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

	Note	As at <u>30 September 2016</u> RM'000	As at 31 December 2015 RM'000
ASSETS			
Cash and short-term funds		6,147,341	6,149,038
Securities purchased under resale agreements	9	3,280,509	-
Deposits and placements with banks and other financial institutions		375,969	618,072
Financial assets held-for-trading ('HFT')	10	72,228	20,248
Financial investments available-for-sale ('AFS')	11	3,440,636	3,062,645
Financial investments held-to-maturity ('HTM')	12	1,771,853	1,861,693
Financing and advances	13	33,978,215	30,890,427
Other assets	14	156,261	133,284
Derivative assets		131,247	146,922
Statutory deposits with Bank Negara Malaysia		1,055,950	1,168,500
Deferred tax assets		4,539	11,964
Property, plant and equipment		6,235 5 108	8,384
Intangible assets TOTAL ASSETS		<u> </u>	5,564 44,076,741
IOTAL ASSETS		50,420,101	44,070,741
LIABILITIES AND EQUITY			
Deposits from customers	15	30,963,524	27,928,029
Deposits and placements of banks and other financial institutions	16	8,171,564	5,310,572
Investment account due to designated financial institutions	17	6,632,000	6,350,654
Bills and acceptances payable		9,175	5,549
Derivative liabilities		146,655	129,106
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		857,259	982,760
Subordinated obligations	10	509,307	503,119
Other liabilities	18	313,606	349,613
Provision for tax and zakat TOTAL LIABILITIES		<u>38,832</u> 47,641,922	<u>20,932</u> 41,580,334
TOTAL LIABILITIES		47,041,922	41,380,334
Share capital		1,173,424	1,173,424
Reserves		1,610,835	1,322,983
TOTAL EQUITY		2,784,259	2,496,407
TOTAL LIABILITIES AND EQUITY		50,426,181	44,076,741
COMMITMENTS AND CONTINGENCIES	25	20,531,299	13,611,181

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

		<u>3rd Quarter Ended</u>		Nine Month	is Ended
	Note	30 September	30 September	30 September	30 September
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	19	440,414	372,445	1,289,399	1,190,570
Income derived from investment account funds	20	81,558	63,368	239,226	63,368
Income derived from investment of shareholders' funds	21	37,182	34,425	117,095	101,030
Allowance for impairment on financing and advances	22	(23,625)	(23,019)	(56,678)	(41,142)
Total distributable income		535,529	447,219	1,589,042	1,313,826
Income attributable to depositors	23	(303,139)	(248,250)	(908,048)	(837,187)
Profit distributed to investment account holders		(65,046)	(51,929)	(194,872)	(51,929)
		167,344	147,040	486,122	424,710
Personnel expenses		(8,872)	(14,100)	(24,700)	(36,458)
Other overheads and expenditures		(56,262)	(47,695)	(162,342)	(134,168)
Profit before taxation		102,210	85,245	299,080	254,084
Taxation		(25,086)	(21,256)	(72,793)	(63,504)
Net profit for the financial period		77,124	63,989	226,287	190,580
Basic earnings per share (sen)	24	6.57	5.45	19.28	16.24

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

	3rd Quarter Ended		Nine Month	ns Ended
	30 September 30 September		30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	77,124	63,989	226,287	190,580
Other comprehensive income in respect of:				
Items that will be reclassified subsequently to profit or loss:				
Financial investments AFS:				
- Unrealised net gain/(loss) on revaluation	31,968	(30,594)	86,205	(9,384)
- Net transfer to income statement on disposal or impairment	(2,538)	(1,212)	(5,199)	(6,653)
Income tax relating to components of other comprehensive (income)/loss	(7,063)	7,951	(19,441)	4,009
Other comprehensive income/(loss), net of tax, for the financial period	22,367	(23,855)	61,565	(12,028)
Total comprehensive income for the financial period	99,491	40,134	287,852	178,552

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

	Share capital RM'000	No Statutory reserve RM'000	on distributable AFS reserve RM'000	Regulatory reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2016	1,173,424	681,192	(39,195)	160,361	520,625	2,496,407
Net profit for the financial period	-	-	-	-	226,287	226,287
 Other comprehensive income/(loss): Financial investments AFS: Unrealised net gain on revaluation Net transfer to income statement on disposal or impairment Income tax relating to components of other comprehensive income 	-	-	86,205 (5,199) (19,441)	-	-	86,205 (5,199) (19,441)
Other comprehensive income, net of tax, for the financial period Total comprehensive income for the financial period	-	-	61,565	-	- 226,287	61,565 287,852
Transfer to statutory reserve		37,291			(37,291)	
Transfer from regulatory reserve	-	-	-	(828)	828	-
Balance as at 30 September 2016	1,173,424	718,483	22,370	159,533	710,449	2,784,259

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

		No	n distributable		Distributable	
	Share	Statutory	AFS	Regulatory	Retained	
_	capital	reserve	reserve	reserve	profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	1,173,424	553,765	(28,352)	-	553,560	2,252,397
Net profit for the financial period	-	-	-	-	190,580	190,580
Other comprehensive income/(loss): Financial investments AFS:						
- Unrealised net loss on revaluation	-	-	(9,384)		-	(9,384)
- Net transfer to income statement on disposal or impairment	-	-	(6,653)		-	(6,653)
Income tax relating to components of other comprehensive loss	-	-	4,009		-	4,009
Other comprehensive loss, net of tax, for the financial period	-	-	(12,028)	-	-	(12,028)
Total comprehensive income/(loss) for the financial period	-	-	(12,028)	-	190,580	178,552
Transfer to statutory reserve	-	63,295	-	-	(63,295)	-
Transfer to regulatory reserve	-	-	-	137,225	(137,225)	-
Balance as at 30 September 2015	1,173,424	617,060	(40,380)	137,225	543,620	2,430,949

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

	Nine months ended	
	30 September 30 Se	
	2016	2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	299,080	254,084
Adjustments for non-cash items	(100,377)	(105,621)
Operating profit before changes in working capital	198,703	148,463
Changes in working capital:		
Net changes in operating assets	(6,152,352)	(2,401,571)
Net changes in operating liabilities	6,057,167	4,925,427
Cash generated from operations	103,518	2,672,319
Zakat paid	(3,000)	(2,000)
Tax paid	(63,908)	(56,437)
Net cash generated from operating activities	36,610	2,613,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(384)	(1,284)
Purchase of intangible assets	(992)	(345)
Net purchase of financial investments AFS	(279,746)	(556,729)
Net redemption/(purchase) of financial investments HTM	89,408	(15,202)
Income received from financial investments AFS	88,402	69,344
Income received from financial investments HTM	65,005	66,078
Net cash used in investing activities	(38,307)	(438,138)
Net (decrease)/increase in cash and cash equivalents	(1,697)	2,175,744
Cash and cash equivalents at the beginning of the financial period	6,149,038	4,025,661
Cash and cash equivalents at the end of the financial period	6,147,341	6,201,405
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	6,147,341	6,201,405

NOTES TO THE 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 Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015.

