

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	Group		Bank	
		As at	As at	As at	As at
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds		1,290,763	1,132,078	731,693	718,596
Deposits and placements with banks and other financial institutions		36,277	13,179	-	-
Financial assets at fair value through profit or loss ('FVTPL')	8	899,526	398,127	144,521	131,577
Financial investments available-for-sale ('AFS')	9	2,237,619	3,412,471	2,145,795	3,311,449
Financial investments held-to-maturity ('HTM')	10	446,270	590,461	446,270	590,461
Loans and advances	11	1,728,407	2,069,802	1,109,283	1,320,752
Clients' and brokers' balances	12	2,212,435	1,654,213	652,776	572,001
Other assets	13	233,611	231,819	77,749	127,533
Derivative assets		1,619	57,906	1,619	57,906
Statutory deposits		85,854	144,152	81,800	144,152
Tax recoverable		58,973	38,979	56,276	36,894
Deferred tax assets		12,830	30,601	3,255	21,063
Investments in subsidiaries		-	-	1,509,286	1,451,367
Investments in associates and joint ventures		21,086	20,899	21,057	21,057
Property, plant and equipment		57,693	67,478	27,842	31,347
Goodwill and intangible assets		1,320,687	1,321,377	1,145,001	1,143,948
TOTAL ASSETS		10,643,650	11,183,542	8,154,223	9,680,103
LIABILITIES AND EQUITY					
Deposits from customers	14	674,593	1,082,009	690,305	1,095,657
Deposits and placements of banks and other financial institutions	15	2,983,176	3,671,153	3,036,968	3,721,848
Obligations on securities sold under repurchase agreements		-	170,568	-	170,568
Obligations on securities borrowed		-	12,202	-	12,202
Bills and acceptances payable		166,096	138,794	-	-
Clients' and brokers' balances		1,916,233	1,346,924	571,925	585,773
Other liabilities	16	426,832	503,094	164,833	340,443
Derivative liabilities		47,523	127,546	46,261	125,994
Tax liabilities		10,040	8,895	-	-
Deferred tax liabilities		3,321	3,728	-	-
Borrowings		669,523	457,784	-	-
Subordinated obligations		452,813	548,822	452,813	548,822
TOTAL LIABILITIES		7,350,150	8,071,519	4,963,105	6,601,307
Share capital		818,646	818,646	818,646	818,646
Reserves		2,397,620	2,285,613	2,372,472	2,260,150
		3,216,266	3,104,259	3,191,118	3,078,796
Non-controlling interests		77,234	7,764	-	-
TOTAL EQUITY		3,293,500	3,112,023	3,191,118	3,078,796
TOTAL LIABILITIES AND EQUITY		10,643,650	11,183,542	8,154,223	9,680,103
COMMITMENTS AND CONTINGENCIES					
	24	2,564,175	4,296,861	1,192,625	3,650,315

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

<u>Group</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	17	71,001	91,590	233,664	289,125
Interest expense	18	(39,256)	(55,555)	(132,560)	(185,113)
Net interest income		31,745	36,035	101,104	104,012
Other operating income	19	271,716	249,637	709,911	679,090
Net income		303,461	285,672	811,015	783,102
Other operating expenses	20	(247,656)	(260,019)	(678,492)	(704,112)
Operating profit before allowances		55,805	25,653	132,523	78,990
Allowance written back/(made) for impairment on loans, advances and other losses	21	48	(4,066)	(5,659)	(7,975)
Impairment losses written back on other assets		3,638	43,594	3,116	50,701
		59,491	65,181	129,980	121,716
Share of results of associates		75	196	247	530
Share of results of joint ventures		95	113	396	237
Profit before taxation		59,661	65,490	130,623	122,483
Taxation		(21,374)	(21,814)	(37,724)	(37,880)
Net profit for the financial period		38,287	43,676	92,899	84,603
Profit attributable to:					
Equity holder of the Bank		34,185	43,548	85,974	84,024
Non-controlling interests		4,102	128	6,925	579
		38,287	43,676	92,899	84,603
Basic earnings per share (sen)	22	4.2	5.3	10.5	10.3

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	38,287	43,676	92,899	84,603
Other comprehensive income in respect of:				
(i) Item that will not be reclassified to profit or loss:				
- Actuarial gain on defined benefit plan of subsidiaries	3	3	344	233
(ii) Items that will be reclassified subsequently to profit or loss:				
- Currency translation differences	28,869	90,995	(4,819)	134,232
- Net investment hedge	(3,971)	(51,196)	(1,017)	(51,196)
- Unrealised net gain/(loss) on revaluation of financial investments AFS	15,306	(27,840)	41,638	(4,971)
- Net transfer to income statements on disposal or impairment of financial investments AFS	572	276	582	(1,237)
Income tax relating to components of other comprehensive (income)/loss	(3,904)	6,730	(10,315)	1,464
Other comprehensive income, net of tax, for the financial period	36,875	18,968	26,413	78,525
Total comprehensive income for the financial period	75,162	62,644	119,312	163,128
Total comprehensive income attributable to:				
Equity holder of the Bank	66,951	62,380	113,032	162,386
Non-controlling interests	8,211	264	6,280	742
	75,162	62,644	119,312	163,128

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Bank	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		RM'000	RM'000	RM'000	RM'000
Interest income	17	51,982	72,488	174,500	234,081
Interest expense	18	(34,600)	(52,723)	(121,866)	(175,133)
Net interest income		17,382	19,765	52,634	58,948
Other operating income	19	122,092	154,926	304,048	353,571
Net income		139,474	174,691	356,682	412,519
Other operating expenses	20	(85,198)	(132,679)	(248,817)	(338,658)
Operating profit before allowances		54,276	42,012	107,865	73,861
Allowance made for impairment on loans, advances and other losses	21	(1,343)	(3,209)	(274)	(9,511)
Impairment losses written back on other assets		4,159	42,772	3,116	49,994
Profit before taxation		57,092	81,575	110,707	114,344
Taxation		(18,126)	(21,351)	(30,773)	(27,263)
Net profit for the financial period		38,966	60,224	79,934	87,081

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	38,966	60,224	79,934	87,081
Other comprehensive income in respect of: Items that will be reclassified subsequently to profit or loss:				
- Unrealised net gain/(loss) on revaluation of financial investments AFS	26,810	(27,144)	42,100	(5,466)
- Net transfer to income statements on disposal or impairment of financial investments AFS	779	221	516	(2,204)
Income tax relating to components of other comprehensive (income)/loss	(6,621)	6,729	(10,228)	1,522
Other comprehensive income/(loss), net of tax, for the financial period	20,968	(20,194)	32,388	(6,148)
Total comprehensive income for the financial period	59,934	40,030	112,322	80,933

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Attributable to the Equity Holder of the Bank

<u>Group</u>	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Statutory reserves</u> RM'000	<u>AFS reserves</u> RM'000	<u>Translation reserves</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Retained profits</u> RM'000	<u>Total</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total</u> RM'000
Balance as at 1 January 2016	818,646	1,515,150	433,545	12,258	116,128	22,615	185,917	3,104,259	7,764	3,112,023
Net profit for the financial period	-	-	-	-	-	-	85,974	85,974	6,925	92,899
Currency translation differences	-	-	-	26	(4,393)	-	-	(4,367)	(452)	(4,819)
Net investment hedge	-	-	-	-	(1,017)	-	-	(1,017)	-	(1,017)
Financial investments AFS:										
- Unrealised net gain/(loss) on revaluation	-	-	-	41,833	-	-	-	41,833	(195)	41,638
- Net transfer to income statements on disposal or impairment	-	-	-	582	-	-	-	582	-	582
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	341	341	3	344
Income tax relating to components of other comprehensive income	-	-	-	(10,229)	-	-	(85)	(10,314)	(1)	(10,315)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	32,212	(5,410)	-	256	27,058	(645)	26,413
Total comprehensive income/(loss) for the financial period	-	-	-	32,212	(5,410)	-	86,230	113,032	6,280	119,312
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	63,190	63,190
Transfer from regulatory reserves	-	-	-	-	-	(2,246)	2,246	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(688)	(688)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(337)	(337)
Dilution of interest in subsidiaries	-	-	-	-	-	-	(1,025)	(1,025)	1,025	-
Balance as at 30 September 2016	818,646	1,515,150	433,545	44,470	110,718	20,369	273,368	3,216,266	77,234	3,293,500

