

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 30 September 2017

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short-term funds	11	316,083	34,233	314,614	34,175
Securities available-for-sale	12	3,906,712	3,542,363	3,906,712	3,542,363
Loans, advances and financing	13	551,779	556,843	551,779	556,843
Derivative assets	14	169	528	169	528
Other assets	15	228,889	108,150	230,340	108,173
Statutory deposits with Bank Negara Malaysia		112,351	114,645	112,351	114,645
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		880	1,263	880	1,263
Intangible assets		3,309	2,530	3,309	2,530
Deferred tax assets		9,865	15,998	9,865	15,998
Total assets		5,130,037	4,376,553	5,130,019	4,376,518
Liabilities					
Deposits from customers	16	2,221,171	1,987,757	2,221,171	1,987,757
Deposits and placements of banks and other financial institutions	17	1,941,967	1,521,857	1,941,967	1,521,857
Other liabilities	18	192,259	79,439	192,257	79,438
Provision for zakat		1,205	1,528	1,203	1,525
Total liabilities		4,356,602	3,590,581	4,356,598	3,590,577
Equity					
Share capital		155,000	155,000	155,000	155,000
Reserves		618,435	630,972	618,421	630,941
Total equity		773,435	785,972	773,421	785,941
Total liabilities and equity		5,130,037	4,376,553	5,130,019	4,376,518
Commitments and contingencies					
	27	426,017	475,289	426,017	475,289

* 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 2016.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss
For the nine months ended 30 September 2017

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		RM'000	RM'000	RM'000	RM'000
Operating revenue		60,094	65,297	175,862	183,787
Interest income	19	30,081	34,107	86,832	102,718
Interest expense	20	(25,592)	(25,637)	(71,517)	(77,377)
Net interest income		4,489	8,470	15,315	25,341
Net income from Islamic					
Banking operation	32	8,842	13,027	29,426	35,295
Non-interest income	21	7,705	9,813	24,566	21,894
		21,036	31,310	69,307	82,530
Operating expenses	22	(15,528)	(13,201)	(45,190)	(41,777)
Operating profit before allowances		5,508	18,109	24,117	40,753
Impairment loss (made)/written back on:					
- loans, advances and financing	23	(2,530)	1,997	4,505	5,104
- securities	24	(2,406)	(863)	(5,458)	579
- other assets	25	113	183	(457)	69
Profit before taxation and zakat		685	19,426	22,707	46,505
Taxation		(34)	(4,661)	(4,933)	(11,149)
Zakat		(144)	(219)	(516)	(682)
Profit for the period attributable to equity holder of the Bank		507	14,546	17,258	34,674
Earnings per ordinary share (sen)					
- Basic and diluted	26	0.33	9.38	11.13	22.37

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 2016.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2017

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period attributable to equity holder of the Bank	507	14,546	17,258	34,674
Other comprehensive income/(loss):				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on securities available-for-sale:				
Transferred of gains to profit and loss upon disposal	(1,206)	(43)	(4,898)	(1,802)
Fair value changes	1,777	9,098	25,118	22,490
Other comprehensive gain/(loss) for the period, net of tax	571	9,055	20,220	20,688
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on defined benefit plans	-	-	(15)	-
Other comprehensive loss for the period, net of tax	-	-	(15)	-
Total comprehensive income for the period attributable to equity holder of Bank	1,078	23,601	37,463	55,362

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 2016.

Unaudited Interim Financial Statements

Consolidated statements of profit or loss For the nine months ended 30 September 2017

Bank	Note	Individual Quarter		Cumulative Quarter	
		3 Months Ended		9 Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Operating revenue		60,081	65,287	175,822	183,747
Interest income	19	30,081	34,107	86,832	102,718
Interest expense	20	(25,592)	(25,637)	(71,517)	(77,377)
Net interest income		4,489	8,470	15,315	25,341
Net income from Islamic					
Banking operation	32	8,842	13,027	29,426	35,295
Non-interest income	21	7,735	9,849	24,569	21,900
		21,066	31,346	69,310	82,536
Operating expenses	22	(15,524)	(13,200)	(45,184)	(41,771)
Operating profit before allowances		5,542	18,146	24,126	40,765
Impairment loss (made)/written back on:					
- loans, advances and financing	23	(2,530)	1,997	4,505	5,104
- securities	24	(2,406)	(863)	(5,458)	579
- other assets	25	113	183	(457)	69
Profit before taxation and zakat		719	19,463	22,716	46,517
Taxation		(32)	(4,659)	(4,925)	(11,141)
Zakat		(144)	(219)	(516)	(682)
Profit for the period attributable to equity holder of the Bank		543	14,585	17,275	34,694

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 2016.

Unaudited Interim Financial Statements

Consolidated statements of comprehensive income
For the nine months ended 30 September 2017

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period attributable to equity holder of the Bank	543	14,585	17,275	34,694
Other comprehensive income/(loss):				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on securities available-for-sale:				
Transferred of gains to profit and loss upon disposal	(1,206)	(43)	(4,898)	(1,802)
Fair value changes	1,777	9,098	25,118	22,490
Other comprehensive gain/(loss) for the period, net of tax	571	9,055	20,220	20,688
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on defined benefit plans	-	-	(15)	-
Other comprehensive loss for the period, net of tax	-	-	(15)	-
Total comprehensive income for the period attributable to equity holder of Bank	1,114	23,640	37,480	55,382

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 2016.