The accounting policies and presentation adopted by 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 116 'Property Plant and Equipment' and MFRS 138 'Intangible Assets'
- 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 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 ITEMS

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

4 EXCEPTIONAL OR EXTRAORDINARY 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-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

7 DIVIDENDS PAID

No dividend has been paid during the nine months ended 30 September 2016.

8 INVESTMENT ACCOUNT ('IA')

IA is defined by the application of Shariah contracts as investment with non-principal guarantee feature. Under the Islamic Financial Services Act 2013, the priority payment for IA upon liquidation of Islamic Financial Institution ('IFI') is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders. IA is further categorised to Restricted Investment Account ('RIA') and Unrestricted Investment Account ('URIA').

RIA refers to a type of investment account where the Investment Account Holder ('IAH') provides a specific investment mandate to the IFI such as purpose, asset class, economic sector and period for investment while URIA refers to a type of investment account where the IAH provides the IFI with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

IA are contracts based on the Shariah concept below:

- Mudharabah between two parties, customer and the Bank, to finance a business venture where the customer provides capital and the business venture is managed solely by the Bank. The profit of the business venture will be shared based on pre-agreed ratios with the Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by customers.
- Wakalah, a trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement.
- Details of the IA are as disclosed in Note 17.

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

9 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

30 September 2016 RM'00031 December 2016 RM'000At fair value		As at <u>30 September 2016</u> RM'000	As at 31 December 2015 RM'000
As at 30 September 2016 RM'000As at 31 December 20 RM'000As at RM'000At fair valueMoney market instruments: Malaysian Government Investment Issues72,228 20,220,211 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (AFS')As at 30 September 2016 RM'00031 December 2016 RM'000At fair valueMoney market instruments: Malaysian Government Investment Issues568,165 705,8 	Malaysian Government Investment Issues	3,280,509	
RM'000RM'000At fair valueMalaysian Government Investment Issues72,22820,211FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (AFS)As at 30 September 2016 RM'000As at 31 December 201 RM'000At fair valueMoney market instruments: Malaysian Government Investment Issues568,165 90,39Malaysian Government Investment Issues568,165 90,39 90,39Malaysian Government Investment Issues568,165 90,39 90,39Malaysian Government Investment Issues568,165 90,39 90,39Unquoted securities: In Malaysia Corporate sukuk2,584,251 2,072,7 2,072,7 9 9 9,03586 200,55Malaysian Government Investment Issues2,584,251 2,072,7 2,072,7 9 9 9,039Malaysian Government Investment Issues2,584,251 2,072,7 2,072,7 3,440,061Malaysian Government Investment Issues2,584,251 3,062,0	10 FINANCIAL ASSETS HELD-FOR-TRADING ('HFT')		As at
Money market instruments: 72,228 20,2 11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS') As at As 11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS') As at As As at As As 30 September 2016 31 December 2016 RM'000 RM'000 RM'000 At fair value 30 September 2016 31 December 2016 Malaysian Government Investment Issues 568,165 705,8 Wakala Global Sukuk 14,045 14,1 Khazanah bonds 9,039 8.6 Cagamas bonds 60,975 60,0 Unquoted securities: 1 1 In Malaysia 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,440,061 3,062,0 3,040,061			RM'000
Malaysian Government Investment Issues 72,228 20,2 11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS') As at As 31 December 2016 31 December 2016 As at Main of the second	At fair value		
As at 30 September 2016 RM'000As at 31 December 2016 RM'000At fair 31 December 2016 RM'000At fair value $Money market instruments:$ Malaysian Government Investment Issues $568,165$ 705,8 705,		72,228	20,248
30 September 2016 RM'000 31 December 2016 RM'000 31 December 2016 RM'000 At fair value RM'000 RM'000 Malaysian Government Investment Issues 568,165 705,8 Wakala Global Sukuk 14,045 14,1 Khazanah bonds 9,039 8,6 Cagamas bonds 60,975 60,0 Unquoted securities: In Malaysia 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,040,061 3,062,0	11 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE ('AFS')		
RM'000RM'000RM'000At fair value			As at
At fair valueMoney market instruments:Malaysian Government Investment Issues568,165Yakala Global Sukuk14,045Khazanah bonds9,039Cagamas bonds60,975Unquoted securities:60,975In Malaysia2,584,251Corporate sukuk203,586203,586200,53,440,0613,062,0			31 December 2015 RM'000
Money market instruments:Malaysian Government Investment Issues568,165705,8Wakala Global Sukuk14,04514,1Khazanah bonds9,0398,6Cagamas bonds60,97560,0Unquoted securities:60,97560,0In Malaysia2,584,2512,072,7Corporate sukuk203,586200,53,440,0613,062,0			
Malaysian Government Investment Issues 568,165 705,8 Wakala Global Sukuk 14,045 14,1 Khazanah bonds 9,039 8,6 Cagamas bonds 60,975 60,0 Unquoted securities: 60,975 200,586 In Malaysia 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,440,061 3,062,0 3,062,0			
Wakala Global Sukuk 14,045 14,1 Khazanah bonds 9,039 8,6 Cagamas bonds 60,975 60,0 Unquoted securities: 1 60,975 20,072,7 Corporate sukuk 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,440,061 3,062,0		568,165	705,803
Cagamas bonds 60,975 60,0 Unquoted securities: In Malaysia 2,584,251 2,072,7 Corporate sukuk 203,586 200,5 3,440,061 3,062,0			14,175
Unquoted securities: In Malaysia Corporate sukuk 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,440,061 3,062,0	Khazanah bonds	9,039	8,664
In Malaysia 2,584,251 2,072,7 Corporate sukuk 203,586 200,5 Perpetual sukuk 3,440,061 3,062,0	Cagamas bonds	60,975	60,064
Corporate sukuk 2,584,251 2,072,7 Perpetual sukuk 203,586 200,5 3,440,061 3,062,0			
3,440,061 3,062,0	Corporate sukuk	2,584,251	2,072,777
	Perpetual sukuk		200,587
	At cost	3,440,061	3,062,070
Unquoted securities: In Malaysia			
	•	575	575
3,440,636 3,062,6		3,440,636	3,062,645

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

12 FINANCIAL INVESTMENTS HELD-TO-MATURITY ('HTM')

	As at	As at
	30 September 2016	31 December 2015
	RM'000	RM'000
At amortised cost		
Money market instruments:		
Malaysian Government Investment Issues	420,135	540,428
Sukuk Perumahan Kerajaan	10,059	9,957
Khazanah bonds	30,576	29,645
Cagamas bonds	10,019	60,619
Negotiable Islamic debt certificates	-	99,785
Unquoted securities:		
<u>In Malaysia</u>		
Corporate sukuk	1,301,064	1,121,259
	1,771,853	1,861,693

Included in financial investments HTM are RIA, as part of arrangement between the Bank and RHB Bank Berhad ('RHB Bank'). As at 30 September 2016, the gross exposure to RIA investment is RM199 million (31 December 2015: RM21 million).

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

13 FINANCING AND ADVANCES

	Bai'						
30 September 2016	Bithaman						
	Ajil ('BBA')	Ijarah	Murabahah	Musyarakah	Bai'Inah	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	373,762	-	-	2,021	375,783
Term financing:							
- Housing financing	527,838	-	-	8,114,639	-	499	8,642,976
- Syndicated term financing	-	88,584	1,254,167	-	-	18,899	1,361,650
- Hire purchase receivables	-	5,645,249	-	-	-	34,114	5,679,363
- Other term financing	3,495	532,461	12,671,142	-	2,229,574	12,084	15,448,756
Bills receivables	-	-	929,693	-	-	3,659	933,352
Trust receipts	-	-	13,857	-	-	254	14,111
Staff financing	3,915	-	-	-	-	-	3,915
Credit/charge card receivables	-	-	-	-	-	269,229	269,229
Revolving financing		-	1,483,721			-	1,483,721
Gross financing and advances	535,248	6,266,294	16,726,342	8,114,639	2,229,574	340,759	34,212,856
Fair value changes arising from fair value hedge							12,003
							34,224,859
Allowance for impaired financing and advances:							
- Individual impairment allowance							(17,070)
- Collective impairment allowance							(229,574)
Net financing and advances							33,978,215

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

13 FINANCING AND ADVANCES (CONTINUED)

	Bai'						
31 December 2015	Bithaman						
	Ajil ('BBA')	Ijarah	Murabahah	Musyarakah	Bai'Inah	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	276,983	-	68	2,814	279,865
Term financing:							
- Housing financing	579,713	-	-	7,024,400	-	1,612	7,605,725
- Syndicated term financing	-	98,095	1,291,353	-	-	19,106	1,408,554
- Hire purchase receivables	-	5,883,569	-	-	-	47,189	5,930,758
- Other term financing	10,511	508,967	9,944,145	-	3,313,854	38,919	13,816,396
Bills receivables	-	-	437,917	-	-	4,471	442,388
Trust receipts	-	-	16,959	-	-	655	17,614
Staff financing	4,465	-	-	-	-	-	4,465
Credit/charge card receivables	-	-	-	-	-	251,270	251,270
Revolving financing		-	1,367,287	-	-	-	1,367,287
Gross financing and advances	594,689	6,490,631	13,334,644	7,024,400	3,313,922	366,036	31,124,322
Fair value changes arising from fair value hedge							(11,593)
						-	31,112,729
Allowance for impaired financing and advances:							
- Individual impairment allowance							(22,649)
- Collective impairment allowance						-	(199,653)

Net financing and advances

30,890,427

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

13 FINANCING AND ADVANCES (CONTINUED)

(a) Included in financing and advances are exposures to RIA as part of arrangement between the Bank and its immediate holding company, RHB Bank.

As at 30 September 2016, the gross exposure to RIA financing is RM5,713 million (31 December 2015: RM6,057 million) and the portfolio allowance for impairment losses for financing and advances relating to RIA amounting to RM36.9 million (31 December 2015: RM41.9 million) is recognised in the financial statements of RHB Bank. There was no individual impairment being made for such RIA financing.

(b) Included in term financing are hire purchase receivables and other term financing sold to Cagamas amounting to RM832 million (31 December 2015: RM976 million).

(i)	By type of customer	As at	As at
		30 September 2016	31 December 2015
		RM'000	RM'000
	Domestic non-bank financial institutions:		
	- Others	922,227	1,250,142
	Domestic business enterprises:		
	- Small medium enterprises	2,600,060	2,365,515
	- Others	10,142,133	8,566,221
	Government and statutory bodies	4,073,967	3,355,987
	Individuals	16,202,931	15,304,462
	Other domestic entities	102,898	106,447
	Foreign entities	168,640	175,548
		34,212,856	31,124,322
(11)	By profit rate sensitivity		
	Fixed rate:		
	- Housing financing	528,065	580,869
	- Hire-purchase receivables	5,679,363	5,930,758
	- Other fixed rate financing	8,086,755	8,015,107
	Variable rate:		
	- BFR-plus	18,971,210	16,137,587
	- Cost-plus	947,463	460,001
		34,212,856	31,124,322
(iii)	By purpose		
	Purchase of securities	65,514	-
	Purchase of transport vehicles	5,618,017	5,904,916
	Purchase of landed property:	5,010,017	5,704,710
	- Residential	8,329,438	7,320,047
	- Non-residential	2,352,207	1,993,971
	Purchase of property, plant and equipment other than land and building	730,975	752,254
	Personal use	2,025,960	1,899,384
	Credit card	269,229	251,270
	Purchase of consumer durables	203,229	231,270
	Construction	401,591	168,231
	Working capital	,	6,948,924
	Merger and acquisition	7,378,672 1,474,328	0,948,924 1,184,073
	Other purposes	1,474,328 5,566,925	4,701,250
	Onici purposes		
		34,212,856	31,124,322

Included in other purposes are financing to the Government of Malaysia's related agency for the purpose of education and government's staff housing financing.

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

13 FINANCING AND ADVANCES (CONTINUED)

K1000 K1000 K1000 in Malaysia 34.212.856 31.124.322 (v) By remaining contractual naturities 4.602,192 2.026,772 Ore to three years 2.668,608 2.954,160 Three to five years 2.668,608 2.954,160 (vi) Impaired financing and advances 34.212.856 31.124.322 (vi) Impaired financing and advances 34.212.856 31.124.322 (vi) Impaired financing and advances 366,566 627,425 Relaxistified as non-impaired 362,776 330,701 Classified as non-impaired (249,820) (210,331) Amount ventered (249,820) (32,726) (b) By purpose 74,779 (121,031) Purchase of inangent vehicles 54,358 52,176 Purchase of inangent vehicles 54,358 52,176 Purchase of inangent vehicles 54,358 52,176 Purchase of inangent vehicles 2,343 7,323 Purchase of inangent vehicles 2,343 7,323 Purchase of inangent vehicles 2,345 7,234 Purchase of indep properity: - 8,4303 362,736 (d) Movement in allowance for impaired financing and advances 34,329 22,340 Individual impairment allowance <th></th> <th></th> <th>As at 30 September 2016</th> <th>As at 31 December 2015</th>			As at 30 September 2016	As at 31 December 2015
(v) By remaining contractual maturities 4.402.192 3.026.772 One to three years 2.606.608 2.594.196 There to five years 2.006.673 2.500.673 Over this years 2.005.672 2.006.674 Over this years 2.006.674 5.500.673 Over this years 2.035.262 19.602.681 Maturing within one year 3.02.756 3.0,701 Coll Impaired financing and advances 3.62.736 3.0,701 Balance as at the beginning of the financial period/year 3.62.736 3.0,701 Classified as inspirated during the financial period/year 3.62.686 6.7.425 Reclassified as non-inspirat (250.882) (411.79) Amount written off (41.779) (12.1031) Balance as at the end of the financial period/year 3.83.493 3.62.736 (b) By purpose 9 9 9 Purchase of tandped property: 1.53.328 132.862 - Non-caselarital 1.53.328 132.862 Purchase of tandped property: 1.53.328 122.820 - Non-tase dirital 1.53.328 122.820 Credit card 1.62.22 2.800 Credit card 1.62.22 3.62.736 (c) Morement in allowance for impaired financin	(iv)	By geographical distribution	RM'000	RM'000
Autoring within one year One to three years $4.602.192$ $2.008.008$ $3.026.772$ $2.008.008$ Three to five years $3.026.772$ 		In Malaysia	34,212,856	31,124,322
One to three years 2,608,608 2,594,196 Three to five years 2,003,3262 19,602,681 Over five years 2,033,262 19,602,681 Jata 212,856 31,124,322 (vi) Impaired financing and advances Balance as at the beginning of the financial period/year 362,736 330,701 Classified as non-impaired (250,882) (411,779) Anouti recovered (241,779) (121,031) Anouti recovered (44,779) (121,031) Anouti recovered (45,558) (52,736) (b) By purpose Purchase of ransport vehicles 54,358 52,176 Other purpose 3,362 2,800 Cide tard 4,444 5,763 Working capital 97,323 110,167 Other purposes 333,493 362,736 (c) By geographical distribution In Malaysia 383,493 362,736 (d) Movement in allowance for impaired financial pe	(v)	By remaining contractual maturities		
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Three to five years $6609,794$ $5,900,673$ Over five years $20,303,262$ $31,024,322$ (vi) Impaired financing and advancesBalance as at the beginning of the financial period/year $362,736$ $330,701$ Classified as non-impaired $(22,685)$ $(411,779)$ Amount vertice of the financial period/year $(26,872)$ $(411,779)$ (b) By purposePurchase of transport vehicles $54,358$ $52,176$ Purchase of transport vehicles $54,358$ $52,280$ Reliance as athe end of the financial period/year 2			, ,	
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Reclassified as non-impaired (250,582) (411,779) Amount recovered (54,779) (121,031) Amount written off (62,583) (62,533) Balance as at the end of the financial period/year 383,493 362,736 (b) By purpose Purchase of ransport vehicles 54,358 52,176 Purchase of ransport vehicles 155,328 132,862 - Non-residential 155,328 132,862 - Non-residential 155,328 132,862 - Non-residential 155,328 132,862 - Non-residential 155,328 132,862 - Residential 155,328 132,862 - Working capital 3,622 2,800 Credit card 44,54 5,763 Working capital 97,324 110,167 Other purposes 22,283 22,300 383,493 362,736 362,736 (c) By geographical distribution In In In Malaysia 383,493 362,736 (d) Movement in allowance for impaired financial period/year (2,232) (2,649) Net allowance write the beginning of the f			· · · · · · · · · · · · · · · · · · ·	
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Amount written off (32,132) (53,403) Balance as at the end of the financial period/year 229,574 199,653 Collective impairment allowance as % of gross financing and advances (excluding RIA financing) less individual impairment 100,000			· · · · · · · · · · · · · · · · · · ·	
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(excluding RIA financing) less individual impairment				
allowance 0.81% 0.80%				
		allowance	0.81%	0.80%

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

14 OTHER ASSETS

	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Prepayments	10,828	10,777
Deposits	1,300	1,297
Amount due from other related companies	-	1,739
Other debtors	144,133	119,471
	156,261	133,284

15 DEPOSITS FROM CUSTOMERS

	As at <u>30 September 2016</u> RM'000	As at 31 December 2015 RM'000
<u>Savings Deposits</u> Wadiah	1,210,879	1,129,320
Demand Deposits Wadiah	3,896,785	3,403,515
<u>Term Deposits</u> Commodity Murabahah Wadiah Corporate Deposit	15,783,849 -	10,828,229 1,249,671
Specific Investment Account Murabahah	9,910,821	11,136,182
<u>General Investment Account</u> Mudharabah	<u>161,190</u> <u>30,963,524</u>	181,112 27,928,029
(a) The maturity structure of investment accounts and term deposits are as follows:		
Due within six months Six months to one year One year to three years Three years to five years	23,172,230 2,672,591 5,443 5,596 25,855,860	20,371,201 2,990,789 32,336 868 23,395,194
(b) The deposits are sourced from the following classes of customers:		
Government and statutory bodies Business enterprises Individuals Others	5,125,389 19,878,067 5,383,307 <u>576,761</u> <u>30,963,524</u>	4,540,209 18,539,375 4,297,238 551,207 27,928,029

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

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 September 2016	As at 31 December 2015
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u> Licensed Islamic banks Licensed banks Licensed investment banks	5,229,314 2,216,568 248,660	1,853,985 2,749,230 248,847
Bank Negara Malaysia	1,235	1,150
Mudharabah Funds:	7,695,777	4,853,212
Other financial institutions	475,787	457,360
	8,171,564	5,310,572

17 INVESTMENT ACCOUNT DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	As at <u>30 September 2016</u> RM'000	As at 31 December 2015 RM'000
Restricted Investment Account: Mudharabah	6,632,000	6,350,654
By type of counterparty: Licensed banks	6,632,000	6,350,654
Investment asset (principal): Housing financing Hire purchase receivables Other term financing Short term fund Marketable securities	300,000 700,000 4,713,322 458,603 <u>199,000</u> <u>6,370,925</u>	397,110 700,000 4,959,508 6,890 21,000 6,084,508

18 OTHER LIABILITIES

Interbranch clearing account 14,172 97,591		As at	As at
Sundry creditors8,4369,919Amount due to immediate holding company146,148144,591Amount due to other related companies7752,231Deferred income47,01356,211Short term employee benefits6,2598,206Accrual for operational expenses9,7839,546Interbranch clearing account14,17297,591Other accruals and payables81,02021,318		30 September 2016	31 December 2015
Amount due to immediate holding company146,148144,591Amount due to other related companies7752,231Deferred income47,01356,211Short term employee benefits6,2598,206Accrual for operational expenses9,7839,546Interbranch clearing account14,17297,591Other accruals and payables81,02021,318		RM'000	RM'000
Amount due to other related companies7752,231Deferred income47,01356,211Short term employee benefits6,2598,206Accrual for operational expenses9,7839,546Interbranch clearing account14,17297,591Other accruals and payables81,02021,318	Sundry creditors	8,436	9,919
Deferred income 47,013 56,211 Short term employee benefits 6,259 8,206 Accrual for operational expenses 9,783 9,546 Interbranch clearing account 14,172 97,591 Other accruals and payables 81,020 21,318	Amount due to immediate holding company	146,148	144,591
Short term employee benefits 6,259 8,206 Accrual for operational expenses 9,783 9,546 Interbranch clearing account 14,172 97,591 Other accruals and payables 81,020 21,318	Amount due to other related companies	775	2,231
Accrual for operational expenses 9,783 9,546 Interbranch clearing account 14,172 97,591 Other accruals and payables 81,020 21,318	Deferred income	47,013	56,211
Interbranch clearing account 14,172 97,591 Other accruals and payables 81,020 21,318	Short term employee benefits	6,259	8,206
Other accruals and payables 81,020 21,318	Accrual for operational expenses	9,783	9,546
	Interbranch clearing account	14,172	97,591
313,606 349,613	Other accruals and payables	81,020	21,318
		313,606	349,613

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

19 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	2,025	2,064	6,169	8,548
(ii) Other deposits	438,389	370,381	1,283,230	1,182,022
	440,414	372,445	1,289,399	1,190,570
(i) Income derived from investment of general investment deposits:				
Financing and advances	1,551	1,582	4,667	6,647
Securities purchased under resale agreements	109	-	168	-
Financial assets HFT	2	3	10	29
Financial investments AFS	159	170	465	603
Financial investments HTM	84	117	265	461
Money at call and deposits with banks and other financial				
institutions	94	189	537	739
Total finance income and hibah	1,999	2,061	6,112	8,479
Other operating income (Note a to d)	26	3	57	69
	2,025	2,064	6,169	8,548
Of which:				
Financing income earned on impaired financing	13	9	43	41
Other operating income comprise of:				
(a) Fee income:				
- Commission	7	6	18	21
- Guarantee fees	4	2	8	12
	11	8	26	33
(b) Net gain/(loss) on disposal of financial assets HFT	3	(9)	6	(13)
(c) Net gain on disposal of financial investments AFS	11	7	24	46
(d) Net gain/(loss) on early redemption of				
financial investments HTM	1	(3)	1	3
-	26	3	57	69
=				

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

19 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)

$\begin{array}{c c c c c c c c c c c c c c c c c c c $			r Ended	Nine Month	<u>s Ended</u>
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		30 September	30 September	30 September	30 September
Intervent of the deposits:(ii) Income derived from investment of other deposits:Financing and advances $335,769$ $285,191$ $970,972$ $919,17$ Securities purchased under resale agreements $22,813$ - $34,877$ Financial assets HFT 528 726 $2,088$ $4,01$ Financial investments AFS $34,211$ $29,244$ $96,668$ $83,44$ Financial investments HTM $18,138$ $20,569$ $55,040$ $63,66$ Money at call and deposits with banks and other financial institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,58$ $438,389$ $370,381$ $1,283,230$ $1,182,02$ Of which:Financing income comprise of: (a) Fee income: - Commission $1,416$ 950 $3,642$ $2,84$		2016	2015	2016	2015
Financing and advances $335,769$ $285,191$ $970,972$ $919,12$ Securities purchased under resale agreements $22,813$ - $34,877$ Financial assets HFT 528 726 $2,088$ $4,00$ Financial investments AFS $34,211$ $29,244$ $96,668$ $83,44$ Financial investments HTM $18,138$ $20,569$ $55,040$ $63,68$ Money at call and deposits with banks and other financial institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,58$ Of which: Financing income earned on impaired financing $2,720$ $1,731$ $8,920$ $5,63$ Other operating income comprise of: (a) Fee income: $ 1,416$ 950 $3,642$ $2,84$		RM'000	RM'000	RM'000	RM'000
Securities purchased under resale agreements $22,813$ - $34,877$ Financial assets HFT 528 726 $2,088$ $4,01$ Financial investments AFS $34,211$ $29,244$ $96,668$ $83,44$ Financial investments HTM $18,138$ $20,569$ $55,040$ $63,68$ Money at call and deposits with banks and other financial institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,55$ $438,389$ $370,381$ $1,283,230$ $1,182,02$ Of which: Financing income comprise of: (a) Fee income: $-Commission$ $1,416$ 950 $3,642$ $2,84$	(ii) Income derived from investment of other deposits:				
Financial assets HFT 528 726 2,088 4,00 Financial investments AFS $34,211$ $29,244$ $96,668$ $83,44$ Financial investments HTM $18,138$ $20,569$ $55,040$ $63,68$ Money at call and deposits with banks and other financial institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,58$ $438,389$ $370,381$ $1,283,230$ $1,182,02$ Of which: Financing income earned on impaired financing $2,720$ $1,731$ $8,920$ $5,63$ Other operating income comprise of: (a) Fee income: $-Commission$ $1,416$ 950 $3,642$ $2,84$	Financing and advances	335,769	285,191	970,972	919,124
Financial investments AFS 34,211 29,244 96,668 83,44 Financial investments HTM 18,138 20,569 55,040 63,68 Money at call and deposits with banks and other financial institutions 21,591 33,389 111,812 102,17 Total finance income and hibah 433,050 369,119 1,271,457 1,172,44 Other operating income (Note a to d) 5,339 1,262 11,773 9,58 Of which: Financing income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84	Securities purchased under resale agreements	22,813	-	34,877	-
Financial investments HTM 18,138 20,569 55,040 63,68 Money at call and deposits with banks and other financial institutions 21,591 33,389 111,812 102,17 Total finance income and hibah 433,050 369,119 1,271,457 1,172,44 Other operating income (Note a to d) 5,339 1,262 11,773 9,58 Of which: 5inancing income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84	Financial assets HFT	528	726	2,088	4,016
Financial investments HTM 18,138 20,569 55,040 63,68 Money at call and deposits with banks and other financial institutions 21,591 33,389 111,812 102,17 Total finance income and hibah 433,050 369,119 1,271,457 1,172,44 Other operating income (Note a to d) 5,339 1,262 11,773 9,58 Of which: 5inancing income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84	Financial investments AFS	34,211	29,244	96,668	83,440
institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,58$ $438,389$ $370,381$ $1,283,230$ $1,182,02$ Of which: Financing income earned on impaired financing $2,720$ $1,731$ $8,920$ $5,63$ Other operating income comprise of: (a) Fee income: $-$ Commission $1,416$ 950 $3,642$ $2,84$	Financial investments HTM	18,138		55,040	63,685
institutions $21,591$ $33,389$ $111,812$ $102,17$ Total finance income and hibah $433,050$ $369,119$ $1,271,457$ $1,172,44$ Other operating income (Note a to d) $5,339$ $1,262$ $11,773$ $9,58$ $438,389$ $370,381$ $1,283,230$ $1,182,02$ Of which: Financing income earned on impaired financing $2,720$ $1,731$ $8,920$ $5,63$ Other operating income comprise of: (a) Fee income: $-$ Commission $1,416$ 950 $3,642$ $2,84$	Money at call and deposits with banks and other financial	,		,	
Total finance income and hibah 433,050 369,119 1,271,457 1,172,44 Other operating income (Note a to d) 5,339 1,262 11,773 9,59 438,389 370,381 1,283,230 1,182,02 Of which: 5 720 1,731 8,920 5,63 Other operating income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84		21,591	33,389	111,812	102,176
Other operating income (Note a to d) 5,339 1,262 11,773 9,58 438,389 370,381 1,283,230 1,182,02 Of which: Financing income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84	Total finance income and hibah	433,050		1,271,457	1,172,441
438,389 370,381 1,283,230 1,182,02 Of which: Financing income earned on impaired financing 2,720 1,731 8,920 5,63 Other operating income comprise of: (a) Fee income: - Commission 1,416 950 3,642 2,84	Other operating income (Note a to d)	5,339	1,262		9,581
Financing income earned on impaired financing2,7201,7318,9205,63Other operating income comprise of:(a) Fee income: - Commission1,4169503,6422,84		438,389	370,381	1,283,230	1,182,022
Financing income earned on impaired financing2,7201,7318,9205,63Other operating income comprise of:(a) Fee income: - Commission1,4169503,6422,84	Of which				
(a) Fee income: - Commission 1,416 950 3,642 2,84		2,720	1,731	8,920	5,635
- Commission 1,416 950 3,642 2,84	Other operating income comprise of:				
- Commission 1,416 950 3,642 2,84	(a) Fee income:				
		1,416	950	3.642	2,849
- Guarantee fees 717 476 1.588 1.68	- Guarantee fees	717	476	1,588	1,687
			1,426	/	4,536
(b) Net gain/(loss) on disposal of financial assets HFT 472 (1,346) 1,249 (1,81	(b) Net gain/(loss) on disposal of financial assets HFT	472	(1,346)	1,249	(1,812)
(c) Net gain on disposal of financial investments AFS 2,444 1,452 5,004 6,37	(c) Net gain on disposal of financial investments AFS	2,444	1,452	5,004	6,379
(d) Net gain/(loss) on early redemption of	(d) Net gain/(loss) on early redemption of				
		290	(270)	290	478
			· · · · ·		9,581

20 INCOME DERIVED FROM INVESTMENT ACCOUNT FUNDS

	<u>3rd Quarter Ended</u>		3rd Quarter Ended Nine Months I		s Ended
	30 September	30 September	30 September	30 September	
	2016	2015	2016	2015	
	RM'000	RM'000	RM'000	RM'000	
Finance income and hibah					
Financing and advances	77,559	63,050	230,952	63,050	
Financial investments HTM	2,823	286	7,085	286	
Money at call and deposits with banks and other financial institutions	1,176	32	1,189	32	
Total finance income and hibah	81,558	63,368	239,226	63,368	

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

21 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

$\begin{array}{c c c c c c c c c c c c c c c c c c c $		3rd Quarter	· Ended	Nine Month	s Ended
RM'000		30 September	30 September	30 September	30 September
Financing and advances 11,352 11,948 33,230 34,80 Securities purchased under resale agreements 17 23 71 14 Financial assets HFT 17 23 71 14 Financial investments AFS 1,157 1,004 3,368 2.95 Financial investments AFS 1,157 1,004 3,368 2.95 Money at call and deposits with banks and other financial institutions 719 1,144 3,827 3,62 Total finance income and hibah 14,636 14,832 43,514 43,79 Other operating income (Note a to g) 22,546 19,593 73,581 57,23 Off which: Financing income comprise of: 3,020 1,153 10,450 3,21 • Commission 3,020 1,153 10,450 3,21 • Service charges and fees 16,808 13,326 45,099 37,033 • Guarantee and underwriting fees 11,59 10,450 3,21 • Service charges and fees 19,852 14,990 55,603 42,212 (b) Net gain/(loss) on disposal of financial assets HFT 16 <th></th> <th>2016</th> <th>2015</th> <th>2016</th> <th>2015</th>		2016	2015	2016	2015
Securities purchased under resale agreements 778 - 1,194 Financial assets HFT 17 23 71 14 Financial investments AFS 1,157 1,004 3,308 2.95 Money at call and deposits with banks and other financial institutions 719 1,144 3,827 3,62 Money at call and deposits with banks and other financial institutions 719 1,144 3,827 3,62 Total finance income and hibah 14,636 14,832 43,514 43,79 Other operating income (Note a to g) 22,546 19,593 73,581 57,32 Of which: Financing income comprise of: (a) Fee income: - Guarantee and underwriting fees 24 .511 .54 . . . (b) Net gain/(loss) on disposal of financial assets HFT 16 (c) Net (loss)/gain on fair value hedges (d) Net gain/(loss) on early redemption of financial i		RM'000	RM'000	RM'000	RM'000
Financial assets HFT 17 23 71 14 Financial investments AFS 1,157 1,004 3,308 2.95 Financial investments AFS 613 713 1,884 2.26 Money at call and deposits with banks and other financial institutions 719 1,144 3,827 3,62 Total finance income and hibah 14,636 14,832 43,514 43,71 0 Other operating income (Note a to g) 22,546 19,593 73,581 57,23 Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: - (a) Fee income: - (a) Fee income: 0 116,608 13,326 45,099 37,08 3,21 - Service charges and fees 16,608 13,326 45,099 37,08 24,11 54 1,82 - Guarantee and underwriting fees 24 511 54 1,82 19,852 14,990 55,603 42,12 (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (6	Financing and advances	11,352	11,948	33,230	34,805
Financial investments AFS $1,157$ $1,004$ $3,308$ $2,95$ Financial investments HTM 613 713 $1,884$ $2,26$ Money at call and deposits with banks and other financial institutions 719 $1,144$ $3,827$ $3,62$ Total finance income and hibah $14,636$ $14,832$ $43,514$ $43,792$ Other operating income (Note a to g) $22,546$ $19,593$ $77,581$ $57,232$ Of which: Financing income comprise of: 302 $31,326$ $42,554$ $30,520$ 20 Other operating income comprise of: 92 59 305 200 Other operating income comprise of: $3,020$ $1,153$ $10,450$ $3,21$ \cdot Commission $3,020$ $1,153$ $10,450$ $3,21$ \cdot Service charges and fees $16,808$ $13,326$ $45,099$ $37,082$ \cdot Guarantee and underwriting fees 24 511 54 $1,82$ $14,990$ $55,603$ $42,212$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (477) 42 $(66$ </td <td>Securities purchased under resale agreements</td> <td>778</td> <td>-</td> <td>1,194</td> <td>-</td>	Securities purchased under resale agreements	778	-	1,194	-
Financial investments HTM 613 713 $1,884$ $2,26$ Money at call and deposits with banks and other financial institutions 719 $1,144$ $3,827$ $3,63$ Total finance income and hibah $14,636$ $14,832$ $43,514$ $43,79$ Other operating income (Note a to g) $22,546$ $19,593$ $73,581$ $57,23$ Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: $-$ Commission $3,020$ $1,153$ $10,450$ $3,21$ $-$ Service charges and fees 24 5111 54 $1,82$ $-$ Guurantee and underwriting fees 24 5111 54 $1,82$ $-$ Guurantee and underwriting fees (691) 1.094 $(2,193)$ (41) (d) Net (loss)/gain on revaluation of derivatives (691) 1.094 $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain on disposal of financial investments AFS 83 48 171 <	Financial assets HFT	17	23	71	142
Money at call and deposits with banks and other financial institutions 719 1,144 3,827 3,62 Total finance income and hbah 14,636 14,832 43,514 43,79 Other operating income (Note a to g) 22,546 19,593 73,581 57,23 Of which: 719 1,144 3,827 3,62 11,636 Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: - <t< td=""><td>Financial investments AFS</td><td>1,157</td><td>1,004</td><td>3,308</td><td>2,958</td></t<>	Financial investments AFS	1,157	1,004	3,308	2,958
institutions 719 1,144 3,827 3,62 Total finance income and hibah 14,636 14,832 43,514 43,79 Other operating income (Note a to g) 22,546 19,593 73,581 57,23 37,182 34,425 117,095 101,03 Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: -	Financial investments HTM	613	713	1,884	2,268
Total finance income and hibah $14,636$ $14,832$ $43,514$ $43,79$ Other operating income (Note a to g) $22,546$ $19,593$ $73,581$ $57,23$ Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: $-$ Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,088$ - Guarantee and underwriting fees 24 511 54 $1,82$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on revaluation of derivatives (691) 1.094 $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain/(loss) on early redemption of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10)	Money at call and deposits with banks and other financial				
Other operating income (Note a to g) $22,546$ $19,593$ $73,581$ $57,23$ Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: (a) Fee income: $-$ Commission $3,020$ $1,153$ $10,450$ 3.21 Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 5111 54 1.82 (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain/(loss) on early redemption of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 11 (g) Other income: $-$ Foreign exchange gain $4,266$ $3,253$ $20,700$ $15,01$ (- Other non-operating income 1 2	institutions		1,144		3,624
37,182 $34,425$ $117,095$ $101,03$ Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of: 92 59 305 20 (a) Fee income: - Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 511 $55,603$ $42,12$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain/(loss) on early redemption of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 1 (g) Other income: - Foreign exchange gain - Other non-operating income $4,266$ $3,253$ $20,700$ $15,00$	Total finance income and hibah	14,636	14,832	43,514	43,797
Of which: Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of:(a) Fee income: - Commission $3,020$ $1,153$ $10,450$ $3,21$ · Service charges and fees $3,020$ $1,153$ $10,450$ $3,21$ · Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ · Guarantee and underwriting fees 24 511 54 1.82 $19,852$ $14,990$ $55,603$ $42,12$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 $(66$ (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain/(loss) on early redemption of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 1 (g) Other income: · Foreign exchange gain · Other non-operating income $4,266$ $3,253$ $20,700$ $15,01$ · Other non-operating income 1 206 29 20	Other operating income (Note a to g)	22,546	19,593	73,581	57,233
Financing income earned on impaired financing 92 59 305 20 Other operating income comprise of:(a) Fee income: - Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 511 54 $1,82$ $19,852$ $14,990$ $55,603$ $42,12$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 $(66$ (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain on disposal of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 11 (g) Other income: - Foreign exchange gain - Other non-operating income $4,266$ $3,253$ $20,700$ $15,01$		37,182	34,425	117,095	101,030
Other operating income comprise of: (a) Fee income: - Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 511 54 $1,82$ 19,852 $14,990$ $55,603$ $42,12$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on revaluation of derivatives (691) 1.094 $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain on disposal of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 11 (g) Other income: - - 753 $20,700$ $15,00$ · Other non-operating income 1 206 29 200	Of which:				
(a) Fee income: - Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 511 54 $1,82$ $19,852$ $14,990$ $55,603$ $42,12$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain on disposal of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 11 (g) Other income: - - - $4,266$ $3,253$ $20,700$ $15,01$ (g) Other non-operating income 1 206 29 20	Financing income earned on impaired financing	92	59	305	200
- Commission $3,020$ $1,153$ $10,450$ $3,21$ - Service charges and fees $16,808$ $13,326$ $45,099$ $37,08$ - Guarantee and underwriting fees 24 511 54 $1,82$ (b) Net gain/(loss) on disposal of financial assets HFT 16 (47) 42 (66) (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12 (e) Net gain on disposal of financial investments AFS 83 48 171 22 (f) Net gain/(loss) on early redemption of financial investments HTM 10 (10) 10 10 (g) Other income: - - $ 72,53$ $20,700$ $15,01$ - Foreign exchange gain $4,266$ $3,253$ $20,700$ $15,01$ - Other non-operating income 1 206 29 200	Other operating income comprise of:				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	(a) Fee income:				
- Guarantee and underwriting fees 24 511 54 $1,82$ 19,85214,99055,60342,12(b) Net gain/(loss) on disposal of financial assets HFT16 (47) 42 $(6$ (c) Net (loss)/gain on revaluation of derivatives (691) $1,094$ $(2,193)$ (41) (d) Net (loss)/gain on fair value hedges (991) 59 (781) 12(e) Net gain on disposal of financial investments AFS834817122(f) Net gain/(loss) on early redemption of financial investments HTM10 (10) 1011(g) Other income: - Foreign exchange gain - Other non-operating income4,266 $3,253$ 20,70015,01 - 20	- Commission	3,020	1,153	10,450	3,215
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	- Service charges and fees	16,808	13,326	45,099	37,088
(b) Net gain/(loss) on disposal of financial assets HFT16(47)42(6(c) Net (loss)/gain on revaluation of derivatives(691)1,094(2,193)(412)(d) Net (loss)/gain on fair value hedges(991)59(781)12(e) Net gain on disposal of financial investments AFS834817122(f) Net gain/(loss) on early redemption of financial investments HTM10(10)1011(g) Other income: - Foreign exchange gain - Other non-operating income4,2663,25320,70015,01- Other non-operating income12062920	- Guarantee and underwriting fees	24	511	54	1,820
(c) Net (loss)/gain on revaluation of derivatives(691)1,094(2,193)(41)(d) Net (loss)/gain on fair value hedges(991)59(781)12(e) Net gain on disposal of financial investments AFS834817122(f) Net gain/(loss) on early redemption of financial investments HTM10(10)1011(g) Other income: - Foreign exchange gain - Other non-operating income4,2663,25320,70015,01(h) The state of th		19,852	14,990	55,603	42,123
(d) Net (loss)/gain on fair value hedges(991)59(781)12(e) Net gain on disposal of financial investments AFS834817122(f) Net gain/(loss) on early redemption of financial investments HTM10(10)101(g) Other income: - Foreign exchange gain - Other non-operating income4,2663,25320,70015,01- Other non-operating income12062920	(b) Net gain/(loss) on disposal of financial assets HFT	16	(47)	42	(64)
(e) Net gain on disposal of financial investments AFS834817122(f) Net gain/(loss) on early redemption of financial investments HTM10(10)101(g) Other income: - Foreign exchange gain - Other non-operating income4,2663,25320,70015,01- Other non-operating income12062920	(c) Net (loss)/gain on revaluation of derivatives	(691)	1,094	(2,193)	(413)
(f) Net gain/(loss) on early redemption of financial investments HTM10(10)10(g) Other income: - Foreign exchange gain4,2663,25320,70015,01- Other non-operating income12062920	(d) Net (loss)/gain on fair value hedges	(991)	59	(781)	125
financial investments HTM 10 (10) 10 1 (g) Other income: - Foreign exchange gain 4,266 3,253 20,700 15,01 - Other non-operating income 1 206 29 20	(e) Net gain on disposal of financial investments AFS	83	48	171	226
financial investments HTM 10 (10) 10 1 (g) Other income: - Foreign exchange gain 4,266 3,253 20,700 15,01 - Other non-operating income 1 206 29 20	(f) Net gain/(loss) on early redemption of				
- Foreign exchange gain 4,266 3,253 20,700 15,01 - Other non-operating income 1 206 29 20		10	(10)	10	17
- Foreign exchange gain 4,266 3,253 20,700 15,01 - Other non-operating income 1 206 29 20	(g) Other income:				
- Other non-operating income 1 206 29 20		4,266	3,253	20,700	15,012
22.546 19.593 73.581 57.23		1	206	29	207
		22,546	19,593	73,581	57,233