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Attributable to Equity Holder of the Bank

<u>Group</u>	Share capital	Share premium	Statutory reserves	AFS reserves	Translation reserves	Regulatory reserves	Retained profits	Total	Non- controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	818,646	1,515,150	406,545	3,308	34,972	-	172,467	2,951,088	6,784	2,957,872
Net profit for the financial period	-	-	-	-	-	-	84,024	84,024	579	84,603
Currency translation differences	-	-	-	(140)	134,152	-	-	134,012	220	134,232
Net investment hedge	-	-	-	-	(51,196)	-	-	(51,196)	-	(51,196)
Financial investments AFS:										
- Unrealised net loss on revaluation	-	-	-	(4,904)	-	-	-	(4,904)	(67)	(4,971)
- Net transfer to income statements on disposal or impairment	-	-	-	(1,245)	-	-	-	(1,245)	8	(1,237)
Actuarial gain on defined benefit plan of subsidiaries	-	-	-	-	-	-	230	230	3	233
Income tax relating to components of other comprehensive loss/(income)	-	-	-	1,522	-	-	(57)	1,465	(1)	1,464
Other comprehensive (loss)/income, net of tax, for the financial period	-	-	-	(4,767)	82,956	-	173	78,362	163	78,525
Total comprehensive (loss)/income for the financial period	-	-	-	(4,767)	82,956	-	84,197	162,386	742	163,128
Transfer to regulatory reserves	-	-	-	-	-	23,193	(23,193)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(322)	(322)
Accretion of interest in a subsidiary	-	-	-	-	-	-	13	13	(13)	-
Balance as at 30 September 2015	818,646	1,515,150	406,545	(1,459)	117,928	23,193	233,484	3,113,487	7,191	3,120,678

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Non-Distributable				Distributable		Total
	Share capital	Share premium	Statutory reserves	AFS reserves	Regulatory reserves	Retained profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	818,646	1,515,150	433,295	(5,149)	13,405	303,449	3,078,796
Net profit for the financial period	-	-	-	-	-	79,934	79,934
Financial investments AFS:							
- Unrealised net gain on revaluation	-	-	-	42,100	-	-	42,100
- Net transfer to income statements on disposal or impairment	-	-	-	516	-	-	516
Income tax relating to components of other comprehensive income	-	-	-	(10,228)	-	-	(10,228)
Other comprehensive income, net of tax, for the financial period	-	-	-	32,388	-	-	32,388
Total comprehensive income for the financial period	-	-	-	32,388	-	79,934	112,322
Transfer from regulatory reserves	-	-	-	-	(680)	680	-
Balance as at 30 September 2016	818,646	1,515,150	433,295	27,239	12,725	384,063	3,191,118

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RHB INVESTMENT BANK BERHAD (19663-P)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Non-Distributable				Distributable		Total
	Share capital	Share premium	Statutory reserves	AFS reserves	Regulatory reserves	Retained profits	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	818,646	1,515,150	406,544	(11,933)	-	290,106	3,018,513
Net profit for the financial period	-	-	-	-	-	87,081	87,081
Financial investments AFS:							
- Unrealised net loss on revaluation	-	-	-	(5,466)	-	-	(5,466)
- Net transfer to income statements on disposal or impairment	-	-	-	(2,204)	-	-	(2,204)
Income tax relating to components of other comprehensive loss	-	-	-	1,522	-	-	1,522
Other comprehensive loss, net of tax, for the financial period	-	-	-	(6,148)	-	-	(6,148)
Total comprehensive (loss)/income for the financial period	-	-	-	(6,148)	-	87,081	80,933
Transfer to regulatory reserves	-	-	-	-	12,640	(12,640)	-
Balance as at 30 September 2015	818,646	1,515,150	406,544	(18,081)	12,640	364,547	3,099,446

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Nine Months Ended	
	30 September 2016	30 September 2015
	RM'000	RM'000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	130,623	122,483
Adjustments for non-cash items	(72,444)	(295,383)
Operating profit/(loss) before working capital changes	58,179	(172,900)
Changes in working capital:		
Net changes in operating assets	(567,019)	(465,417)
Net changes in operating liabilities	(947,877)	(289,089)
Cash used in operations	(1,456,717)	(927,406)
Taxation paid	(35,701)	(78,060)
Net cash used in operating activities	(1,492,418)	(1,005,466)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of financial investments AFS and HTM	1,377,279	266,087
Interest income received from financial assets at FVTPL, financial investments AFS and HTM	94,027	138,262
Property, plant and equipment		
- Purchase	(8,620)	(15,411)
- Proceeds from disposal	170	841
Purchase of intangible assets	(8,820)	(14,307)
Dividend income received from financial assets at FVTPL and financial investments AFS	9,013	14,857
Dividend income received from an associate	-	4,606
Net cash inflow from disposal of a subsidiary	845	-
Net cash generated from investing activities	1,463,894	394,935
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of subordinated obligations	(100,000)	-
Net drawdown of borrowings	225,974	229,027
Dividend paid to non-controlling interest	(337)	(322)
Contribution by non-controlling interests	63,189	-
Net cash generated from financing activities	188,826	228,705
Net increase/(decrease) in cash and cash equivalents	160,302	(381,826)
Effects of exchange rate differences	(1,617)	28,154
Cash and cash equivalents		
- at the beginning of the financial period	1,132,078	1,496,220
- at the end of the financial period	1,290,763	1,142,548
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,290,763	1,142,548

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Nine Months Ended	
	30 September 2016	30 September 2015
	RM'000	RM'000
Bank		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	110,707	114,344
Adjustments for non-cash items	(27,109)	(299,020)
Operating profit/(loss) before working capital changes	83,598	(184,676)
Changes in working capital:		
Net changes in operating assets	303,586	300,140
Net changes in operating liabilities	(1,565,094)	(874,155)
Cash used in operations	(1,177,910)	(758,691)
Taxation paid	(42,575)	(63,438)
Net cash used in operating activities	(1,220,485)	(822,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of financial investments AFS and HTM	1,308,419	251,473
Interest income received from financial assets at FVTPL, financial investments AFS and HTM	88,592	135,861
Property, plant and equipment		
- Purchase	(4,179)	(6,761)
- Proceeds from disposal	-	247
Purchase of intangible assets	(7,316)	(10,969)
Dividend income received from financial assets at FVTPL and financial investments AFS	2,668	466
Dividend income received from subsidiaries	340	15,322
Dividend income received from an associate	-	4,606
Additional investment in subsidiaries	(60,430)	(8,417)
Net cash inflow from disposal of a subsidiary	5,488	-
Net cash generated from investing activities	1,333,582	381,828
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of subordinated obligations	(100,000)	-
Net cash used in financing activities	(100,000)	-
Net increase/(decrease) in cash and cash equivalents	13,097	(440,301)
Cash and cash equivalents		
- at the beginning of the financial period	718,596	1,235,690
- at the end of the financial period	731,693	795,389
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	731,693	795,389

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

1 Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Boards ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following annual improvements and amendments to MFRS which are effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 11 'Joint Arrangements'
- Amendments to MFRS 116 'Property Plant and Equipment' and MFRS 138 'Intangible Assets'
- Amendments to MFRS 127 'Separate Financial Statements'
- Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates'
- Amendments to MFRS 101 'Presentation of Financial Statements'

The adoption of the above annual improvements and amendments do not give rise to any material financial impact to the Group and to the Bank.

2 Auditors' Report

The auditors' report for the financial year ended 31 December 2015 was not subject to any qualification.

3 Seasonal or Cyclical Factors

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

4 Exceptional or Unusual Items

There were no exceptional or unusual items for the nine months ended 30 September 2016.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the nine months ended 30 September 2016.

6 Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the nine months ended 30 September 2016, other than as disclosed below:

On 15 April 2016, the Bank has fully redeemed its existing Subordinated Notes of RM100.0 million in nominal value. The Subordinated Notes were issued on 15 April 2011 by the former OSK Investment Bank Berhad (now known as OSKIB Sdn Bhd), which was undertaken by the Bank pursuant to the transfer of the business, assets and liabilities of OSK Investment Bank Berhad to the Bank which took effect from 13 April 2013.

7 Dividends Paid

No dividend was paid by the Bank during the nine months ended 30 September 2016.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

8 Financial Assets at Fair Value Through Profit or Loss ('FVTPL')

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
(a) Designated as FVTPL	396,855	170,315	-	-
(b) Held-for-trading	502,671	227,812	144,521	131,577
	<u>899,526</u>	<u>398,127</u>	<u>144,521</u>	<u>131,577</u>

(a) Financial assets designated as FVTPL are as follows:

At fair value

Quoted securities:

In Malaysia

Unit trusts	53,034	51,583	-	-
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Unquoted securities:

Outside Malaysia

Private equity funds	343,821	118,732	-	-
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**Total financial assets
designated as FVTPL**

	<u>396,855</u>	<u>170,315</u>	<u>-</u>	<u>-</u>
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(b) Financial assets held-for-trading are as follows:

At fair value

Quoted securities:

In Malaysia

Shares and exchange traded funds	104,785	91,389	104,785	91,389
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Outside Malaysia

Shares and warrants	362,755	96,544	4,605	5,057
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Unquoted securities:

In Malaysia

Corporate bond	35,131	35,131	35,131	35,131
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Outside Malaysia

Corporate bond	-	4,748	-	-
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**Total financial assets
held-for-trading**

	<u>502,671</u>	<u>227,812</u>	<u>144,521</u>	<u>131,577</u>
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

8 Financial Assets at Fair Value Through Profit or Loss ('FVTPL') (cont'd)

In 2008, the Bank reclassified a portion of their financial assets at FVTPL into financial investments AFS. The reclassifications have been accounted for in accordance with Bank Negara Malaysia's ('BNM') circular on "Reclassification of Securities under Specific Circumstances" dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The effect of the reclassification on the income statements for the period from the date of reclassification to 30 September 2016 were as follows:

	Group and Bank	
	As at	As at
	30 September 2016	31 December 2015
	RM'000	RM'000
<u>Reclassified from financial assets at FVTPL to financial investments AFS</u>		
- Carrying value	30,632	30,188
- Fair value	30,820	30,146
	<hr/> <hr/>	<hr/> <hr/>
Fair value gain/(loss) that would have been recognised if the financial assets at FVTPL had not been reclassified	188	(42)
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

9 Financial Investments Available-for-sale ('AFS')

At fair value	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Money market instruments:				
Malaysian Government Securities	222,955	381,992	222,955	381,992
Malaysian Government Investment Issues	153,016	415,958	153,016	415,958
Cagamas bonds	-	35,235	-	35,235
Khazanah bonds	54,620	51,701	54,620	51,701
Negotiable instruments of deposits	82	349,010	82	349,010
Bankers' acceptances	-	58,458	-	58,458
Sukuk Perumahan Kerajaan	71,044	67,040	71,044	67,040
Quoted securities:				
In Malaysia				
Shares	39	40	8	8
Unit trusts	14,488	14,753	-	-
Outside Malaysia				
Shares	1,596	1,595	-	-
Unit trusts	42,971	28,562	38,844	25,062
Unquoted securities:				
In Malaysia				
Corporate bond and Sukuk	1,023,383	1,149,697	1,023,383	1,149,697
Shares	101,132	99,356	29,831	27,767
Loan stocks	15,455	14,997	15,455	14,997
Prasarana bonds	25,440	24,902	25,440	24,902
Outside Malaysia				
Corporate bond and Sukuk	599,621	868,056	599,621	858,782
Shares	281	280	-	-
	2,326,123	3,561,632	2,234,299	3,460,609
Accumulated impairment losses	(88,504)	(149,161)	(88,504)	(149,160)
	2,237,619	3,412,471	2,145,795	3,311,449

Included in financial investments AFS of the Group and the Bank are corporate bond outside Malaysia, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM NIL (31 December 2015: RM188,814,000).

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10 Financial Investments Held-to-maturity ('HTM')

	Group and Bank	
	As at 30 September 2016	As at 31 December 2015
At amortised cost	RM'000	RM'000
Money market instruments:		
Malaysian Government Securities	20,111	20,370
Malaysian Government Investment Issues	247,658	347,678
Khazanah bonds	11,010	10,691
Wakala Global Sukuk	9,349	9,153
Unquoted Securities:		
In Malaysia		
Corporate bond and Sukuk	185,998	231,756
Credit link notes	30,043	30,044
Bonds	23	23
Loan stocks	27,738	28,433
Prasarana bonds	40,763	40,388
Outside Malaysia		
Corporate bond and Sukuk	48	480
	572,741	719,016
Accumulated impairment losses	(126,471)	(128,555)
	446,270	590,461

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

11 Loans and Advances

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
At amortised cost				
Term Loans:				
- syndicated term loans	26,881	46,402	26,881	46,402
- other term loans	129,687	442,914	62,742	309,136
Share margin financing	1,580,596	1,594,074	986,589	933,471
Staff loans	849	963	849	963
Revolving credits	-	-	41,365	42,965
Gross loans and advances	<u>1,738,013</u>	<u>2,084,353</u>	<u>1,118,426</u>	<u>1,332,937</u>
Allowance for impaired loans and advances:				
- individual impairment allowance	(9,229)	(12,301)	(8,549)	(9,711)
- collective impairment allowance	(377)	(2,250)	(594)	(2,474)
Net loans and advances	<u>1,728,407</u>	<u>2,069,802</u>	<u>1,109,283</u>	<u>1,320,752</u>

(i) By type of customer

Domestic business enterprises:				
- small and medium enterprises	182,012	106,634	182,012	106,634
- others	197,071	413,382	197,071	413,382
Individuals	666,215	663,770	666,215	663,770
Foreign entities	692,715	900,567	73,128	149,151
	<u>1,738,013</u>	<u>2,084,353</u>	<u>1,118,426</u>	<u>1,332,937</u>

(ii) By geographical distribution

In Malaysia	1,077,061	1,289,972	1,118,426	1,332,937
Outside Malaysia				
- Singapore	80,970	222,501	-	-
- Hong Kong	308,979	358,550	-	-
- Indonesia	54,195	28,977	-	-
- Thailand	216,808	184,353	-	-
	<u>1,738,013</u>	<u>2,084,353</u>	<u>1,118,426</u>	<u>1,332,937</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
(iii) By interest rate sensitivity				
Fixed rate:				
- other fixed rate loans	1,178,054	1,478,252	1,042,889	1,145,621
Variable rate:				
- cost plus	26,882	110,805	68,246	153,770
- base lending rate plus	533,077	495,296	7,291	33,546
	1,738,013	2,084,353	1,118,426	1,332,937
(iv) By purpose				
Purchase of securities	1,671,278	1,963,138	1,010,326	1,168,757
Purchase of transport vehicles	58	72	58	72
Purchase of landed property:				
- residential	793	893	793	893
- non-residential	39,003	53,842	39,003	53,842
Construction	-	12,053	-	12,053
Working capital	-	-	41,365	42,965
Other purpose	26,881	54,355	26,881	54,355
	1,738,013	2,084,353	1,118,426	1,332,937
(v) By remaining contractual maturities				
Maturity within one year	1,686,544	1,956,766	1,066,957	1,205,350
One year to three years	7,486	76,517	7,486	76,517
Three years to five years	43,463	50,503	43,463	50,503
Over five years	520	567	520	567
	1,738,013	2,084,353	1,118,426	1,332,937

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
(vi) Impaired Loans and Advances				
(a) Movements in impaired loans and advances				
Balance as at the beginning of the financial period/year	118,142	162,785	115,552	160,151
Classified as impaired	109,931	70,883	108,863	68,676
Reclassified as non-impaired	-	(15,072)	-	(15,072)
Amount recovered	(162,503)	(98,847)	(159,623)	(98,203)
Amount written off	(4,923)	(2,017)	(4,923)	-
Exchange differences	(98)	410	-	-
Balance as at the end of the financial period/year	<u>60,549</u>	<u>118,142</u>	<u>59,869</u>	<u>115,552</u>
(b) By purpose				
Purchase of securities	21,546	32,241	20,866	29,651
Purchase of landed property:				
- Non-residential	39,003	53,842	39,003	53,842
Construction	-	12,053	-	12,053
Other purpose	-	20,006	-	20,006
	<u>60,549</u>	<u>118,142</u>	<u>59,869</u>	<u>115,552</u>
(c) By geographical distribution				
In Malaysia	59,869	115,552	59,869	115,552
Outside Malaysia:				
- Singapore	680	681	-	-
- Hong Kong	-	1,909	-	-
	<u>60,549</u>	<u>118,142</u>	<u>59,869</u>	<u>115,552</u>
(d) Movements in allowance for impaired loans and advances				
Individual impairment allowance				
Balance as at the beginning of the financial period/year	12,301	7,557	9,711	4,924
Net allowance made	1,949	6,351	3,761	4,787
Amount written off	(4,923)	(2,017)	(4,923)	-
Exchange differences	(98)	410	-	-
Balance as at the end of the financial period/year	<u>9,229</u>	<u>12,301</u>	<u>8,549</u>	<u>9,711</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

11 Loans and Advances (cont'd)

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
(vi) Impaired Loans and Advances (cont'd)				
(d) Movements in allowance for impaired loans and advances (cont'd)				
Collective impairment allowance				
Balance as at the beginning of the financial period/year	2,250	10,888	2,474	10,888
Net allowance written back	<u>(1,873)</u>	<u>(8,638)</u>	<u>(1,880)</u>	<u>(8,414)</u>
Balance as at the end of the financial period/year	<u>377</u>	<u>2,250</u>	<u>594</u>	<u>2,474</u>

12 Clients' and Brokers' Balances

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Amounts owing by clients	917,374	481,139	410,768	37,901
Allowance for impairment balances:				
- individual impairment allowance	(17,265)	(16,480)	(8,286)	(6,332)
- collective impairment allowance	<u>(13,192)</u>	<u>(6,654)</u>	<u>(36)</u>	<u>(2,409)</u>
	<u>886,917</u>	<u>458,005</u>	<u>402,446</u>	<u>29,160</u>
Amounts owing by brokers	842,381	821,511	49,086	421,237
Allowance for impairment balances:				
- individual impairment allowance	-	(1,297)	-	(1,297)
	<u>842,381</u>	<u>820,214</u>	<u>49,086</u>	<u>419,940</u>
Amounts owing by clearing houses and stock exchanges	483,137	375,994	201,244	122,901
	<u>2,212,435</u>	<u>1,654,213</u>	<u>652,776</u>	<u>572,001</u>
Individual impairment allowance				
Balance as at the beginning of the financial period/year	17,777	36,814	7,629	7,827
Net allowance made	612	4,941	1,730	1,783
Amount written off	(1,073)	(26,743)	(1,073)	(1,981)
Exchange differences	<u>(51)</u>	<u>2,765</u>	<u>-</u>	<u>-</u>
Balance as at the end of the financial period/year	<u>17,265</u>	<u>17,777</u>	<u>8,286</u>	<u>7,629</u>

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12 Clients' and Brokers' Balances (cont'd)

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Collective impairment allowance				
Balance as at the beginning of the financial period/year	6,654	6,142	2,409	4,700
Net allowance made/(written back)	6,401	127	(2,373)	(2,291)
Exchange differences	137	385	-	-
Balance as at the end of the financial period/year	13,192	6,654	36	2,409

13 Other Assets

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Other receivables	122,256	71,867	30,592	25,795
Cash collateral in relation to derivative transactions	25,371	72,757	25,371	72,757
Deposits	41,650	44,461	6,995	7,032
Prepayments	29,954	21,033	11,261	5,102
Amount receivable for release of units from funds	13,343	6,311	-	-
Amount due from reverse repo transactions	-	12,508	-	12,508
Transferable memberships	343	346	262	262
Amount due from former holding company	-	1	-	-
Amount due from subsidiaries	-	-	2,954	3,256
Amount due from related companies	694	2,535	314	821
	233,611	231,819	77,749	127,533

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

14 Deposits from Customers

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
(i) By type of deposits				
Short term deposits	298,685	460,093	298,685	460,093
Fixed/investment deposits	368,475	613,657	384,187	627,305
Negotiable instruments of deposits	7,433	8,259	7,433	8,259
	<u>674,593</u>	<u>1,082,009</u>	<u>690,305</u>	<u>1,095,657</u>
(ii) By type of customers				
Government and statutory bodies	29,025	161,872	29,025	161,872
Business enterprises	639,825	908,304	655,537	921,952
Individuals	5,743	11,833	5,743	11,833
	<u>674,593</u>	<u>1,082,009</u>	<u>690,305</u>	<u>1,095,657</u>
(iii) By maturity structure of fixed/ investment deposits and negotiable instruments of deposits				
Due within six months	661,426	1,072,482	677,138	1,086,130
Six months to one year	13,167	9,426	13,167	9,426
One year to three years	-	101	-	101
	<u>674,593</u>	<u>1,082,009</u>	<u>690,305</u>	<u>1,095,657</u>

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15 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	As at	As at	As at	As at
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,576,980	2,206,884	2,576,980	2,206,884
Licensed investment banks	80,289	140,188	80,289	140,188
Other financial institutions	325,907	1,324,081	379,699	1,374,776
	<u>2,983,176</u>	<u>3,671,153</u>	<u>3,036,968</u>	<u>3,721,848</u>

16 Other Liabilities

	Group		Bank	
	As at	As at	As at	As at
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	115,954	132,056	56,700	78,526
Deferred income	12,830	13,294	10,000	10,438
Remisiers' trust deposits	60,129	62,824	60,129	62,824
Amount payable for creation of units due to funds	53,704	42,017	-	-
Amount payable for redemption units	81,006	9,333	-	-
Short-term employee benefits	87,314	106,712	34,750	55,153
Amount due to holding company	15,895	-	-	-
Amount due to subsidiaries	-	-	2,576	5,741
Amount due to related companies	-	136,858	678	127,761
	<u>426,832</u>	<u>503,094</u>	<u>164,833</u>	<u>340,443</u>

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
17 Interest Income				
Group				
Loans and advances	32,086	36,969	99,973	111,815
Money at call and deposits and placements with banks and other financial institutions	8,733	8,784	28,962	27,922
Financial assets at FVTPL	29	613	272	1,147
Financial investments AFS	21,157	35,628	72,523	117,073
Financial investments HTM	4,497	5,850	15,011	19,239
Others	4,499	3,746	16,923	11,929
	<u>71,001</u>	<u>91,590</u>	<u>233,664</u>	<u>289,125</u>
Of which:				
Interest income accrued on impaired loans and advances	<u>1,973</u>	<u>2,297</u>	<u>7,310</u>	<u>7,106</u>
Bank				
Loans and advances	18,926	23,277	60,664	74,597
Money at call and deposits and placements with banks and other financial institutions	6,991	6,972	23,993	22,606
Financial assets at FVTPL	17	567	51	661
Financial investments AFS	21,157	35,428	72,278	114,672
Financial investments HTM	4,497	5,850	15,011	19,239
Others	394	394	2,503	2,306
	<u>51,982</u>	<u>72,488</u>	<u>174,500</u>	<u>234,081</u>
Of which:				
Interest income accrued on impaired loans and advances	<u>1,973</u>	<u>2,297</u>	<u>7,310</u>	<u>7,106</u>
18 Interest Expense				
Group				
Deposits and placements of banks and other financial institutions	24,218	31,157	80,060	101,311
Deposits from customers	4,628	14,371	23,400	51,292
Subordinated obligations	5,212	6,523	17,020	20,956
Borrowings	4,677	3,077	10,835	9,929
Others	521	427	1,245	1,625
	<u>39,256</u>	<u>55,555</u>	<u>132,560</u>	<u>185,113</u>
Bank				
Deposits and placements of banks and other financial institutions	24,655	31,686	81,126	102,551
Deposits from customers	4,733	14,514	23,720	51,626
Subordinated obligations	5,212	6,523	17,020	20,956
	<u>34,600</u>	<u>52,723</u>	<u>121,866</u>	<u>175,133</u>

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	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
19 Other Operating Income				
Group				
a) Fee Income				
- Arrangement fees and underwriting	15,986	16,554	29,835	36,345
- Service charges and fees	1,220	1,535	3,252	4,985
- Commission	1,878	1,189	4,995	2,916
- Brokerage income	74,999	80,200	221,966	254,566
- Unit trust fee income	30,739	15,153	54,900	51,558
- Corporate advisory fees	14,866	12,402	65,042	36,754
- Fund management fees	50,719	35,312	146,786	93,505
- Placement fees	7,525	7,111	13,894	30,676
- Rollover fees	1,803	1,880	5,015	7,552
- Other fee income	8,899	9,254	31,389	35,894
	208,634	180,590	577,074	554,751
b) Net gain/(loss) arising from financial assets at FVTPL				
- net gain/(loss) on disposal	57,278	(13,054)	57,552	(9,583)
- net (loss)/gain on revaluation	(3,279)	(212)	7,087	5,867
- gross dividend income	3,041	4,100	8,154	13,845
	57,040	(9,166)	72,793	10,129
c) Net (loss)/gain arising from derivatives				
- net (loss)/gain on disposal	(47,363)	26,030	(61,737)	4,694
- net gain/(loss) on revaluation	20,678	(7,568)	47,706	8,766
	(26,685)	18,462	(14,031)	13,460
d) Net gain arising from financial investments AFS				
- net gain on disposal	1,595	379	3,248	4,178
- gross dividend income	110	67	859	1,012
	1,705	446	4,107	5,190
e) Net gain arising from financial investments HTM				
- net gain on redemption	198	-	198	21
f) Other income				
- Net foreign exchange gain/(loss)				
- realised	17,936	(20,196)	84,974	(59,481)
- unrealised	257	70,707	(49,264)	120,684
- Gain on disposal of property, plant and equipment	-	285	23	263
- Gain on disposal of a subsidiary	434	-	434	-
- Rental income	-	-	85	-
- Other operating income	12,056	8,200	33,066	32,470
- Other non-operating income	141	309	452	1,603
	30,824	59,305	69,770	95,539
	271,716	249,637	709,911	679,090

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
19 Other Operating Income (cont'd)				
<u>Bank</u>				
a) Fee Income				
- Arrangement fees and underwriting	12,621	11,678	23,000	27,660
- Service charges and fees	1	2	14	161
- Commission	427	396	1,729	1,454
- Brokerage income	41,430	46,762	126,353	147,201
- Corporate advisory fees	5,740	9,404	21,066	23,761
- Placement fees	4,150	5,190	9,503	19,664
- Rollover fees	1,717	1,823	4,900	5,373
- Other fee income	4,329	5,660	18,375	14,425
	<u>70,415</u>	<u>80,915</u>	<u>204,940</u>	<u>239,699</u>
b) Net gain/(loss) arising from financial assets at FVTPL				
- net gain/(loss) on disposal	34,355	(909)	16,363	(9,349)
- net (loss)/gain on revaluation	(1,242)	357	1,438	7,753
- gross dividend income	428	43	2,341	159
	<u>33,541</u>	<u>(509)</u>	<u>20,142</u>	<u>(1,437)</u>
c) Net (loss)/gain arising from derivatives				
- net (loss)/gain on disposal	(26,225)	9,894	(28,948)	(9,073)
- net gain/(loss) on revaluation	11,405	(7,076)	36,933	10,896
	<u>(14,820)</u>	<u>2,818</u>	<u>7,985</u>	<u>1,823</u>
d) Net gain arising from financial investments AFS				
- net gain on disposal	1,596	70	3,153	4,164
- gross dividend income	-	-	327	307
	<u>1,596</u>	<u>70</u>	<u>3,480</u>	<u>4,471</u>
e) Net gain arising from financial investments HTM				
- net gain on redemption	198	-	198	21
f) Gross dividend income from subsidiaries in Malaysia	340	15,000	340	15,322
g) Gross dividend income from an associate in Malaysia	-	-	-	4,606

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
19 Other Operating Income (cont'd)				
<u>Bank</u>				
h) Other income				
- Net foreign exchange gain/(loss)				
- realised	17,371	(21,852)	84,325	(62,702)
- unrealised	194	71,244	(49,257)	121,426
- Gain on disposal of property, plant and equipment	-	233	-	233
- Gain on disposal of a subsidiary	1,880	-	1,880	-
- Rental income	-	-	-	31
- Other operating income	11,377	7,007	30,015	30,078
	<u>30,822</u>	<u>56,632</u>	<u>66,963</u>	<u>89,066</u>
	<u>122,092</u>	<u>154,926</u>	<u>304,048</u>	<u>353,571</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
20 Other Operating Expenses				
Group				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	89,098	96,542	257,848	283,466
- Defined contribution plan	8,623	10,196	25,996	27,825
- Career Transition Scheme	-	28,498	-	28,498
- Other staff related costs	9,974	12,547	23,491	36,567
	107,695	147,783	307,335	376,356
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	5,866	5,949	17,794	19,117
- written off	82	1	165	16
- Amortisation of intangible assets	3,032	4,892	9,528	16,165
- Information technology expenses	13,767	12,594	40,648	32,345
- Security and escorting charges	146	170	491	558
- Repair and maintenance	450	1,918	2,905	4,881
- Rental of premises	13,839	12,287	40,071	35,511
- Water and electricity	1,741	1,939	5,064	5,325
- Rental of equipment	550	635	1,248	1,854
- Insurance	2,089	1,847	7,347	5,223
- Others	3,454	3,398	10,231	10,258
	45,016	45,630	135,492	131,253
<u>Marketing expenses</u>				
- Advertisements and publicity	1,575	2,716	4,671	8,620
- Sales commission	30,298	14,350	56,090	56,965
- Others	23,612	12,695	56,817	38,219
	55,485	29,761	117,578	103,804
<u>Administration and general expenses</u>				
- Communication expenses	15,371	13,903	41,899	37,941
- Legal and professional fees	1,764	1,176	5,478	5,505
- Others	22,325	21,766	70,710	49,253
	39,460	36,845	118,087	92,699
	247,656	260,019	678,492	704,112

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
20 Other Operating Expenses (cont'd)				
Bank				
<u>Personnel costs</u>				
- Salaries, bonus and allowances	34,311	45,485	99,241	133,563
- Defined contribution plan	5,421	6,969	16,369	18,102
- Career Transition Scheme	-	24,078	-	24,078
- Other staff related costs	4,677	8,155	9,468	22,262
	44,409	84,687	125,078	198,005
<u>Establishment costs</u>				
- Property, plant and equipment				
- depreciation	2,500	2,733	7,595	9,404
- written off	75	-	90	3
- Amortisation of intangible assets	2,038	4,167	6,263	13,093
- Information technology expenses	10,067	7,632	26,259	19,401
- Security and escorting charges	49	69	180	263
- Repair and maintenance	56	860	1,878	2,180
- Rental of premises	4,720	4,968	14,363	14,885
- Water and electricity	1,272	1,427	3,626	3,859
- Rental of equipment	389	476	737	1,392
- Insurance	1,400	1,277	5,199	3,634
- Others	1,674	1,529	5,095	4,846
	24,240	25,138	71,285	72,960
<u>Marketing expenses</u>				
- Advertisements and publicity	1,384	2,052	3,246	4,725
- Sales commission	1,576	1,286	6,421	11,582
- Others	1,305	2,145	5,445	6,880
	4,265	5,483	15,112	23,187
<u>Administration and general expenses</u>				
- Communication expenses	5,057	7,098	15,378	18,327
- Legal and professional fees	255	312	791	2,544
- Others	6,972	9,961	21,173	23,635
	12,284	17,371	37,342	44,506
	85,198	132,679	248,817	338,658

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
21 Allowance for Impairment on Loans, Advances and Other Losses				
Group				
Individual impairment allowance made	1,447	5,462	1,949	6,982
Collective impairment allowance written back	(1,534)	(6,088)	(1,873)	(8,144)
Bad debts written off	-	83	-	123
Bad debts recovered	(112)	(75)	(191)	(141)
Allowance made for impairment on other debtors	151	4,684	5,774	9,155
	<u>(48)</u>	<u>4,066</u>	<u>5,659</u>	<u>7,975</u>

Bank

Individual impairment allowance made	2,596	5,089	3,761	6,610
Collective impairment allowance written back	(948)	(5,865)	(1,880)	(7,921)
Bad debts written off	-	2	-	42
Bad debts recovered	(100)	(6)	(113)	(43)
Allowance (written back)/made for impairment on other debtors	(205)	3,989	(1,494)	10,823
	<u>1,343</u>	<u>3,209</u>	<u>274</u>	<u>9,511</u>

22 Earnings Per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Net profit attributable to equity holders (RM'000)	<u>34,185</u>	<u>43,548</u>	<u>85,974</u>	<u>84,024</u>
Weighted average number of ordinary shares in issue ('000)	<u>818,646</u>	<u>818,646</u>	<u>818,646</u>	<u>818,646</u>
Basic earnings per share (sen)	<u>4.2</u>	<u>5.3</u>	<u>10.5</u>	<u>10.3</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

23 Capital Adequacy Ratio

BNM guidelines on capital adequacy requires the Group and the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

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

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Common Equity Tier I ('CET I')/ Tier I Capital				
Paid-up ordinary share capital	818,646	818,646	818,646	818,646
Share premium	1,515,150	1,515,150	1,515,150	1,515,150
Retained profits	188,163	185,917	304,129	303,449
Other reserves	544,263	549,673	433,295	433,295
AFS reserves	44,470	12,258	27,239	(5,149)
	<u>3,110,692</u>	<u>3,081,644</u>	<u>3,098,459</u>	<u>3,065,391</u>
Less: Goodwill	(1,269,934)	(1,269,934)	(1,118,418)	(1,118,418)
Investments in subsidiaries, associates and joint ventures (portion deducted from CET I Capital) *	(12,652)	(8,359)	(918,206)	(588,970)
Other intangible assets (include associated deferred tax liabilities)	(50,753)	(51,443)	(26,583)	(25,530)
55% of cumulative gains of AFS financial instruments	(24,459)	(6,741)	(14,981)	-
Other deductions	(33)	(84)	(33)	(84)
Deferred tax assets	(12,830)	(30,601)	(3,255)	(21,063)
Reduction in excess of Tier II Capital due to insufficient Tier II Capital #	-	-	(153,818)	(322,564)
Total CET I Capital	<u>1,740,031</u>	<u>1,714,482</u>	<u>863,165</u>	<u>988,762</u>
Qualifying non-controlling interests recognised as Tier I Capital	<u>13,197</u>	<u>843</u>	<u>-</u>	<u>-</u>
Total Tier I Capital	<u>1,753,228</u>	<u>1,715,325</u>	<u>863,165</u>	<u>988,762</u>
Tier II Capital				
Subordinated obligations **	245,000	345,000	245,000	345,000
Subordinated obligations meeting all relevant criteria	200,000	200,000	200,000	200,000
Qualifying non-controlling interests recognised as Tier II Capital	3,025	118	-	-
Collective impairment allowance and regulatory reserves ^	33,903	29,121	13,319	15,890
	<u>481,928</u>	<u>574,239</u>	<u>458,319</u>	<u>560,890</u>
Less: Investments in subsidiaries, associates and joint ventures	(8,434)	(12,540)	(458,319)	(560,890)
Total Tier II Capital	<u>473,494</u>	<u>561,699</u>	<u>-</u>	<u>-</u>
Total Capital	<u>2,226,722</u>	<u>2,277,024</u>	<u>863,165</u>	<u>988,762</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

23 Capital Adequacy Ratio (cont'd)

The capital adequacy ratios of the Group and the Bank are as follows: (cont'd)

	Group		Bank	
	As at 30 September 2016	As at 31 December 2015	As at 30 September 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
<u>Capital ratios</u>				
Before proposed dividends:				
CET I Capital Ratio	26.362%	30.483%	28.100%	22.917%
Tier I Capital Ratio	26.562%	30.498%	28.100%	22.917%
Total Capital Ratio	<u>33.736%</u>	<u>40.485%</u>	<u>28.100%</u>	<u>22.917%</u>
After proposed dividends:				
CET I Capital Ratio	26.362%	30.483%	28.100%	22.917%
Tier I Capital Ratio	26.562%	30.498%	28.100%	22.917%
Total Capital Ratio	<u>33.736%</u>	<u>40.485%</u>	<u>28.100%</u>	<u>22.917%</u>

* Investments in subsidiaries are subject to the gradual deduction in the calculation under CET I Capital effective from 1 January 2014 as prescribed under paragraph 37.11 of the BNM's Guidelines on Capital Adequacy Framework (Capital Components).

The remaining portion of regulatory adjustments not deducted in calculation of Tier II Capital shall be deducted in the next higher tier of capital as prescribed under paragraph 31.1 of the BNM's Guidelines on Capital Adequacy Framework (Capital Components).

** Subordinated obligations that are recognised as Tier II Capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Guidelines on Capital Adequacy Framework (Capital Components).

^ Excludes collective impairment allowance attributable to loans and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM21,235,000 (31 December 2015: RM22,615,000) and RM14,126,000 (31 December 2015: RM13,405,000) respectively.

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	As at 30 September 2016	As at 31 December 2015	As at 30 September 2016	As at 31 December 2015
	RM'000	RM'000	RM'000	RM'000
Credit risk	2,872,078	2,962,955	1,456,948	2,640,434
Market risk	1,593,482	578,405	408,838	469,440
Operational risk	2,134,973	2,083,014	1,205,921	1,204,734
Total risk-weighted assets	<u>6,600,533</u>	<u>5,624,374</u>	<u>3,071,707</u>	<u>4,314,608</u>

The total risk-weighted assets of the Group and the Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

24 Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<u>Group</u>	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Principal amount		
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	195,053
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	1,914,261	1,761,866
- maturity exceeding one year	555	22
Foreign exchange related contracts: ^		
- less than one year	346,917	1,050,731
- one year to less than five years	-	198,874
Interest rate related contracts: ^		
- less than one year	200,000	860,000
- one year to less than five years	90,000	230,000
Equity related contracts: ^		
- less than one year	12,442	315
	<u>2,564,175</u>	<u>4,296,861</u>

^ These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in the financial statements as derivatives assets or derivatives liabilities.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

24 Commitments and Contingencies (cont'd)

The commitments and contingencies comprise the following (cont'd):

Bank	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Principal amount		
Direct credit substitute #	178,149	800,539
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	195,053
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	371,650	314,781
- maturity exceeding one year	22	22
Foreign exchange related contracts: ^		
- less than one year	346,917	1,050,731
- one year to less than five years	-	198,874
Interest rate related contracts: ^		
- less than one year	200,000	860,000
- one year to less than five years	90,000	230,000
Equity related contracts: ^		
- less than one year	5,887	315
	1,192,625	3,650,315

Direct credit substitute comprises of financial guarantee given by the Bank to its subsidiaries.

^ These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the financial statements as derivatives assets or derivatives liabilities.

25 Capital Commitments

	Group		Bank	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Capital expenditure for property, plant and equipment				
- authorised and contracted for	24,441	38,881	16,738	30,480
- authorised but not contracted for	24,050	21,465	22,174	18,584
	48,491	60,346	38,912	49,064

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

26 Valuation of Property, Plant and Equipment

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

27 Status of Corporate Proposals

Proposed Subscription in Digital Financial Lab Limited ('DFLL'), by RHB Finexasia.Com Sdn Bhd ('RHB Finex') and Silverlake International Capital Market Solution Limited ('Silverlake Capital').

RHB Finex, a company in which RHB Bank Berhad ('RHB Bank') holds a 100% effective equity interest through its 59.95% direct shareholding (following the transfer of 59.95% shareholding of the former holding company, RHB Capital Berhad to RHB Bank effective 14 April 2016 in the group internal reorganisation) and 40.05% indirect shareholding through the Bank, which in turn is a wholly-owned subsidiary of RHB Bank, had on 6 August 2015 entered into a subscription agreement ('Agreement') with Silverlake International Capital Market Solution Limited ('Silverlake Capital'), to subscribe for redeemable convertible preference shares of USD1.00 each ('RCPS') at par in DFLL.

Pursuant to the Agreement, RHB Finex and Silverlake Capital will each subscribe for 50% RCPS in DFLL for RM10 million each ('Proposed Subscription'). The Proposed Subscription by RHB Finex will be funded by its internally generated funds. The RCPS shall rank *pari passu* with the existing ordinary shares of USD1.00 each ('Ordinary Shares') in DFLL in respect with the rights attached to the Ordinary Shares and shall be convertible at any time into Ordinary Shares at no extra cost.

Further to discussions with our local regulator, certain terms of the proposal have been reviewed and the revised proposal is currently being evaluated by the regulator.

28 Events Subsequent to the Date of Statements of Financial Position

There were no significant events subsequent to the date of statements of financial position that have not been reflected in the financial statements.

29 Changes in the Composition of the Group

a) Acquisition of RHB Entrepreneur Fund ('Fund')

During the financial period, the Bank has acquired effective control in the Fund, via:

- i) injection of capital amounting to SGD5,000,000, equivalent to RM15,325,000 on 22 January 2016; and
- ii) additional capital injection of SGD15,000,000, equivalent to RM45,105,000 on 15 March 2016.

The Group has consolidated the Fund in accordance with MFRS 10 'Consolidated Financial Statements' as a subsidiary of the Bank with effective equity interest of 48.92% as at 30 September 2016.

b) Disposal of equity interest in RHB Resources Fund

On 12 August 2016, the Bank has disposed of its entire investment in RHB Resources Fund, a subsidiary of the Bank, for a sale proceeds of RM5.5 million.

30 Changes in Profit for the Quarter

For the current financial quarter ended 30 September 2016, the Group recorded a pre-tax profit of RM59.7 million, an increase of 66.3% as compared to the pre-tax profit of RM35.9 million for the preceding quarter ended 30 June 2016. The higher profit was mainly due to higher other operating income by RM42.1 million, higher impairment written back on other assets by RM4.2 million, partially offset with higher other operating expenses by RM19.8 million, lower interest income by RM1.5 million, lower allowance written back on loans, advances and other losses by RM1.0 million and lower share of results of joint ventures by RM0.2 million.

31 Performance Review

For the nine months ended 30 September 2016, the Group recorded a pre-tax profit of RM130.6 million, 6.6% higher as compared to the previous year corresponding period of RM122.5 million. The increase in profit was mainly due to higher other operating income by RM30.8 million, lower other operating expenses by RM25.6 million, lower allowance made for impairment on loans, advances and other losses by RM2.3 million, higher share of results of joint venture by RM0.2 million, partially offset with lower impairment losses written back on other assets by RM47.6 million, lower net interest income by RM2.9 million and lower share of results of associates by RM0.3 million.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

32 Prospects for 2016

Malaysia's GDP for 2016 is expected to grow between 4.0% to 5.0%. The growth is driven mainly by consumer spending, but partly offset by decline in net exports.

The Malaysian banking sector growth will remain modest. Corporate loans growth is expected to be lower and there will be ongoing consolidation in the household loans segment. The financial and capital market is expected to be softer and rising pressure on liquidity and asset quality will also affect the performance of the banking sector.

The Bank will continue to execute the various initiatives under the Group 2017 IGNITE transformation programme that has thus far registered many positive achievements. The Bank will remain vigilant by focusing on asset quality and improving operational efficiency.

We expect to maintain our performance this year notwithstanding the challenging global environment and we are on track to achieve our long-term objectives.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

33 Fair Value of Financial Instruments

Determination of fair value and fair value hierarchy

The Group and the Bank analyse their financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
30 September 2016	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	520,574	-	378,952	899,526
- quoted securities	520,574	-	-	520,574
- unquoted securities	-	-	378,952	378,952
Financial investments AFS	59,094	2,054,269	124,256	2,237,619
- money market instruments	-	501,717	-	501,717
- quoted securities	59,094	-	-	59,094
- unquoted securities	-	1,552,552	124,256	1,676,808
Derivative assets	-	1,619	-	1,619
	<u>579,668</u>	<u>2,055,888</u>	<u>503,208</u>	<u>3,138,764</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>28,965</u>	<u>18,558</u>	-	<u>47,523</u>
Group	Level 1	Level 2	Level 3	Total
31 December 2015	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>				
Financial assets at FVTPL	239,516	4,748	153,863	398,127
- quoted securities	239,516	-	-	239,516
- unquoted securities	-	4,748	153,863	158,611
Financial investments AFS	44,950	3,247,450	120,071	3,412,471
- money market instruments	-	1,359,394	-	1,359,394
- quoted securities	44,950	-	-	44,950
- unquoted securities	-	1,888,056	120,071	2,008,127
Derivative assets	-	57,906	-	57,906
	<u>284,466</u>	<u>3,310,104</u>	<u>273,934</u>	<u>3,868,504</u>
<u>Financial liabilities</u>				
Derivative liabilities	<u>30,038</u>	<u>97,508</u>	-	<u>127,546</u>

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

33 Fair Value of Financial Instruments (cont'd)

Determination of fair value and fair value hierarchy (cont'd)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy: (cont'd)

Bank	Level 1	Level 2	Level 3	Total
30 September 2016	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	109,390	-	35,131	144,521
- quoted securities	109,390	-	-	109,390
- unquoted securities	-	-	35,131	35,131
Financial investments AFS	38,852	2,054,269	52,674	2,145,795
- money market instruments	-	501,717	-	501,717
- quoted securities	38,852	-	-	38,852
- unquoted securities	-	1,552,552	52,674	1,605,226
Derivative assets	-	1,619	-	1,619
	148,242	2,055,888	87,805	2,291,935
Financial liabilities				
Derivative liabilities				
- money market instruments	27,703	18,558	-	46,261

Bank	Level 1	Level 2	Level 3	Total
31 December 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVTPL	96,446	-	35,131	131,577
- quoted securities	96,446	-	-	96,446
- unquoted securities	-	-	35,131	35,131
Financial investments AFS	25,070	3,238,177	48,202	3,311,449
- money market instruments	-	1,359,394	-	1,359,394
- quoted securities	25,070	-	-	25,070
- unquoted securities	-	1,878,783	48,202	1,926,985
Derivative assets	-	57,906	-	57,906
	121,516	3,296,083	83,333	3,500,932
Financial liabilities				
Derivative liabilities	28,486	97,508	-	125,994

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

33 Fair Value of Financial Instruments (cont'd)

Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons and unquoted corporate loan stocks. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. For unquoted corporate loan stocks, discounted cash flow analysis have been performed to determine the recoverability of the instruments.

Reconciliation of movements in Level 3 financial instruments

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2016 and 31 December 2015 for the Group and the Bank:

Group	Financial assets at FVTPL		Financial investments AFS	
	As at	As at	As at	As at
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of the financial period/year	153,863	40,000	120,071	123,896
Total gains recognised in other comprehensive income	-	-	3,391	1,864
Total (losses)/gains recognised in income statements				
- Other operating income	-	(19,868)	793	830
- Impairment losses written back/(made)	-	-	640	(6,348)
Purchases	229,501	133,731	-	-
Settlements	-	-	(640)	(190)
Exchange differences	(4,412)	-	1	19
Balance as at the end of the financial period/year	378,952	153,863	124,256	120,071

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

33 Fair Value of Financial Instruments (cont'd)

Reconciliation of movements in Level 3 financial instruments (cont'd)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2016 and 31 December 2015 for the Group and the Bank: (cont'd)

	Financial assets FVTPL		Financial investments AFS	
	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Bank				
Balance as at the beginning of the financial period/year	35,131	40,000	48,202	51,602
Total gains recognised in other comprehensive income	-	-	3,679	1,864
Total (losses)/gains recognised in income statements				
- Other operating income	-	(4,869)	793	830
- Impairment losses written back/(made)	-	-	640	(6,094)
Settlements	-	-	(640)	-
Balance as at the end of the financial period/year	35,131	35,131	52,674	48,202

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

34 Segment Reporting

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

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Investment Banking

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting, structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominees services, investment cash management and unit trust funds.

Included in Investment Banking are Stockbroking and Investment Banking products and services to RHB regional customers in Singapore, Hong Kong, Indonesia and Thailand.

(b) Treasury

Treasury and money market operations is involved in proprietary trading of various financial products that include short-term money market instruments, long term securities and foreign exchange and derivatives products, as well as funding centre.

(c) Asset Management

Asset Management business focuses on providing investment management services, unit trust fund management services, Islamic funds management services, wills and trustee services.

Asset Management consists of the Group's Asset Management and Trustee businesses, which includes overseas business operations in Singapore, Hong Kong and Indonesia.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

34 Segment Reporting (cont'd)

Segment Profit and Loss for the Nine Months Ended 30 September 2016

Group	Investment	Treasury	Asset	Others and	Total
	Banking		Management	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	520,562	76,495	215,307	(1,349)	811,015
Inter-segment revenue	28,402	-	-	(28,402)	-
Segment revenue	548,964	76,495	215,307	(29,751)	811,015
Overhead expenses	(509,849)	(14,198)	(182,847)	28,402	(678,492)
Including:					
Depreciation of property, plant and equipment	(16,934)	(190)	(670)	-	(17,794)
Amortisation of intangible assets	(7,916)	(1,340)	(272)	-	(9,528)
Allowance made for impairment on loans, advances and other losses	(5,577)	-	(82)	-	(5,659)
Impairment losses written back on other assets	1,599	1,517	-	-	3,116
	35,137	63,814	32,378	(1,349)	129,980
Share of results of associates					247
Share of results of joint ventures					396
Profit before taxation					130,623
Taxation					(37,724)
Net profit for the financial period					92,899

Segment Assets and Liabilities as at 30 September 2016

Group	Investment	Treasury	Asset	Others and	Total
	Banking		Management	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	7,180,814	4,028,463	483,434	(2,411,884)	9,280,827
Goodwill	512,391	614,176	143,367	-	1,269,934
Investments in associates and joint ventures					21,086
Tax recoverable					58,973
Deferred tax assets					12,830
Total assets					10,643,650
Segment liabilities	2,626,137	3,461,411	283,426	(156,521)	6,214,453
Tax liabilities					10,040
Deferred tax liabilities					3,321
Borrowings					669,523
Subordinated obligations					452,813
Total liabilities					7,350,150

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (cont'd)

34 Segment Reporting (cont'd)

Segment Profit and Loss for the Nine Months Ended 30 September 2015

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	559,034	78,288	166,672	(20,892)	783,102
Inter-segment revenue	19,178	-	-	(19,178)	-
Segment revenue	578,212	78,288	166,672	(40,070)	783,102
Overhead expenses	(528,756)	(25,140)	(140,896)	(9,320)	(704,112)
Including:					
Depreciation of property, plant and equipment	(17,584)	(809)	(724)	-	(19,117)
Amortisation of intangible assets	(14,435)	(1,530)	(200)	-	(16,165)
Career Transition Scheme	-	-	-	(28,498)	(28,498)
Allowance (made)/written back for impairment on loans, advances and other losses	(8,011)	-	36	-	(7,975)
Impairment losses written back on other assets	10,326	40,375	-	-	50,701
	51,771	93,523	25,812	(49,390)	121,716
Share of results of associates					530
Share of results of joint ventures					237
Profit before taxation					122,483
Taxation					(37,880)
Net profit for the financial period					84,603

Segment Assets and Liabilities as at 31 December 2015

<u>Group</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Asset Management</u>	<u>Others and Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	5,375,615	5,815,299	284,162	(1,651,947)	9,823,129
Goodwill	512,391	614,176	143,367	-	1,269,934
Investments in associates and joint ventures					20,899
Tax recoverable					38,979
Deferred tax assets					30,601
Total assets					11,183,542
Segment liabilities	2,193,056	4,819,561	187,896	(148,223)	7,052,290
Tax liabilities					8,895
Deferred tax liabilities					3,728
Borrowings					457,784
Subordinated obligations					548,822
Total liabilities					8,071,519