Unaudited Interim Financial Statements

Consolidated statements of changes in equity For the nine months ended 30 September 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)	238,003	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	-	-	-	2,728	-	(2,728)	-
At 30 September 2016	155,000	214,111	164,252	4,186	(5,639)	269,949	801,859
At 1 January 2017	155,000	214,111	164,252	3,932	(42,535)	291,212	785,972
Profit for the period	-	-	-	-	-	17,258	17,258
Other comprehensive income for the period	-	-	-	-	20,220	(15)	20,205
Total comprehensive income for the period	-	-	-	-	20,220	17,243	37,463
Transactions with owner							
Transfer from regulatory reserve	-	-	-	(960)	-	960	-
Transfer to retained earnings	-	-	(164,252)	-	-	164,252	-
Dividends (Note 7)	-	-	-	-	-	(50,000)	(50,000)
At 30 September 2017	155,000	214,111	-	2,972	(22,315)	423,667	773,435

Note 1

* The statutory reserve was previously maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends. Following Bank Negara Malaysia's recent policy document on Capital Funds issued on 3 May 2017 whereby the previous requirements to maintain a reserve fund is no longer required given the implementation of the Capital Conservation Buffer under the Capital Adequacy Framework, the Group and the Bank transferred its statutory reserve back to retained profits.

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 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 2016.

Unaudited Interim Financial Statements
Consolidated statements of changes in equity
For the nine months ended 30 September 2017 (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	-	-	-	-	-	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 from regulatory reserve	-	-	-	2,728	-	(2,728)	-
At 30 September 2016	155,000	214,111	164,252	4,186	(5,639)	269,936	801,846
At 1 January 2017	155,000	214,111	164,252	3,932	(42,535)	291,181	785,941
Profit for the period	-	-	-	-	-	17,275	17,275
Other comprehensive income for the period	-	-	-	-	20,220	(15)	20,205
Total comprehensive income for the period	-	-	-	-	20,220	17,260	37,480
Transactions with owner							
Transfer from regulatory reserve	-	-	-	(960)	-	960	-
Transfer to retained earnings	-	-	(164,252)	-	-	164,252	-
Dividends (Note 7)	-	-	-	-	-	(50,000)	(50,000)
At 30 September 2017	155,000	214,111	-	2,972	(22,315)	423,653	773,421

Note 1

* The statutory reserve was previously maintained in compliance with the provisions of the Financial Services Act, 2013 and is not distributable as cash dividends. Following Bank Negara Malaysia's recent policy document on Capital Funds issued on 3 May 2017 whereby the previous requirements to maintain a reserve fund is no longer required given the implementation of the Capital Conservation Buffer under the Capital Adequacy Framework, the Group and the Bank transferred its statutory reserve back to retained profits.

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 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 2016.

Unaudited Interim Financial Statements

Consolidated statements of cash flows
For the nine months ended 30 September 2017

	Note	Group		Bank	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation and zakat		22,707	46,505	22,716	46,517
Adjustments for non-cash items		(14,208)	(11,418)	(14,251)	(11,464)
Operating profit before changes in working capital		8,499	35,087	8,465	35,053
Changes in working capital:					
Net changes in operating assets		(442,262)	(460,907)	(443,682)	(460,466)
Net changes in operating liabilities		765,490	439,320	765,490	439,321
Net cash generated from operating activities		331,727	13,500	330,273	13,908
Net cash generated from/(used in) investing activities		123	(2,186)	166	(2,140)
Net cash used in financing activities - Dividends paid		(50,000)	-	(50,000)	-
Net change in cash and cash equivalents		281,850	11,314	280,439	11,768
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	11	316,083	50,834	314,614	50,661

Cash and cash equivalents comprise:

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Cash and short-term funds	316,083	50,834	314,614	50,661
	316,083	50,834	314,614	50,661

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 2016.

Unaudited Interim Financial Statements

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"), IAS 34, 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") and Bank Negara Malaysia ("BNM") Guidelines. 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.

Companies Act, 2016

The unaudited condensed interim financial statements of the Group and of the Bank are prepared in accordance with the requirements of the Companies Act, 2016 ("New Act"), which replaced the Companies Act, 1965. Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 are:

- (a) the removal of the authorised share capital;
- (b) the ordinary shares of the Group and of Bank will cease to have par or nominal value; and
- (c) the Bank's share premium will become part of the share capital.

During the financial period ended 30 September 2017, the Bank has yet to transfer RM214.1 million share premium to its share capital. The Group and the Bank has twenty four (24) months to utilise the amount of share premium in a manner provided for under the New Act.

Unaudited Interim Financial Statements

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.

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 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

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2. Significant accounting policies (cont'd.)

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

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.

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.

3. Comments about seasonal or cyclical factors

The Group's and the Banks's performance is not materially 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 2017.

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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 2017.

6. Debt and equity securities

There were no changes to the debt and equity securities for the quarter ended 30 September 2017.

7. Dividend paid/payable

A single-tier interim dividend of 32.258% in respect of financial year ended 31 December 2016, amounting to RM50.0 million were paid on 28 April 2017.

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 RM0.7 million for the third quarter ended 30 September 2017, a decrease of RM18.7 million or 96% as compared to the pre-tax profit of RM19.4 million recorded in the previous corresponding quarter ended 30 September 2016. The decrease in earnings were mainly due to lower operating profit and higher impairment made in current quarter.

The pre-tax profit for the nine months period ended 30 September 2017 amounted to RM22.7 million, a decrease of 51% as compared to the pre-tax profit of RM46.5 million recorded in the previous corresponding nine months period ended 30 September 2016. The decrease in earnings were mainly due to lower operating profit and higher impairment made.

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10. Prospect for 2017

Malaysia's gross domestic product ("GDP") growth expanded by 5.8% year on year in second quarter of 2017, beating market expectations of 5.4%. Bank Negara Malaysia's forecast for 2017 GDP growth remains unchanged at 4.3% to 4.8%.

FBMKLCI has been relatively flattish in the third quarter 2017, as geopolitical risks, including the on-going rhetoric exchanges between US and North Korea and rising concerns over the progress of Brexit talks affects market sentiment. After peaking at 1,796.75 points during the second quarter, the index settled at 1755.58 points at the end of the third quarter 2017.

Trading was rather subdued compared to the previous quarter with average daily traded value declining from 2.6 billion to 1.9 billion. In the current quarter, there is a net outflow of foreign funds amounting to -RM558.3 million, compared to a net inflow of RM4.43 billion in the previous quarter. Cumulatively for the year to date 2017, Malaysia still leads ASEAN with a net inflow of RM9.6 billion into the local bourse.

