Finance income and hibah		
Money at call and deposit placements with financial institutions	436	300
Securities available-for-sale		
- Profit on non-impaired securities	12,469	2,715
- Profit on impaired securities	690	-
Securities held-to-maturity	-	8,668
	13,595	11,683
Accretion of discounts less amortisation of premiums	2,360	1,965
Total finance income and hibah	15,955	13,648
Other operating income		
Net gain on sale of securities available-for-sale	1,063	11
	1,063	11
	17,018	13,659

Unaudited Interim Financial Statements

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

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

(ii) Other deposits

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Finance income and hibah		
Financing and advances	1,992	4,792
Other operating income		
Fee income	1,266	259
Other income	2	38
	<u>1,268</u>	<u>297</u>
	<u>3,260</u>	<u>5,089</u>

(j) Income attributable to depositors

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Commodity Murabahah fund		
Deposits from customers	(5,813)	(3,890)
Deposits and placements of banks and financial	(3,720)	(3,678)
	<u>(9,533)</u>	<u>(7,568)</u>

Unaudited Interim Financial Statements

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

(k) Operating expenses

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
(i) Staff costs:		
Wages, salaries and bonuses	408	415
Defined contribution plans	83	85
Social security costs	2	2
Other staff related expenses	11	35
	<u>504</u>	<u>537</u>
(ii) Establishment costs:		
Rental	36	36
IT expenses	58	78
Others	5	8
	<u>99</u>	<u>122</u>
(iii) Promotion and marketing -related expenses:		
Others	6	8
	<u>6</u>	<u>8</u>
(iv) Administrative and general expenses:		
Audit fees	4	4
Directors meeting allowances	7	13
Communication expenses	1	4
Management fees	127	127
Others	95	92
	<u>234</u>	<u>240</u>
	<u>843</u>	<u>907</u>

Unaudited Interim Financial Statements

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

(l) Impairment loss written back on financing and advances

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Collective impairment allowance		
- Written back during the period/year (net) [Note 33(c)(b)(i)]	75	1,284
Profit on financing recovered	1,973	-
	<u>2,048</u>	<u>1,284</u>

(m) Impairment loss (made)/written back on securities

Group and Bank	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Securities available-for-sale (net)	(568)	591
Profit on impaired securities recovered	-	3
	<u>(568)</u>	<u>594</u>

(n) Impairment (made)/written back on other assets

	Group and Bank Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
Impairment (made)/written back made on:		
- Other debtors (net) [Note 33(d)(a)]	(414)	4
	<u>(414)</u>	<u>4</u>

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	
	31 March 2017 RM'000	31 December 2016 RM'000
<u>Tier 1 Capital</u>		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	396,600	396,600
Securities available-for-sale reserve	(2,445)	(8,255)
Retained profits	207,886	207,886
	602,041	596,231
Less: Regulatory adjustments	(1,239)	(2,834)
Total CET 1 Capital, representing Total Tier 1 Capital	600,802	593,397
<u>Tier 2 Capital</u>		
Collective impairment allowance	871	887
Total Tier 2 capital	871	887
Total Capital	601,673	594,284
CET1 Capital Ratio	94.413%	97.003%
Tier 1 Capital Ratio	94.413%	97.003%
Total Capital Ratio	94.550%	97.148%

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

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets for credit risk	559,432	537,194
Total risk-weighted market risk	-	-
Total risk-weighted equivalent for operational risk	76,925	74,536
	636,357	611,730

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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 three months ended 31 March 2017, as set out on pages 1 to 50 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 31 March 2017. 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 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, 2016 in Malaysia

DATUK MOHD NAJIB HJ. ABDULLAH

GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Date: