

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	The Group		The Bank	
		30 June 2016	31 December	30 June 2016	31 December
		RM'000	2015	RM'000	2015
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short term funds		1,223,219	1,183,818	1,186,189	1,148,671
Deposits and placements with banks and other financial institutions		2,031	273,710	2,002	273,680
Financial assets held for trading	A5	780	2,912	780	2,912
Derivative financial instruments	A17(i)	15,774	16,941	15,774	16,941
Financial investments available-for-sale	A6	1,437	1,437	745	745
Loans, advances and financing	A7	191,519	194,865	191,519	194,865
Other assets	A8	1,354,128	971,334	1,350,463	968,790
Tax recoverable		25,745	13,442	25,745	13,391
Deferred tax assets		11,505	15,278	11,384	15,155
Amounts due from subsidiaries		-	-	207	80
Amounts due from related companies		21,445	24,864	21,445	24,864
Amounts due from immediate holding company		-	6	-	6
Amounts due from ultimate holding company		194	106	194	106
Statutory deposits with Bank Negara Malaysia		3	23	3	23
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		7,035	6,734	-	-
Property, plant and equipment		74,094	79,431	74,971	80,304
Investment property		18,621	18,879	18,621	18,879
Goodwill		964	964	-	-
Total assets		2,948,494	2,804,744	2,909,092	2,768,462
Liabilities					
Deposits from customers	A9	210,631	200,113	210,631	200,113
Deposits and placements of banks and other financial institutions	A10	890,859	1,118,016	890,859	1,118,016
Derivative financial instruments	A17(i)	8,392	8,375	8,392	8,375
Other liabilities	A11	1,230,898	813,310	1,228,419	811,060
Provision for taxation and Zakat		106	1	-	-
Amounts due to related companies		4,613	5,161	4,610	5,161
Subordinated loan		5,125	5,000	-	-
Total liabilities		2,350,624	2,149,976	2,342,911	2,142,725
Capital and reserves attributable to equity holders of the Bank					
Ordinary share capital		100,000	100,000	100,000	100,000
Redeemable preference shares		10	10	10	10
Reserves		497,860	554,758	466,171	525,727
Total equity		597,870	654,768	566,181	625,737
Total equity and liabilities		2,948,494	2,804,744	2,909,092	2,768,462
Commitments and contingencies	A17(ii)	756,156	792,415	756,156	792,415
Net assets per share (RM)		5.98	6.55	5.66	6.26

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Notes	The Group				The Bank			
		2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Interest income	A12	9,633	10,375	19,199	20,456	8,116	8,917	16,028	17,741
Interest expense	A13	(8,903)	(9,494)	(18,084)	(19,571)	(8,830)	(9,415)	(17,949)	(19,427)
Net interest income / (expense)		730	881	1,115	885	(714)	(498)	(1,921)	(1,686)
Income derived from investment of depositors' funds and others		-	875	-	2,349	-	875	-	2,349
Income derived from investment of shareholders' funds		10,486	24,946	31,012	30,286	10,486	24,946	31,012	30,286
Income attributable to the depositors		(1)	(1,581)	(1)	(3,614)	(1)	(1,581)	(1)	(3,614)
Income from Islamic Banking operations	A21b	10,485	24,240	31,011	29,021	10,485	24,240	31,011	29,021
Fee and commission income	A14	21,044	18,731	42,989	62,881	21,044	18,731	42,989	62,881
Dividend income	A14	-	202	-	202	-	202	-	202
Net trading income	A14	400	3,343	741	3,624	400	3,343	741	3,624
Income from asset management and securities services	A14	1,830	2,752	4,146	4,732	1,830	2,752	4,146	4,732
Brokerage income	A14	30,453	32,731	58,248	71,449	28,994	31,589	55,489	69,105
Other non-interest income	A14	5,456	723	2,921	4,525	5,391	698	2,925	4,492
Non-interest income		59,183	58,482	109,045	147,413	57,659	57,315	106,290	145,036
Total income		70,398	83,603	141,171	177,319	67,430	81,057	135,380	172,371
Overheads	A15	(58,864)	(71,815)	(120,123)	(119,338)	(57,754)	(70,650)	(117,469)	(117,473)
Profit before allowances		11,534	11,788	21,048	57,981	9,676	10,407	17,911	54,898
(Allowance for)/writeback of impairment losses on loans, advances and financing	A16	(117)	1,217	711	866	(117)	1,217	711	866
(Allowance for)/write back of impairment losses on other receivables (net)		(211)	362	(342)	556	(211)	362	(327)	556
		11,206	13,367	21,417	59,403	9,348	11,986	18,295	56,320
Share of profit of associates		227	289	301	545	-	-	-	-
Profit before taxation		11,433	13,656	21,718	59,948	9,348	11,986	18,295	56,320
Taxation		(2,084)	(1,694)	(7,440)	(19,284)	(1,623)	(1,348)	(6,675)	(18,486)
Profit after taxation		9,349	11,962	14,278	40,664	7,725	10,638	11,620	37,834
Profit for the financial period attributable to : Owners of the Group/Bank		9,349	11,962	14,278	40,664	7,725	10,638	11,620	37,834
Earnings per share attributable to ordinary equity holders (sen) -Basic	B3	9.3	12.0	14.3	40.7	7.7	10.6	11.6	37.8

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	The Group				The Bank			
	2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit for the period	9,349	11,962	14,278	40,664	7,725	10,638	11,620	37,834
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss								
Revaluation reserve - financial investments available-for-sale	-	(27)	-	(27)	-	-	-	-
- Loss from change in fair value	-	(27)	-	(27)	-	-	-	-
Other comprehensive income for the financial period, net of tax	9,349	11,935	14,278	40,637	7,725	10,638	11,620	37,834
Total comprehensive income attributable to:								
Owners of the Group/Bank	9,349	11,935	14,278	40,637	7,725	10,638	11,620	37,834

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Group	← Attributable to owners of Parent →							
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total RM'000
30 June 2016								
At 1 January 2016	100,000	10	155,805	188	12,146	2,181	384,438	654,768
Net profit for the financial period	-	-	-	-	-	-	14,278	14,278
Total comprehensive income for the financial period	-	-	-	-	-	-	14,278	14,278
Share-based payment expense	-	-	-	-	4,023	-	-	4,023
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	(66,000)	(66,000)
Transfer to regulatory reserve	-	-	-	-	-	(26)	26	-
Shares released under Equity Ownership Plan	-	-	-	-	(9,199)	-	-	(9,199)
At 30 June 2016	100,000	10	155,805	188	6,970	2,155	332,742	597,870

The Group	← Attributable to owners of the Parent →							
	Share capital RM'000	Redeemable preference shares RM'000	Statutory reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total RM'000
30 June 2015								
At 1 January 2015	100,000	10	155,805	215	35,992	-	315,144	607,166
Net profit for the financial period	-	-	-	-	-	-	40,664	40,664
Other comprehensive expense (net of tax)	-	-	-	(27)	-	-	-	(27)
- financial investments available-for-sales	-	-	-	(27)	-	-	-	(27)
Total comprehensive income for the financial period	-	-	-	(27)	-	-	40,664	40,637
Share-based payment expense	-	-	-	-	7,359	-	-	7,359
Share released under Equity Ownership Plan	-	-	-	-	(37,137)	-	-	(37,137)
At 30 June 2015	100,000	10	155,805	188	6,214	-	355,808	618,025

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Bank	← Non-distributable →					← Distributable →			Total
	Share capital	Redeemable preference shares	Statutory reserve	Merger reserve	Share-based payment reserve	Capital reserve	Regulatory reserve	Retained profits	
30 June 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	100,000	10	155,805	(272,007)	12,146	271,377	2,181	356,225	625,737
Net profit for the financial period	-	-	-	-	-	-	-	11,620	11,620
Total comprehensive income for the financial period	-	-	-	-	-	-	-	11,620	11,620
Share-based payment expense	-	-	-	-	4,023	-	-	-	4,023
Interim dividend paid in respect of the financial year ended 31 December 2015	-	-	-	-	-	-	-	(66,000)	(66,000)
Transfer to regulatory reserve	-	-	-	-	-	-	(26)	26	-
Shares released under Equity Ownership Plan	-	-	-	-	(9,199)	-	-	-	(9,199)
At 30 June 2016	100,000	10	155,805	(272,007)	6,970	271,377	2,155	301,871	566,181

The Bank	← Non-distributable →					← Distributable →			Total
	Share capital	Redeemable preference shares	Statutory reserve	Merger reserve	Share-based payment reserve	Capital reserve	Regulatory reserve	Retained profits	
30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	100,000	10	155,805	(272,007)	35,992	271,377	-	292,414	583,591
Net profit for the financial period	-	-	-	-	-	-	-	37,834	37,834
Total comprehensive income for the financial period	-	-	-	-	-	-	-	37,834	37,834
Share-based payment expense	-	-	-	-	7,359	-	-	-	7,359
Share released under Equity Ownership Plan	-	-	-	-	(37,137)	-	-	-	(37,137)
At 30 June 2015	100,000	10	155,805	(272,007)	6,214	271,377	-	330,248	591,647

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	The Group		The Bank	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Profit before taxation	21,718	59,948	18,295	56,320
Adjustments for non-operating and non-cash items	18,000	12,506	18,190	13,010
Cash flow from operating profit before changes in operating assets and liabilities	39,718	72,454	36,485	69,330
Net changes in operating assets	(115,867)	(279,565)	(114,845)	(279,157)
Net changes in operating liabilities	200,395	(22,114)	200,161	(22,594)
Cash generated from/(used in) operating activities	124,246	(229,225)	121,801	(232,421)
Taxation paid	(15,911)	(15,350)	(15,302)	(14,813)
Net cash generated from/(used in) operating activities	108,335	(244,575)	106,499	(247,234)
Net cash used in investing activities	(3,108)	(8,191)	(3,032)	(8,131)
Net cash (used in)/generated from financing activities	(65,875)	124	(66,000)	-
	(68,983)	(8,067)	(69,032)	(8,131)
Net increase/(decrease) in cash and cash equivalents during the financial period	39,352	(252,642)	37,467	(255,365)
Cash and cash equivalents at beginning of the financial period	1,155,421	1,305,035	1,120,276	1,274,794
Cash and cash equivalents at end of the financial period	1,194,773	1,052,393	1,157,743	1,019,429
Cash and cash equivalents comprise the following:				
Cash and short term funds	1,223,219	1,084,374	1,186,189	1,051,410
Adjustment for monies held in trust:				
Remisiers' balances	(28,446)	(31,981)	(28,446)	(31,981)
Cash and cash equivalents at end of the financial period	1,194,773	1,052,393	1,157,743	1,019,429

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2016 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2015.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2016:

- Amendment to MFRS 116, "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendment to MFRS 127, "Separate Financial Statements"
- Annual improvement to MFRSs 2012 - 2014 Cycle
 - Amendment to MFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"
 - Amendment to MFRS 7, "Financial Instruments: Disclosure – Applicability of the amendments to MFRS 7 to condensed interim financial statements"
 - Amendment to MFRS 119, "Employee Benefits"
 - Amendments to MFRS 134, "Interim Financial Reporting"
- Amendment to MFRS 101, "Presentation of financial statements"

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

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

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

A2. Changes in estimates

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

A3. Dividends paid and proposed

A single tier interim dividend of RM66 per redeemable preference share, amounting to RM66 million in respect of the financial year ended 31 December 2015, which was approved by the Board of Directors on 27 January 2016, was paid on 7 March 2016.

No dividend has been proposed during the financial period ended 30 June 2016.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 30 June 2016 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A5. Financial assets held for trading

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities :		
<i>In Malaysia</i>		
Shares	53	1,124
<i>Outside Malaysia</i>		
Shares	36	38
Unquoted securities :		
<i>In Malaysia</i>		
Private debt securities	691	1,750
Total financial assets held for trading	780	2,912

A6. Financial investments available-for-sale

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	7,768	7,768	7,076	7,076
	7,768	7,768	7,076	7,076
Allowance for impairment losses :				
Unquoted shares outside Malaysia	(6,331)	(6,331)	(6,331)	(6,331)
	(6,331)	(6,331)	(6,331)	(6,331)
Total financial investments available-for-sale	1,437	1,437	745	745

A7. Loans, advances and financing

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
(i) By type		
Staff loans *	191,664	195,024
Other loans	531	1,228
Gross loans, advances and financing	192,195	196,252
Less: allowance for impairment losses		
- Individual impairment allowance	(531)	(1,228)
- Portfolio impairment allowance	(145)	(159)
Total net loans, advances and financing	191,519	194,865

* Included in staff loans of the Group and the Bank are loans to Directors amounting to RMNil (2015: RM 425,176).

PART A - EXPLANATORY NOTES (CONTINUED)

A7. Loans, advances and financing (continued)	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
(ii) By type of customers		
Individuals	192,195	196,252
(iii) By interest rate sensitivity		
Fixed rate		
- Other fixed rate loan	26,253	30,319
Variable rate		
- BLR plus	165,942	165,933
	<u>192,195</u>	<u>196,252</u>
(iv) By economic purpose:		
Personal use	2,384	2,133
Purchase of residential property (housing)	182,398	184,808
Purchase of securities	-	1
Purchase of transport vehicles	7,413	9,310
Gross loans, advances and financing	<u>192,195</u>	<u>196,252</u>
(v) By geographical distribution		
Malaysia	<u>192,195</u>	<u>196,252</u>
(vi) By residual contractual maturity		
Within one year	481	276
One year to less than three years	2,611	2,427
Three years to less than five years	4,492	5,207
Five years and more	184,611	188,342
	<u>192,195</u>	<u>196,252</u>
(vii) Impaired loans, advances and financing by economic purpose		
Purchase of residential property (housing)	210	969
Purchase of transport vehicles	321	259
Gross impaired loans, advances and financing	<u>531</u>	<u>1,228</u>
(viii) Impaired loans, advances and financing by geographical distribution		
Malaysia	<u>531</u>	<u>1,228</u>
(ix) Movements in the impaired loans, advances and financing are as follows:		
At 1 January	1,228	1,272
Classified as impaired during the year	252	1,115
Amounts written back in respect of recoveries	(949)	(1,159)
At 30 June 2016/31 December 2015	<u>531</u>	<u>1,228</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>0.3%</u>	<u>0.6%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. Loans, advances and financing (continued)

(x) Movements in the allowance for impaired loans are as follows:

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	1,228	1,272
Allowance made during the year	252	1,115
Amounts written back during the year	(949)	(1,159)
At 30 June 2016/31 December 2015	531	1,228
<u>Portfolio impairment allowance</u>		
At 1 January	159	2,729
Net allowance made during the year	(14)	(2,570)
At 30 June 2016/31 December 2015	145	159
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	1.2%	1.2%

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A8. Other assets				
Due from brokers and clients, net of allowance for impairment loss	1,121,349	733,525	1,118,678	731,974
Collateral pledged for derivative transactions	143,353	145,603	143,353	145,603
Other debtors, deposits and prepayments, net of allowance for doubtful debts	89,426	92,206	88,432	91,213
	1,354,128	971,334	1,350,463	968,790

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
A9. Deposits from customers		
<u>(i) By type of deposits</u>		
Structured deposits	142,550	144,800
Short term money market deposits	68,081	55,313
	210,631	200,113
<u>(ii) By type of customers</u>		
Local government and statutory bodies	114,770	107,422
Business enterprises	14,562	9,391
Individuals	77,550	79,550
Others	3,749	3,750
	210,631	200,113

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
A10. Deposits and placements of banks and other financial institutions		
Licensed banks	596,298	796,819
Other financial institutions	294,561	321,197
	890,859	1,118,016

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
A11. Other liabilities				
Due to brokers and clients	1,073,279	667,580	1,073,279	667,580
Others	157,619	145,730	155,140	143,480
	1,230,898	813,310	1,228,419	811,060

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
A12. Interest income				
Group				
Loans, advances and financing	1,509	1,495	3,001	3,018
Money at call and deposits placements with banks and other financial institutions	7,877	7,446	15,664	14,442
Reverse repurchase agreements	-	1,094	-	2,375
Financial assets held for trading	25	97	51	147
Others	223	246	481	477
	9,634	10,378	19,197	20,459
Amortisation of premium less accretion of discount	(1)	(3)	2	(3)
	9,633	10,375	19,199	20,456
Bank				
Loans, advances and financing	1,509	1,495	3,001	3,018
Money at call and deposits placements with banks and other financial institutions	6,360	5,988	12,493	11,727
Reverse repurchase agreements	-	1,094	-	2,375
Financial assets held for trading	25	97	51	147
Others	223	246	481	477
	8,117	8,920	16,026	17,744
Amortisation of premium less accretion of discount	(1)	(3)	2	(3)
	8,116	8,917	16,028	17,741
A13. Interest expense				
Group				
Deposits and placements of banks and other financial institutions	8,141	8,108	16,479	16,779
Deposits from customers	689	1,307	1,470	2,648
Subordinated loans	73	79	135	144
	8,903	9,494	18,084	19,571
Bank				
Deposits and placements of banks and other financial institutions	8,141	8,108	16,479	16,779
Deposits from customers	689	1,307	1,470	2,648
	8,830	9,415	17,949	19,427
A14. Non interest income				
Group				
a) Fee income and commission income:				
Commissions	863	493	3,065	1,874
Portfolio management fees	1,672	1,707	3,034	3,397
Advisory and arrangement fees	15,904	8,077	20,509	37,185
Underwriting commissions	-	1,199	593	7,638
Placement fees	952	5,196	8,026	6,891
Other fee income	1,653	2,059	7,762	5,896
	21,044	18,731	42,989	62,881
b) Net trading income				
Gain arising from trading in financial assets held for trading	294	3,747	655	3,712
- realised gain	410	264	771	312
- unrealised (loss)/ gain	(116)	3,483	(116)	3,400
Gain/(loss) arising from trading in derivative financial instruments	106	(404)	86	(88)
- realised (loss)/gain	(414)	(533)	56	(217)
- unrealised gain	520	129	30	129
	400	3,343	741	3,624
c) Dividend income from:				
Financial assets held for trading	-	202	-	202
d) Other income:				
Foreign exchange gain/(loss)	2,402	(709)	(1,286)	1,860
Gain on disposal of property, plant and equipment	269	-	270	61
Other non-operating income	2,785	1,432	3,937	2,604
	5,456	723	2,921	4,525
e) Income from asset management and securities services	1,830	2,752	4,146	4,732
f) Brokerage Income	30,453	32,731	58,248	71,449
Total non interest income	59,183	58,482	109,045	147,413

PART A - EXPLANATORY NOTES (CONTINUED)

A14. Non interest income (Continued)

	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
a) Fee income and commission income:				
Commissions	863	493	3,065	1,874
Portfolio management fees	1,672	1,707	3,034	3,397
Advisory and arrangement fees	15,904	8,077	20,509	37,185
Underwriting commissions	-	1,199	593	7,638
Placement fees	952	5,196	8,026	6,891
Other fee income	1,653	2,059	7,762	5,896
	21,044	18,731	42,989	62,881
b) Net trading income				
Gain arising from trading in financial assets held for trading	294	3,747	655	3,712
- realised gain	410	264	771	312
- unrealised (loss)/ gain	(116)	3,483	(116)	3,400
Gain/(loss) arising from trading in derivative financial instruments	106	(404)	86	(88)
- realised (loss)/gain	(414)	(533)	56	(217)
- unrealised gain	520	129	30	129
	400	3,343	741	3,624
c) Dividend income from:				
Financial assets held for trading	-	202	-	202
d) Other income:				
Foreign exchange gain/(loss)	2,337	(733)	(1,283)	1,827
Gain on disposal of property, plant and equipment	269	-	270	61
Other non-operating income	2,785	1,431	3,938	2,604
	5,391	698	2,925	4,492
e) Income from asset management and securities services	1,830	2,752	4,146	4,732
f) Brokerage Income	28,994	31,589	55,489	69,105
Total non interest income	57,659	57,315	106,290	145,036

A15. Overheads

Group

Personnel costs

- Salaries, allowances and bonuses	31,519	43,262	61,616	80,199
- Pension cost (defined contribution plan)	3,905	4,386	7,688	9,009
- Management Separation Scheme	-	11,208	-	11,208
- Overtime, meal and transport claims	108	37	202	316
- Others	3,232	1,381	4,888	5,335
	38,764	60,274	74,394	106,067

Establishment costs

- Depreciation of property, plant and equipment	4,311	3,929	8,716	8,407
- Depreciation of investment property	128	128	257	257
- Rental	5,329	5,839	11,702	11,562
- Others	3,636	4,794	8,098	6,278
	13,404	14,690	28,773	26,504

Marketing expenses

- Advertisement	666	597	278	3,493
- Entertainment expenses	466	139	2,570	3,655
- Others	625	2,496	925	1,335
	1,757	3,232	3,773	8,483

Administration and general expenses

- Legal and professional fees	314	369	396	693
- Communication	175	321	609	1,323
- Printing and stationery	260	9	484	349
- Administrative vehicle, travelling and insurance expenses	1,017	1,123	2,056	2,496
- Others	2,427	1,483	5,719	3,180
	4,193	3,305	9,264	8,041

Shared services cost #

	746	(9,686)	3,919	(29,757)
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Total overhead expenses

	58,864	71,815	120,123	119,338
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PART A - EXPLANATORY NOTES (CONTINUED)**A15. Overheads (Continued)**

	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	30,961	42,849	60,625	79,606
- Pension cost (defined contribution plan)	3,851	4,335	7,581	8,906
- Management Separation Scheme	-	11,208	-	11,208
- Overtime, meal and transport claims	108	37	202	316
- Others	3,214	1,252	4,852	5,196
	38,134	59,681	73,260	105,232
Establishment costs				
- Depreciation of property, plant and equipment	4,269	3,891	8,634	8,334
- Depreciation of investment property	128	128	257	257
- Rental	5,055	5,600	10,815	11,036
- Others	3,628	4,756	8,090	6,216
	13,080	14,375	27,796	25,843
Marketing expenses				
- Advertisement	669	578	281	3,469
- Entertainment expenses	463	1,621	2,514	3,586
- Others	613	993	911	1,324
	1,745	3,192	3,706	8,379
Administration and general expenses				
- Legal and professional fees	239	209	140	525
- Communication	173	319	607	1,317
- Printing and stationery	260	9	484	349
- Administrative vehicle, travelling and insurance expenses	1,007	1,115	2,039	2,482
- Others	2,370	1,436	5,518	3,103
	4,049	3,088	8,788	7,776
Shared services cost #	746	(9,686)	3,919	(29,757)
Total overhead expenses	57,754	70,650	117,469	117,473

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

A16. (Allowance for)/writeback of impairment losses on loans, advances and financing**The Group and the Bank****(Allowance for)/writeback of impairment losses on loans, advances and financing**

(a) Individual impairment allowance				
- made during the financial year	(115)	(2)	(252)	(10)
- written back during the financial year	8	1,314	949	1,120
(b) Portfolio impairment allowance				
- Writeback/ (made) during the financial year	(10)	(95)	14	(244)
	(117)	1,217	711	866

PART A - EXPLANATORY NOTES (CONTINUED)**A17. Derivative financial instruments and commitment and contingencies****i) Derivative financial instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivative. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of reporting period, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

	The Group and The Bank		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 30 June 2016			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	26,195	-	(14)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	142,550	8,147	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	287,823	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	285,100	7,627	(8,378)
Total derivative assets/(liabilities)	741,668	15,774	(8,392)
At 31 December 2015			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward			
- Less than 1 year	17,172	-	(44)
<u>Interest rate derivatives</u>			
Interest rate swaps			
- More than 3 years	144,800	9,323	-
<u>Equity derivatives</u>			
Equity options			
- More than 3 years	311,624	-	-
<u>Credit related contract</u>			
Total return swap			
- More than 3 years	289,600	7,618	(8,331)
Total derivative assets/(liabilities)	763,196	16,941	(8,375)

PART A - EXPLANATORY NOTES (CONTINUED)

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

i) Derivative financial instruments (Continued)

The Group's derivative financial instruments are subject to market and credit risk, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM15,774,000 (31 December 2015: RM16,941,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2016, the Group and the Bank has posted cash collateral of RM143 million (31 December 2015: RM146 million) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2015.

PART A

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

ii) Commitment and contingencies

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

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

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

	The Group and the Bank	
	30 June	31 December
	2016	2015
	Principal	Principal
	amount	amount
	RM'000	RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	-	9,406
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	14,488	19,813
Total credit-related commitments and contingencies	14,488	29,219
<u>Treasury-related</u>		
Foreign exchange derivatives		
- Less than 1 year	26,195	17,172
Interest rate related contracts		
- Five years and above	142,550	144,800
Equity related contracts		
- One year to less than 5 years	287,823	311,624
Credit related contracts		
- Five years and above	285,100	289,600
Total treasury-related commitments and contingencies	741,668	763,196
	756,156	792,415

PART A - EXPLANATORY NOTES (CONTINUED)**A18. Capital Adequacy**

The capital adequacy framework applicable is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015. The revised guidelines took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019. The revised guidelines set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Group and Bank are computed in accordance with the BNM Capital Adequacy Framework (Basel II - Risk-Weighted Assets) which was revised on 13 October 2015. The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

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

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Before deducting proposed dividend				
Common Equity Tier 1 Ratio	32.892%	33.250%	35.560%	35.482%
Tier 1 ratio	32.892%	33.250%	35.560%	35.482%
Total capital ratio	32.892%	33.250%	35.560%	35.482%
After deducting proposed dividend				
Common Equity Tier 1 Ratio	32.892%	29.747%	35.560%	31.560%
Tier 1 ratio	32.892%	29.747%	35.560%	31.560%
Total capital ratio	32.892%	29.747%	35.560%	31.560%

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

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,085,937	1,166,117	881,827	981,769
Market risk	57,116	86,545	56,914	85,296
Operational risk	608,716	631,580	592,207	615,721
Total risk-weighted assets	1,751,769	1,884,242	1,530,948	1,682,786

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

	The Group		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital				
Ordinary shares	100,000	100,000	100,000	100,000
Other reserves	497,860	554,758	466,171	525,727
Less : Proposed dividends	-	(66,000)	-	(66,000)
Common Equity Tier I capital before regulatory adjustments	597,860	588,758	566,171	559,727
<u>Less: Regulatory adjustments</u>				
Goodwill	(964)	(964)	-	-
Deferred Tax Assets	(11,505)	(15,278)	(11,384)	(15,155)
Deduction in excess of Tier 1 & 2 capital	(1,865)	(6,462)	(2,374)	(7,407) NI
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(5,083)	(3,268)	(5,847)	(3,898)
Others	(2,258)	(2,284)	(2,155)	(2,181)
Common equity tier I capital after regulatory adjustments	576,185	560,502	544,411	531,086
Tier II capital				
Redeemable Preference Shares	6	7	6	7
Portfolio impairment allowance and regulatory reserves	2,300	159	2,300	159
Tier II capital before regulatory adjustments	2,306	166	2,306	166
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,171)	(6,628)	(4,680)	(7,573)
Total Tier II capital	-	-	-	- NI
Total capital base	576,185	560,502	544,411	531,086

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

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting

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

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

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

Definition of segments

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

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

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

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A19. Segment reporting (Continued)

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

The Group	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
30 June 2016						
Net interest (expense)/income	-	(1,764)	-	-	2,879	1,115
Non interest income	27,314	7,506	57,138	15,191	1,896	109,045
Income from Islamic Banking operations	2,709	24,882	1,474	1,461	485	31,011
	<u>30,023</u>	<u>30,624</u>	<u>58,612</u>	<u>16,652</u>	<u>5,260</u>	<u>141,171</u>
Overheads	(24,547)	(10,095)	(60,748)	(23,547)	(1,186)	(120,123)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(1,372)	(88)	(4,333)	(2,915)	(8)	(8,716)
<i>Depreciation of Investment Property</i>	-	-	-	(257)	-	(257)
Profit/(loss) before allowances	5,476	20,529	(2,136)	(6,895)	4,074	21,048
Write back of impairment losses on loans, advances and financing	-	-	-	-	711	711
(Allowance for)/ write back of impairment losses on other receivables	(1,076)	403	302	30	(1)	(342)
Segment results	<u>4,400</u>	<u>20,932</u>	<u>(1,834)</u>	<u>(6,865)</u>	<u>4,784</u>	<u>21,417</u>
Share of results of associates						301
Profit before taxation						21,718
Taxation						(7,440)
Net profit for the financial period						<u>14,278</u>
30 June 2016						
Segment assets	33,324	1,279,960	1,311,185	47,381	215,797	2,887,647
Unallocated assets						60,847
Total assets						<u>2,948,494</u>
Segment liabilities	12,209	1,126,262	1,138,724	6,341	62,331	2,345,867
Unallocated liabilities						4,757
Total liabilities						<u>2,350,624</u>
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	600	38	1,934	1,500	4	4,076
Amortisation of premium less accretion of discount	-	2	-	-	-	2

EXPLANATORY NOTES (Continued)

A19. Segment reporting (Continued)

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

The Group 30 June 2015	Financial advisory, underwriting and other fees RM'000	Debt / financing related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
Net interest (expense)/income	-	(2,132)	-	-	3,017	885
Non interest income	54,218	7,736	66,458	16,955	2,046	147,413
Income from Islamic Banking operations	9,498	14,339	3,159	1,934	91	29,021
	63,716	19,943	69,617	18,889	5,154	177,319
Overheads	(33,587)	(1,141)	(49,663)	(34,878)	(69)	(119,338)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(1,821)	(119)	(3,458)	(3,000)	(9)	(8,407)
<i>Depreciation of Investment Property</i>	-	-	-	(257)	-	(257)
Profit before allowances	30,129	18,802	19,954	(15,989)	5,085	57,981
Write back of impairment losses on loans, advances and financing	-	-	-	-	866	866
(Allowance for)/write back of impairment losses on other receivables	(1,079)	(67)	1,503	183	16	556
Segment results	29,050	18,735	21,457	(15,806)	5,967	59,403
Share of results of associates						545
Profit before taxation						59,948
Taxation						(19,284)
Net profit for the financial period						40,664
31 December 2015						
Segment assets	38,407	1,558,142	881,216	42,619	228,707	2,749,091
Unallocated assets						55,653
Total assets						2,804,744
Segment liabilities	3,064	1,330,950	727,971	8,394	74,410	2,144,789
Unallocated liabilities						5,187
Total liabilities						2,149,976
Other segment items						
Incurring capital expenditure:						
- addition of property, plant and equipment	1,864	121	3,476	3,599	9	9,069

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

Valuation Model Review and Approval

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

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

Quoted prices for similar assets and liabilities in active markets; or

Quoted prices for identical or similar assets and liabilities in non-active markets; or

Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

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

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

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

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 June 2016 and 31 December 2015

<u>The Group</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2016					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	89	89	-	-	89
- Unquoted securities	691	-	691	-	691
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	15,774	-	15,774	-	15,774
Total	17,991	89	16,465	1,437	17,991
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,392	-	8,392	-	8,392
Total	8,392	-	8,392	-	8,392

<u>The Bank</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2016					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	89	89	-	-	89
- Unquoted securities	691	-	691	-	691
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	15,774	-	15,774	-	15,774
Total	17,299	89	16,465	745	17,299
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,392	-	8,392	-	8,392
Total	8,392	-	8,392	-	8,392

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 June 2016 and 31 December 2015 (Continued)

<u>The Group</u>	Carrying amount	Quoted market prices (Level 1)	Fair Value		Total
			inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	1,437	-	-	1,437	1,437
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	21,290	1,162	18,691	1,437	21,290
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375
<u>The Bank</u>	RM'000	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		RM'000	RM'000	RM'000	RM'000
31 December 2015					
<u>Financial assets</u>					
Financial assets held for trading					
- Quoted securities	1,162	1,162	-	-	1,162
- Unquoted securities	1,750	-	1,750	-	1,750
Financial investments available-for-sale					
- Unquoted securities	745	-	-	745	745
Derivative financial instruments					
- Trading derivatives	16,941	-	16,941	-	16,941
Total	20,598	1,162	18,691	745	20,598
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,375	-	8,375	-	8,375
Total	8,375	-	8,375	-	8,375

PART A - EXPLANATORY NOTES (CONTINUED)

A20. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2016 and 31 December 2015 for the Group and the Bank.

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Group		
30 June 2016		
At 1 January / 30 June 2016	1,437	1,437

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Bank		
30 June 2016		
At 1 January / 30 June 2016	745	745

	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Group		
31 December 2015		
At 1 January	1,464	1,464
Total loss recognised in other comprehensive income	(27)	(27)
At 31 December	1,437	1,437

Total loss recognised in other comprehensive income relating to assets held on 31 December 2015

(27)	(27)
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	Financial Assets Financial investments available-for-sale RM'000	Total RM'000
The Bank		
31 December 2015		
At 1 January / 31 December 2015	745	745

PART A - EXPLANATORY NOTES (CONTINUED)

**A21. The operations of Islamic Banking
A21a. Unaudited Statements of Financial Position as at 30 June 2016**

		The Group and the Bank	
		31 December	
		30 June 2016	2015
Notes		RM'000	RM'000
Assets			
	Cash and short-term funds	370,373	444,880
	Islamic derivative financial instruments	15,775	16,941
	Other assets	192,110	151,393
	Tax recoverable	4,865	-
	Deferred tax assets	111	88
	Property, plant and equipment	283	338
	Amount due from related companies	2,264	353
	Total assets	585,781	613,993
Liabilities and Islamic Banking capital funds			
	Deposits from customers	142,550	144,800
	Islamic derivative financial instruments	8,378	8,331
	Provision for taxation and Zakat	-	361
	Other liabilities	27,728	6,763
	Amount due to related companies	400	401
	Total liabilities	179,056	160,656
	Islamic Banking capital funds	55,696	55,250
	Reserves	351,029	398,087
	Total Islamic Banking capital funds	406,725	453,337
	Total liabilities and Islamic Banking capital funds	585,781	613,993

PART A - EXPLANATORY NOTES (CONTINUED)

A21. The operations of Islamic Banking
A21b. Unaudited Statements of Income for the financial period ended 30 June 2016

	The Group and the Bank			
	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	875	-	2,349
Income derived from investment of shareholders' funds	10,486	24,946	31,012	30,286
Allowance for impairment losses on other receivables	(100)	(14)	(103)	(24)
Total attributable income	10,386	25,807	30,909	32,611
Income attributable to the depositors	(1)	(1,581)	(1)	(3,614)
Total net income	10,385	24,226	30,908	28,997
Personnel expenses	(301)	(156)	(509)	(306)
Other overheads and expenditures	(2,592)	(3,489)	(5,404)	(4,682)
Profit before taxation	7,492	20,581	24,995	24,009
Taxation	(2,216)	(5,190)	(6,053)	(6,137)
Profit after taxation/total comprehensive income for the period	5,276	15,391	18,942	17,872
Income from Islamic operations (per page 2)				
Total net income	10,385	24,226	30,908	28,997
Less : Allowance for impairment losses on other receivables	100	14	103	24
	10,485	24,240	31,011	29,021

A21c. Deposits from customers

	The Group and the Bank	
	31 December	
	30 June 2016	2015
	RM'000	RM'000
(i) By type of deposits		
Term deposits		
Specific investment account		
Mudharabah	142,550	144,800
(ii) Maturity structure of term deposits :		
More than five years	142,550	144,800
(iii) By type of customers		
Government and statutory bodies	54,400	54,400
Business enterprises	6,850	7,100
Individuals	77,550	79,550
Others	3,750	3,750
	142,550	144,800

PART A - EXPLANATORY NOTES (CONTINUED)

A21d. Capital Adequacy

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

	The Group and the Bank	
	30 June 2016	31 December 2015
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	147.539%	151.469%
Tier 1 ratio	147.539%	151.469%
Total capital ratio	147.539%	151.469%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	147.539%	129.413%
Tier 1 ratio	147.539%	129.413%
Total capital ratio	147.539%	129.413%

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

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
Credit risk	163,705	196,992
Market risk	11,183	11,864
Operational risk	100,710	90,380
Total risk-weighted assets	275,598	299,236

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

	The Group and the Bank	
	30 June 2016	31 December 2015
	RM'000	RM'000
Common Equity Tier I capital		
Ordinary shares	55,696	55,250
Other reserves	351,029	398,087
Less : Proposed dividend	-	(66,000)
Common Equity Tier I capital / Total Tier I Capital	406,725	387,337
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(111)	(88)
Common equity tier I capital after regulatory adjustments / total Tier I capital	406,614	387,249
Total capital base	406,614	387,249

PART A - EXPLANATORY NOTES (CONTINUED)

A22. Credit transactions and exposures with connected parties

	The Group	
	30 June 2016	31 December 2015
	RM'000	RM'000
Outstanding credit exposures with connected parties	30,015	27,898
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.6%	1.2%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

PART B

B1. Group Performance Review

The Group registered a pre-tax profit of RM 21.7 million for the period ended 30 June 2016, resulting in a decrease of RM38.2 million or 63.8% lower as compared to RM59.9million in 2015. The decrease in profit was attributable to lower fee and brokerage income of RM19.9 million and RM13.2 million respectively.

Overheads flat, at RM120.1 million, as compared to RM119.3million in the previous corresponding year.

B2. Prospects for the Current Financial Year

The outlook for the Investment Banking business remains volatile in light of the continued slowdown in global economic growth and weak commodity prices. The Brexit development will likely translate to greater currency volatility and interest rate movements. The equity business is expected to remain lacklustre, while corporate and M&A activities are opportunistic given the cautious sentiment.

PART B (CONTINUED)

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

Basic earnings per share of the Group and the Bank are calculated by dividing the net profit attributable to owners of the Group and the Bank by the weighted average number of ordinary shares issue during the financial period.

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	9,349	11,962	14,278	40,664
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	9.3	12.0	14.3	40.7

	The Bank			
	2nd quarter ended		Six months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	7,725	10,638	11,620	37,834
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in sen per share)	7.7	10.6	11.6	37.8

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2016 and 31 December 2015.