In the primary market, the funds raising saw a healthy activity of funds raised in the current quarter under review where the total fund raised through 65 issuances of share placements amounted to RM5.3 billion. Additionally, there were 2 IPOs and 6 rights issues in the current quarter under review, which raised RM3.8 billion and RM261 million respectively.

The bond market, with the 10-year MGS as proxy, was basically trapped in a tight trading range of between 3.85% and 4.00%. From a fairly strong closing of 3.90% in the second quarter, the 10-year MGS weakened thereafter in the first two months of the third quarter, reaching slightly over 4.00%. From the middle of August 2017, however, it made a comeback to re-test the 3.85% low after global funds started to return to Malaysian bonds. A stabilisation in foreign exchange reserves and the strength of the Ringgit (up from 4.50 in January 2017 to a high of around RM 4.18 in mid-September 2017) aided sentiment towards Malaysian government bonds.

The pushes for lower yield suffered a slight setback with the announcement by the US Federal Reserve that it would embark on its long-awaited quantitative easing (QE) unwind in October 2017. On fear that there could be again some pullback of funds from emerging markets, government bond yields backed up again to the 3.90% level towards the end of the third quarter 2017. On the money markets, the benchmark 3-months KLIBOR remained unchanged throughout at 3.43%.

The Bank's operating landscape in the third quarter continued to be challenging. Cognisant of the prevailing volatile market conditions, the Bank will remain focused on improving its fee-based revenue streams while maintaining a strict discipline over its operational costs.

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11. Cash and short-term funds

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Cash and balances with banks and other financial institutions	80,763	34,233	79,294	34,175
Money at call and deposit placements maturing within one month	235,320	-	235,320	-
	<u>316,083</u>	<u>34,233</u>	<u>314,614</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 RM1,044,000 and RM1,035,000 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 available-for-sale

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	483,445	471,465
Government Investment Issues	385,945	507,028
Negotiable Instruments of Deposit	695,520	248,925
	<u>1,564,910</u>	<u>1,227,418</u>
Quoted securities in Malaysia:		
Shares	<u>19,861</u>	<u>21,218</u>
Unquoted securities in Malaysia:		
Corporate Bonds	2,310,255	2,288,043
Loan Stocks	10,929	4,927
	<u>2,321,184</u>	<u>2,292,970</u>
At cost		
Unquoted securities in Malaysia:		
Shares	<u>757</u>	<u>757</u>
	<u>3,906,712</u>	<u>3,542,363</u>

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13. Loans, advances and financing

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Term loans/financing		
Syndicated term loans	68,728	83,728
Other term loans	99,508	87,522
Islamic financing	182,744	198,901
	<u>350,980</u>	<u>370,151</u>
Margin accounts	266,013	261,148
Staff loans	425	528
Gross loans, advances and financing	<u>617,418</u>	<u>631,827</u>
Less: Impairment allowances		
- Collective impairment allowance	(3,694)	(2,784)
- Individual impairment allowance	(61,945)	(72,200)
Net loans, advances and financing	<u>551,779</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	
	30 September 2017 RM'000	31 December 2016 RM'000
Domestic business enterprises		
- Small medium enterprises	464,233	426,557
Individuals	153,185	205,270
Gross loans, advances and financing	<u>617,418</u>	<u>631,827</u>

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

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

(ii) By interest rate sensitivity

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
<u>Fixed rate</u>		
Staff loans	425	528
Margin accounts	266,013	261,148
<u>Variable rate</u>		
Cost-plus	168,236	171,250
Cost-plus (Islamic financing)	182,744	198,901
Gross loans, advances and financing	617,418	631,827

(iii) By economic sector

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Mining and quarrying	98,187	88,730
Manufacturing	57,900	72,900
Wholesale & retail trade and restaurants & hotels	27,041	10,828
Finance, insurance and business services	240,178	212,378
Education, health and others	40,927	41,721
Household	153,185	205,270
Gross loans, advances and financing	617,418	631,827

(iv) By maturity profile

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Within one year	445,143	433,621
One year to five years	172,093	198,085
After five years	182	121
Gross loans, advances and financing	617,418	631,827

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

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

(i) Movements in ILs are as follows:

	Group and Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
At 1 January	260,003	208,040
Classified as impaired during the period/year	-	90,238
Amount recovered	(17,530)	(22,120)
Amount written off	-	(16,155)
At 30 September 2017/31 December 2016	<u>242,473</u>	<u>260,003</u>
Less: Individual impairment allowance	<u>(61,945)</u>	<u>(72,200)</u>
Net ILs	<u>180,528</u>	<u>187,803</u>
Ratio of net ILs to gross loans, advances and financing less individual impairment allowance	<u>32.50%</u>	<u>33.56%</u>

(ii) ILs by economic sector:

	Group and Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
Mining and quarrying	86,200	88,730
Manufacturing	57,900	72,900
Wholesale & retail trade and restaurants & hotels	10,828	10,828
Finance, insurance and business services	87,522	87,522
Household	23	23
	<u>242,473</u>	<u>260,003</u>

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13. 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 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>
30 September 2017				
At 1 January	72,176	24	-	72,200
Impairment made during the financial period	2,203	-	-	2,203
Amount written back	(1,317)	-	-	(1,317)
Discount unwind	(1,413)	-	-	(1,413)
Reclassification to other liabilities	(757)	-	-	(757)
Reclassification to securities available-for-sale	(8,971)	-	-	(8,971)
At 30 September	<u>61,921</u>	<u>24</u>	<u>-</u>	<u>61,945</u>

Unaudited Interim Financial Statements

13. 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 2017 RM'000	31 December 2016 RM'000
Terms loans/financing		
At 1 January	2,784	6,856
Impairment made/(written back) during the period/year	910	(4,072)
	<u>3,694</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>

14. Derivative assets

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
30 September 2017			
Interest rate related derivatives:			
- Interest rate swaps	<u>220,000</u>	<u>169</u>	<u>-</u>
31 December 2016			
Interest rate related derivatives:			
- Interest rate swaps	<u>320,000</u>	<u>528</u>	<u>-</u>

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15. Other assets

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Interest/profit receivables		34,567	28,135	34,567	28,135
Amounts due from brokers and clients	(a)	160,098	44,890	160,098	44,890
Deposits, prepayments and other receivables		14,371	11,840	14,371	11,840
Less: Individual impairment allowance	(b)	(3,710)	(3,187)	(3,710)	(3,187)
		<u>10,661</u>	<u>8,653</u>	<u>10,661</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)	6	43	6	43
Amount due from subsidiaries	(c)	-	-	1,452	23
Tax recoverable		23,557	26,429	23,556	26,429
		<u>228,889</u>	<u>108,150</u>	<u>230,340</u>	<u>108,173</u>

Unaudited Interim Financial Statements

15. Other assets (cont'd.)

(a) Amounts due from brokers and clients

	Group and Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
Brokers	54,525	24,654
Clients	105,573	20,236
	<u>160,098</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	
	30 September	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
	<u>-</u>	<u>-</u>

(b) Deposits, prepayments and other receivables

Movements in individual impairment allowance:

	Group and Bank	
	30 September	31 December
	2017	2016
Group and Bank	RM'000	RM'000
At 1 January	(3,187)	(3,232)
Impairment made during the period/year	(497)	(833)
Amount written back	40	248
Amount written off	-	580
Adjustment	-	50
Reversal from unearned fee income on impaired receivables	(66)	-
At 30 September/31 December	<u>(3,710)</u>	<u>(3,187)</u>

Unaudited Interim Financial Statements

15. 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.

16. Deposits from customers

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
(a) By types of deposit		
Call deposits	25,749	31,072
Fixed deposits	2,195,422	1,956,685
	<u>2,221,171</u>	<u>1,987,757</u>
(b) By types of customer		
Business enterprises	1,659,367	1,678,421
Government and statutory bodies	559,247	306,847
Individual	2,557	2,489
	<u>2,221,171</u>	<u>1,987,757</u>
(c) The maturity structure of term deposits are as follows:		
Due within six months	2,064,275	1,955,495
Six months to one year	156,896	32,262
	<u>2,221,171</u>	<u>1,987,757</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
(a) Call deposits		
- Other financial institutions	<u>9,042</u>	<u>3,811</u>
(b) Fixed deposits		
- Licensed banks	60,400	12,300
- Other financial institutions	1,872,525	1,505,746
	<u>1,932,925</u>	<u>1,518,046</u>
	<u>1,941,967</u>	<u>1,521,857</u>

Unaudited Interim Financial Statements

18. Other liabilities

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Amounts due to brokers and clients	(a)	153,090	47,136	153,090	47,136
Interest/profit payables		21,564	18,148	21,564	18,148
Accrued liabilities and other payables		12,439	10,374	12,439	10,374
Employee benefits		3,319	3,104	3,319	3,104
Amount due to immediate holding company	(b)	1,842	676	1,842	676
Amount due to related company	(b)	5	1	3	-
		<u>192,259</u>	<u>79,439</u>	<u>192,257</u>	<u>79,438</u>

Group and Bank	
30 September 2017 RM'000	31 December 2016 RM'000

(a) Amount due to brokers and clients

Brokers	38,559	-
Clients	114,531	47,136
	<u>153,090</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

19. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	4,872	6,663	14,708	19,603
- Interest income on impaired loans ("ILs")	130	1,892	1,412	5,751
Money at call and deposit placements with financial institutions	3,572	911	6,083	2,933
Securities held-for-trading	-	-	3	-
Securities available-for-sale				
- Interest income on non-impaired securities	19,468	12,549	61,191	39,481
- Interest income on impaired securities	1,244	95	2,910	351
Securities held-to-maturity				
- Interest income on non-impaired securities	-	11,786	-	32,957
Derivative instruments	46	254	152	1,831
	<u>29,332</u>	<u>34,150</u>	<u>86,459</u>	<u>102,907</u>
Accretion of discount less amortisation of premium	749	(43)	373	(189)
	<u>30,081</u>	<u>34,107</u>	<u>86,832</u>	<u>102,718</u>

20. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Deposits from customers	14,399	14,511	38,291	41,429
Deposits and placements of bank and other financial institutions	11,193	11,126	33,226	35,948
	<u>25,592</u>	<u>25,637</u>	<u>71,517</u>	<u>77,377</u>

Unaudited Interim Financial Statements

21. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Fee income:				
Fees on loans, advances and financing	12	13	36	38
Corporate advisory fees	588	565	1,572	1,243
Underwriting fees	504	664	662	1,697
Management fees	1,780	-	3,654	-
Brokerage commission	3,781	4,636	15,093	13,948
Rollover charges	321	554	1,091	1,474
Facility fee	320	265	348	815
Redemption fee	125	104	209	285
Placement fees	50	133	50	610
Other fee income	12	10	36	40
	<u>7,493</u>	<u>6,944</u>	<u>22,751</u>	<u>20,150</u>
Investment (loss)/income:				
Net (loss)/gain on sale of securities				
- held-for-trading	-	-	13	-
- available for sale	13	15	2	1,763
- held-to-maturity	-	3,164	-	3,164
Net unrealised loss on - revaluation of derivatives instruments	(105)	(1,009)	(358)	(4,217)
	<u>(92)</u>	<u>2,170</u>	<u>(343)</u>	<u>710</u>
Gross dividends from:				
Securities available-for-sale	123	591	1,603	591
	<u>123</u>	<u>591</u>	<u>1,603</u>	<u>591</u>
Other income:				
Intercompany management fees	163	78	489	303
Others	18	30	66	140
	<u>181</u>	<u>108</u>	<u>555</u>	<u>443</u>
	<u>7,705</u>	<u>9,813</u>	<u>24,566</u>	<u>21,894</u>

Unaudited Interim Financial Statements

21. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Fee income:				
Fees on loans, advances and financing	12	13	36	38
Corporate advisory fees	588	565	1,572	1,243
Underwriting fees	504	664	662	1,697
Management fees	1,780	-	3,654	-
Brokerage commission	3,781	4,636	15,093	13,948
Rollover charges	321	554	1,091	1,474
Facility fee	320	265	348	815
Redemption fee	125	104	209	285
Placement fees	50	133	50	610
Other fee income	2	2	6	8
	<u>7,483</u>	<u>6,936</u>	<u>22,721</u>	<u>20,118</u>
Investment (loss)/income:				
Net (loss)/gain on sale of securities				
- held-for-trading	-	-	13	-
- available for sale	13	15	2	1,763
- held-to-maturity	-	3,164	-	3,164
Net unrealised loss on - revaluation of derivatives instruments	(105)	(1,009)	(358)	(4,217)
	<u>(92)</u>	<u>2,170</u>	<u>(343)</u>	<u>710</u>
Gross dividends from:				
Securities available-for-sale	123	591	1,603	591
Subsidiary	43	46	43	46
	<u>166</u>	<u>637</u>	<u>1,646</u>	<u>637</u>
Other income:				
Intercompany management fees	163	78	489	303
Others	15	28	56	132
	<u>178</u>	<u>106</u>	<u>545</u>	<u>435</u>
	<u>7,735</u>	<u>9,849</u>	<u>24,569</u>	<u>21,900</u>

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22. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,230	6,647	22,192	21,737
Executive Director/Chief Executive Officer				
- Fees	30	30	90	90
Employees' benefits	71	75	196	223
Defined contribution plans	1,101	1,134	3,457	3,077
Social security costs	34	33	100	86
Other staff related expenses	1,065	134	2,045	1,102
	<u>9,531</u>	<u>8,053</u>	<u>28,080</u>	<u>26,315</u>
(ii) Establishment costs:				
Depreciation and amortisation	664	240	1,084	567
Rental				
- office equipment	10	14	32	37
- premises	595	605	1,753	1,790
IT expenses	1,366	960	3,622	2,511
Other establishment costs	90	85	233	267
	<u>2,725</u>	<u>1,904</u>	<u>6,724</u>	<u>5,172</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	411	435	1,417	1,677
Entertainment	91	88	303	292
	<u>502</u>	<u>523</u>	<u>1,720</u>	<u>1,969</u>

Unaudited Interim Financial Statements

22. Operating expenses (cont'd.)

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	45	54	155	163
Non-Executive Directors' remuneration	207	167	426	496
Communication expenses	49	45	115	117
Management fees	1,602	1,639	4,975	4,933
Professional fees	171	86	511	375
Securities Commission's Levy	246	274	1,024	796
Brokerage fee	224	251	708	659
Corporate dealers and remisiers' commissions	18	17	71	44
License fee and stamp duty	6	5	175	182
Bursa fee	53	33	101	93
Others	149	150	405	463
	<u>2,770</u>	<u>2,721</u>	<u>8,666</u>	<u>8,321</u>
	<u>15,528</u>	<u>13,201</u>	<u>45,190</u>	<u>41,777</u>

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22. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	7,230	6,647	22,192	21,737
Executive Director/Chief Executive Officer				
- Fees	30	30	90	90
Employees' benefits	71	75	196	223
Defined contribution plans	1,101	1,134	3,457	3,077
Social security costs	34	33	100	86
Other staff related expenses	1,065	134	2,045	1,102
	<u>9,531</u>	<u>8,053</u>	<u>28,080</u>	<u>26,315</u>
(ii) Establishment costs:				
Depreciation and amortisation	664	240	1,084	567
Rental				
- office equipment	10	14	32	37
- premises	595	605	1,753	1,790
IT expenses	1,366	960	3,622	2,511
Other establishment costs	90	85	233	267
	<u>2,725</u>	<u>1,904</u>	<u>6,724</u>	<u>5,172</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	411	435	1,417	1,677
Entertainment	91	88	303	292
	<u>502</u>	<u>523</u>	<u>1,720</u>	<u>1,969</u>

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22. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter Cumulative Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
(iv) Administrative and general expenses:				
Auditors' remuneration				
- Audit	45	54	155	163
- Other services				
Non-Executive Directors' remuneration	207	167	426	496
Communication expenses	49	45	115	117
Management fees	1,598	1,638	4,969	4,928
Professional fees	171	86	511	375
Securities Commission's Levy	246	274	1,024	796
Brokerage fees	224	251	708	659
Corporate dealers and remisiers' commissions	18	17	71	44
License fee and stamp duty	7	5	175	182
Bursa fee	53	33	101	93
Others	148	150	405	462
	<u>2,766</u>	<u>2,720</u>	<u>8,660</u>	<u>8,315</u>
	<u>15,524</u>	<u>13,200</u>	<u>45,184</u>	<u>41,771</u>

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23. 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 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Collective impairment allowance				
- (Made)/written back during the period (net) [Note 13(c)(ii)]	(703)	(516)	(910)	3,612
Individual impairment allowance				
- Made during the period (net)	(2,331)	(3,512)	(886)	(7,556)
Interest on impaired loans recovered	504	5,875	6,301	8,598
Bad debts recovered	-	150	-	450
	<u>(2,530)</u>	<u>1,997</u>	<u>4,505</u>	<u>5,104</u>

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Securities available-for-sale (net)	(2,406)	(1,238)	(5,458)	196
Interest on impaired securities recovered	-	375	-	383
	<u>(2,406)</u>	<u>(863)</u>	<u>(5,458)</u>	<u>579</u>

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Impairment (made on)/written-back:				
- Amount due from brokers and clients (net)	-	(11)	-	(12)
- Other debtors (net)	113	194	(457)	81
	<u>113</u>	<u>183</u>	<u>(457)</u>	<u>69</u>

26. Basic earnings per ordinary shares

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>507</u>	<u>14,546</u>	<u>17,258</u>	<u>34,674</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>0.33</u>	<u>9.38</u>	<u>11.13</u>	<u>22.37</u>

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27. Commitments and contingencies

	:----- 30 September 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	15,984	7,992	7,992	10,000	5,000	5,000
Interest rate related contract with an original maturity of:						
- not exceeding one year	220,000	558	112	220,000	614	123
- exceeding one year	-	-	-	100,000	1,341	268
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	190,033	38,007	38,007	115,289	23,058	23,056
- exceeding one year	-	-	-	30,000	15,000	15,000
Total	426,017	46,557	46,111	475,289	45,013	43,447

* The credit equivalent and risk weighted amount are arrived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

28. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
(i) Outstanding credit exposures with connected parties	<u>87,609</u>	<u>241,015</u>
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>2.46%</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>

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29. 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	30 September
	2017	2016
	RM'000	RM'000
Penultimate holding company		
Income:		
Brokerage fees earned	5,286	6,381
Immediate holding company		
Expenditure:		
Rental of premises	1,729	1,757
Management fees paid	4,969	4,928
Other related companies		
Income:		
Interest income on securities	3,993	12,448
Brokerage fees earned	2,226	1,435
Expenditure:		
Interest expense on deposits	2,003	4,112

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29. 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
	2017	2016
	RM'000	RM'000
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	125,939	104,909
Amount due from:		
Sundry deposits	553	553
Securities	30,071	169,475

Other related companies include companies within the Yayasan Perlaburan Bumiputra Group and companies related to the Directors of the Bank.

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30. 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 2017				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	1,564,910	-	1,564,910
Quoted securities	19,861	-	-	19,861
Unquoted securities	-	2,119,550	201,634	2,321,184
Derivative assets	-	169	-	169
Assets for which fair values are disclosed:				
Loans, advances and financing	-	114	-	114

Unaudited Interim Financial Statements

30. 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

30. 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 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	7,040	323,408
Total gains recognised in profit or loss		
Included within interest income	2,910	445
Included within net income from Islamic Banking operation	2,052	-
Included within impairment loss (made)/written back on securities	(5,458)	(2,172)
	<u>(496)</u>	<u>(1,727)</u>
Settlements	(133,245)	(468)
At 30 September 2017/31 December 2016	<u>201,634</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.

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

31. Capital management

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>Tier 1 Capital</u>				
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
Regulatory reserve	2,972	3,932	2,972	3,932
Securities available-for-sale reserve	(22,315)	(42,535)	(22,315)	(42,535)
Retained profits	406,409	291,212	406,378	291,181
	<u>756,177</u>	<u>785,972</u>	<u>756,146</u>	<u>785,941</u>
Less: Regulatory adjustments	(16,146)	(22,460)	(16,146)	(22,460)
<i>Total CET1 Capital</i>	<u>740,031</u>	<u>763,512</u>	<u>740,000</u>	<u>763,481</u>
Total Tier 1 Capital	<u>740,031</u>	<u>763,512</u>	<u>740,000</u>	<u>763,481</u>
<u>Tier 2 Capital</u>				
Collective impairment allowance	4,769	4,819	4,769	4,819
Total Tier 2 capital	<u>4,769</u>	<u>4,819</u>	<u>4,769</u>	<u>4,819</u>
Total Capital	<u>744,800</u>	<u>768,331</u>	<u>744,769</u>	<u>768,300</u>
CET1 Capital Ratio	40.563%	45.157%	40.536%	45.155%
Tier 1 Capital Ratio	40.563%	45.157%	40.536%	45.155%
Total Capital Ratio	40.825%	45.442%	40.797%	45.440%

Unaudited Interim Financial Statements

31. 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 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets for credit risk	1,615,984	1,445,121	1,617,141	1,445,132
Total risk-weighted assets for market risk	8,800	31,200	8,800	31,200
Total risk-weighted assets for operational risk	199,604	214,477	199,604	214,477
	<u>1,824,388</u>	<u>1,690,798</u>	<u>1,825,545</u>	<u>1,690,809</u>

Unaudited Interim Financial Statements

32. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 30 September 2017

	Note	Group and Bank	
		30 September 2017 RM'000	31 December 2016 RM'000
Assets			
Cash and short-term funds	(a)	22,628	576
Securities available-for-sale	(b)	1,928,890	1,478,943
Financing and advances	(c)	179,976	196,117
Other assets	(d)	15,851	13,596
Intangible assets		952	-
Deferred tax assets		1,419	2,834
Total assets		2,149,716	1,692,066
Liabilities			
Deposits from customers	(e)	629,427	502,766
Deposits and placements of banks and other financial institutions	(f)	900,010	553,439
Other liabilities	(h)	41,813	29,343
Provision for taxation and zakat		7,445	10,287
Total liabilities		1,578,695	1,095,835
Islamic banking capital funds			
Islamic banking funds		396,600	396,600
Reserves		174,421	199,631
Total Islamic banking capital funds		571,021	596,231
Total liabilities and Islamic banking capital funds		2,149,716	1,692,066

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 2016.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of profit or loss
For the nine months ended 30 September 2017

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of depositors' and others	(i)	22,308	21,377	64,464	59,175
Income attributable to depositors	(j)	(13,466)	(8,350)	(35,038)	(23,880)
Net income attributable to reporting institution		8,842	13,027	29,426	35,295
Operating expenses	(k)	(1,057)	(941)	(2,924)	(2,657)
Operating profit before allowances		7,785	12,086	26,502	32,638
Impairment loss written-back/(made) on:					
- financing and advances	(l)	(32)	(516)	2,298	1,249
- securities	(m)	(614)	-	(2,400)	594
- other assets	(o)	-	1	(410)	55
Profit before taxation and zakat		7,139	11,571	25,990	34,536
Taxation		(1,551)	(3,093)	(5,983)	(8,102)
Zakat		(144)	(219)	(516)	(682)
Profit for the period		5,444	8,259	19,491	25,752

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 2016.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of comprehensive income
For the nine months ended 30 September 2017

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period attributable to equity holder of the Bank	5,444	8,259	19,491	25,752
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net loss on securities available-for-sale:				
Cumulative gain transferred to profit or loss upon disposal	(1,193)	(28)	(4,896)	(39)
Fair value changes	39	1,922	10,195	5,551
Other comprehensive income for the period, net of tax	(1,154)	1,894	5,299	5,512
Total comprehensive income for the period attributable to equity holder of the Bank	4,290	10,153	24,790	31,264

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 2016.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of changes in equity
For the nine months ended 30 September 2017

Group and Bank	<----- Non-distributable -----> Securities		Distributable	Total RM'000
	Islamic banking funds RM'000	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	-	-	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
At 1 January 2017	396,600	(8,255)	207,886	596,231
Profit for the period	-	-	19,491	19,491
Other comprehensive income for the period	-	5,299	-	5,299
Total comprehensive income for the period	-	5,299	19,491	24,790
Transactions with owner				
Dividends (Note 7)	-	-	(50,000)	(50,000)
At 30 September 2017	396,600	(2,956)	177,377	571,021

^ 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 2016.

Unaudited Interim Financial Statements

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

Condensed consolidated statements of cash flows
For the nine months ended 30 September 2017

	Note	Group and Bank	
		30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation and zakat		25,990	34,536
Adjustments for non-cash items		(14,416)	(7,019)
Operating profit before changes in working capital		11,574	27,517
Changes in working capital:			
Net changes in operating assets		(420,760)	(316,909)
Net changes in operating liabilities		482,344	289,330
Net cash generated from/(used in) operating activities		73,158	(62)
Net cash generated from investing activities		(1,106)	-
Net cash generated from financing activities			
Net cash used in financing activities - Dividends paid		(50,000)	-
Net increase/(decrease) in cash and cash equivalents		22,052	(62)
Cash and cash equivalents at beginning of the period		576	899
Cash and cash equivalents at end of the period	32(a)	22,628	837

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 2016.

Unaudited Interim Financial Statements

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

(a) Cash and short-term funds

	Group and Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
Cash and balances with banks and other financial institutions	2,308	576
Money at call and deposit placements maturing within one month	20,320	-
	<u>22,628</u>	<u>576</u>

(b) Securities available-for-sale

	Group and Bank	
	30 September	31 December
	2017	2016
	RM'000	RM'000
At fair value		
Money market instruments:		
Government Investment Issues	380,009	501,129
Islamic Negotiable Instruments	595,513	248,925
	<u>975,522</u>	<u>750,054</u>
Corporate Bonds/Sukuk	953,368	728,889
	<u>1,928,890</u>	<u>1,478,943</u>

Unaudited Interim Financial Statements

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

(c) Financing and advances

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Term financing		
- Syndicated term financing	182,744	198,901
Gross financing and advances	<u>182,744</u>	<u>198,901</u>
Less: Impairment allowance		
- Collective impairment allowance	(2,768)	(2,784)
Total net financing and advances	<u>179,976</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	
	30 September 2017 RM'000	31 December 2016 RM'000
Domestic business enterprises	182,744	198,901
Gross financing and advances	<u>182,744</u>	<u>198,901</u>

(ii) By profit rate sensitivity

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Variable rate		
Cost-plus	182,744	198,901
Gross financing and advances	<u>182,744</u>	<u>198,901</u>

Unaudited Interim Financial Statements

32. 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	
	30 September 2017 RM'000	31 December 2016 RM'000
Mining and quarrying	86,200	88,730
Finance, insurance and business services	55,617	68,450
Education, health and others	40,927	41,721
Gross financing and advances	182,744	198,901

(iv) By maturity profile

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Within one year	54,667	1,124
One year to five years	128,077	197,777
Gross financing and advances	182,744	198,901

(v) By classification of Shariah contracts

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Syndicated term financing		
Commodity Murabahah	182,744	198,901
Gross financing and advances	182,744	198,901

Unaudited Interim Financial Statements

32. 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	
	30 September 2017 RM'000	31 December 2016 RM'000
Term financing		
At 1 January	2,784	4,493
Written back during the period/year	(16)	(1,709)
	2,768	2,784
 Ratio of collective impairment allowance to gross financing and advances less individual impairment allowance	 1.51%	 1.40%

Unaudited Interim Financial Statements

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

(d) Other assets

		Group and Bank	
		30 September	31 December
		2017	2016
		RM'000	RM'000
Other debtors, deposits and prepayments		1,251	1,415
Less: Individual impairment allowance	(a)	<u>(1,247)</u>	<u>(770)</u>
		4	645
Profit receivables		<u>15,847</u>	<u>12,951</u>
		<u>15,851</u>	<u>13,596</u>

(a) Other debtors, deposits and prepayments

Movements in individual impairment allowance:

		Group and Bank	
		30 September	31 December
		2017	2016
		RM'000	RM'000
At 1 January		(770)	(124)
Impairment made during the financial period/year		(414)	(921)
Amount written back		4	205
Amount written off		-	70
Reversal from unearned fee income on impaired receivables		<u>(67)</u>	<u>-</u>
At 30 September/31 December		<u>(1,247)</u>	<u>(770)</u>

Unaudited Interim Financial Statements

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

(e) Deposits from customers

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
(i) By type of deposit		
Commodity Murabahah fund		
Term deposits	629,427	502,766
(ii) By type of customer		
Commodity Murabahah fund		
Business enterprises	376,680	413,833
Government and statutory bodies	252,747	88,933
	<u>629,427</u>	<u>502,766</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	516,380	502,766
Six months to one year	113,047	-
	<u>629,427</u>	<u>502,766</u>

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
(i) By types of deposit		
Commodity Murabahah fund		
Term deposits	900,010	553,439
(ii) By type of customer		
Commodity Murabahah fund		
Other financial institutions	900,010	553,439

Unaudited Interim Financial Statements

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

(g) Profit equalisation reserve

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
At 1 January	-	9,305
Utilisation	-	(9,305)
At 30 September 2017/31 December 2016	<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 the year 2016.

(h) Other liabilities

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Profit payables to depositors	6,861	3,717
Sundry creditors and accruals	1,381	1,347
Due to immediate holding company	34	22
Due to Head Office	33,537	24,257
	<u>41,813</u>	<u>29,343</u>

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of:				
(i) General investment deposits	20,331	15,550	57,133	43,505
(ii) Other deposits	1,977	5,827	7,331	15,670
	<u>22,308</u>	<u>21,377</u>	<u>64,464</u>	<u>59,175</u>

Unaudited Interim Financial Statements

32. 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 Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Money at call and deposit placements with financial institutions	1,475	454	2,880	1,110
Securities available-for-sale				
- Profit on non-impaired securities	12,466	2,834	37,119	8,262
- Profit on impaired securities	663	-	2,052	-
Securities held-to-maturity	-	10,955	-	29,012
	<u>14,604</u>	<u>14,243</u>	<u>42,051</u>	<u>38,384</u>
Accretion of discount less amortisation of premium	<u>4,534</u>	<u>1,279</u>	<u>10,186</u>	<u>5,082</u>
Total finance income and hibah	<u>19,138</u>	<u>15,522</u>	<u>52,237</u>	<u>43,466</u>
Other operating income				
Net gain on sale of securities available-for-sale	<u>1,193</u>	<u>28</u>	<u>4,896</u>	<u>39</u>
	<u>1,193</u>	<u>28</u>	<u>4,896</u>	<u>39</u>
	<u>20,331</u>	<u>15,550</u>	<u>57,133</u>	<u>43,505</u>

Unaudited Interim Financial Statements

32. 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 Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Finance income and hibah				
Financing and advances	1,884	4,338	5,818	13,729
Other operating income				
Fee income				
- Fees on financing and advances	57	107	292	343
- Corporate advisory fees	-	1,345	575	1,445
- Participation fees	34	33	101	100
- Placement fee	-	-	540	-
	91	1,485	1,508	1,888
Other income	2	4	5	53
	93	1,489	1,513	1,941
	1,977	5,827	7,331	15,670
Total income derived from investment	22,308	21,377	64,464	59,175

(j) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Commodity Murabahah fund				
Deposits from customers	(6,732)	(4,182)	(17,318)	(11,803)
Deposits and placements of banks and other financial institutions	(6,734)	(4,168)	(17,720)	(12,077)
	(13,466)	(8,350)	(35,038)	(23,880)

Unaudited Interim Financial Statements

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

(k) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
(i) Staff costs:				
Wages, salaries and bonuses	430	433	1,394	1,221
Defined contribution plan	87	89	282	250
Social security costs	3	2	7	6
Other staff related expenses	10	18	37	66
	<u>530</u>	<u>542</u>	<u>1,720</u>	<u>1,543</u>
(ii) Establishment costs:				
Depreciation and amortisation	157	3	162	7
Rental				
- office equipment	1	1	3	3
- premises	35	37	105	107
IT expenses	66	109	181	247
Others	5	4	12	16
	<u>107</u>	<u>151</u>	<u>463</u>	<u>380</u>
(iii) Promotion and marketing -related expenses:				
Business promotion and advertisement	2	-	5	5
Entertainment	1	2	8	8
	<u>3</u>	<u>2</u>	<u>13</u>	<u>13</u>

Unaudited Interim Financial Statements

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

(k) Operating expenses (cont'd.)

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
(iv) Administrative and general expenses:				
Audit fees	4	5	12	13
Non-Executive Directors' remuneration	16	13	32	38
Communication expenses	3	-	4	6
Management fees	119	125	370	378
Professional fees	11	12	39	39
Brokerage fees	94	81	236	223
Others	13	7	35	24
	<u>260</u>	<u>243</u>	<u>728</u>	<u>721</u>
	<u>900</u>	<u>938</u>	<u>2,924</u>	<u>2,657</u>

(l) Impairment loss written-back on financing and advances

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance (made)/ written back during period [Note 32(d)(b)(i)]	(32)	(516)	16	1,249
Profit from financing recovered	-	-	2,282	-
	<u>(32)</u>	<u>(516)</u>	<u>2,298</u>	<u>1,249</u>

Unaudited Interim Financial Statements

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

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Securities available-for-sale (net)	(614)	-	(2,400)	591
Profit on impaired securities recovered	-	-	-	3
	<u>(614)</u>	<u>-</u>	<u>(2,400)</u>	<u>594</u>

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

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Impairment loss (made)/ written back on:				
- Other debtors (net)	-	1	(410)	55
	<u>-</u>	<u>1</u>	<u>(410)</u>	<u>55</u>

Unaudited Interim Financial Statements

32. 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 2017 RM'000	31 December 2016 RM'000
Tier 1 Capital		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	396,600	396,600
Securities available-for-sale reserve	(2,956)	(8,255)
Profit equalisation reserve	-	-
Retained profits	157,886	207,886
	<u>551,530</u>	<u>596,231</u>
Less: Regulatory adjustments	(2,371)	(2,834)
Total CET 1 Capital, representing Total Tier 1 Capital	<u>549,159</u>	<u>593,397</u>
Tier 2 Capital		
Collective impairment allowance	871	887
Total Tier 2 capital	<u>871</u>	<u>887</u>
Total Capital	<u>550,030</u>	<u>594,284</u>
CET1 Capital Ratio	74.244%	97.003%
Tier 1 Capital Ratio	74.244%	97.003%
Total Capital Ratio	74.362%	97.148%

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets for credit risk	663,539	537,194
Total risk-weighted assets for market risk	-	-
Total risk-weighted assets for operational risk	76,124	74,536
	<u>739,663</u>	<u>611,730</u>

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 2017, as set out on pages 1 to 58 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 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 Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirement of the Companies Act, 2016 in Malaysia.

DATUK MOHD NAJIB HJ. ABDULLAH
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Date: 31 October 2017