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

22 ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	3rd Quarter	r Ended	Nine Month	s Ended
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances:				
- Individual impairment allowance written back	(455)	(446)	(2,232)	(3,507)
- Collective impairment allowance	26,061	21,120	62,053	48,380
- Impaired financing recovered	(3,072)	(2,598)	(10,540)	(11,138)
- Impaired financing written off	1,091	4,943	7,397	7,407
	23,625	23,019	56,678	41,142

23 INCOME ATTRIBUTABLE TO DEPOSITORS

	3rd Quarte	r Ended	Nine Month	s Ended
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers:				
- Mudharabah funds	1,261	1,518	3,850	5,584
- Non-Mudharabah funds	239,497	199,641	732,887	588,372
Deposits and placements of banks and other				
financial institutions:				
- Mudharabah funds	-	-	-	108,505
- Non-Mudharabah funds	45,446	27,976	119,282	76,111
Subordinated obligations	6,222	6,239	18,529	18,512
Recourse obligation on financing sold to Cagamas	10,713	12,876	33,500	40,103
	303,139	248,250	908,048	837,187

24 EARNINGS PER SHARE

	3rd Quarte	er Ended	Nine Mont	hs Ended
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
Net profit for the financial period (RM'000)	77,124	63,989	226,287	190,580
Weighted average number of ordinary shares in issue ('000)	1,173,424	1,173,424	1,173,424	1,173,424
Basic earnings per share (sen)	6.57	5.45	19.28	16.24

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

25 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers.

	As at <u>30 September 2016</u> RM'000	As at 31 December 2015 RM'000
Transaction-related contingent items	169,440	153,039
Short term self-liquidating trade-related contingencies Obligations under underwriting agreements Irrevocable commitments to extend credit:	79,254 76,000	82,857 76,000
- maturity more than one year	4,162,508	3,693,518
Foreign exchange related contracts [®] : - less than one year	7,281,230	2,975,712
 one year to less than five years more than five years 	730,684 417,275	519,494
Profit rate related contracts [®] : - less than one year	3,358,000	850,000
 one year to less than five years more than five years 	2,356,863	2,425,000 500,000
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's		
creditworthiness	1,900,045	2,335,561
Total	20,531,299	13,611,181

[@] These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statement and statement of financial position as derivative assets or derivative liabilities.

26 CAPITAL COMMITMENTS

	As at	As at
30 Septemb	oer 2016	31 December 2015
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- Authorised but not contracted for	3,017	1,370
- Authorised and contracted for	2,335	1,046
	5,352	2,416

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

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank analyses its 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:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>30 September 2016</u>				
Financial assets				
Financial assets HFT				
- money market instruments	-	72,228	-	72,228
		,		,
Financial investments AFS	-	3,236,475	204,161	3,440,636
- money market instruments	-	652,224	-	652,224
- unquoted securities	-	2,584,251	204,161	2,788,412
Derivative assets		131,247	-	131,247
	-	3,439,950	204,161	3,644,111
Financial liabilities Derivative liabilities		146 655		146 655
Derivative habilities	<u> </u>	146,655		146,655
31 December 2015				
<u>51 December 2015</u>				
Financial assets				
Financial assets HFT				
- money market instruments	-	20,248	-	20,248
Financial investments AFS	-	2,861,483	201,162	3,062,645
- money market instruments	-	788,706	-	788,706
- unquoted securities	-	2,072,777	201,162	2,273,939
Derivative assets		146,922	-	146,922
		3,028,653	201,162	3,229,815
Financial liabilities				
<u>Financial liabilities</u> Derivative liabilities		129,106		129,106
Derivative natifices		129,100	<u> </u>	129,100

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

27 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) 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. This would include quoted securities.

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 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, non-transferable and non-tradable perpetual sukuk.

(ii) Reconciliation of movements in Level 3 financial instruments:

The following represents the changes in Level 3 instruments for the Bank:

Financial investments AFS

	As at	As at
	30 September 2016	31 December 2015
	RM'000	RM'000
Balance as at the beginning of the financial period/year	201,162	201,129
Profit recognised	8,933	11,900
Payment received	(5,934)	(11,867)
Balance as at the end of the financial period/year	204,161	201,162

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

28 CAPITAL ADEQUACY

BNM guidelines on capital adequacy requires 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 Bank are as follows:

30 September 201	6 31 December 2015
RM'00	0 RM'000
Common Equity Tier-I ('CET-I') Capital /Tier I Capital	
Paid-up ordinary share capital 1,173,424	1 ,173,424
Retained profits 633,32	
Statutory reserve 718,48	3 681,192
AFS reserve 22,37) (39,195)
2,547,60	2 2,336,046
Less: Deferred tax assets (9,32)	(16,840)
Intangible assets (include associated deferred tax liabilities) (410	
55% of cumulative gains of financial investments AFS (12,304)	, , , , , , , , , , , , , , , , , , , ,
Ageing Reserves and Liquidity Reserve* (1,32)	,
Total CET-I /Total Tier I Capital 2,524,23	
<u>Tier II Capital</u>	
Subordinated obligations 500,00	500,000
Collective impairment allowance^ 283,23	3 248,696
Total Tier II Capital 783,23	3 748,696
Total Capital 3,307,47	3,066,452
Capital Ratios	
CET-I Capital Ratio 10.5649	6 11.041%
Tier-I Capital Ratio 10.564%	6 11.041%
Total Capital Ratio 13.8429	<u>/o</u> 14.608%
Risk-weighted assets by each major risk category are as follows:	
Credit risk-weighted assets 28,296,33	5 25,655,098
Credit risk-weighted assets absorbed by PSIA (5,637,310	
22,659,02	
Market risk-weighted assets 83,67	2 61,645
Operational risk-weighted assets 1,151,55	1,032,842
Total risk-weighted assets 23,894,24	20,990,225

In accordance with BNM's "Guidelines on the Recognition and Measurement of Profit Sharing Investment Account (PSIA) as Risk Absorbent", the credit and market risks of the assets funded by the Restricted Profit Sharing Investment Accounts (RPSIA) which qualifies as risk absorbent are excluded from the total capital ratio (TCR) calculation. As at 30 September 2016, credit risks relating to RPSIA assets excluded from the TCR calculation amounted to RM5,637 million (31 December 2015: RM5,759 million).

- * Pursuant to the Basel II Market Risk para 5.19 and 5.20 Valuation Adjustments / Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.
- * Excludes collective assessment impairment allowance attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing". Include the qualifying regulatory reserve under the Standardised Approach for non-impaired financing and advances of RM152 million (31 December 2015: RM140 million).

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

29 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

30 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 18 November 2016, the Bank increased its issued and paid up capital share from RM1,173,424,000 to RM1,273,424,000 via the issuance of 100,000,000 new ordinary shares of RM1.00 each to RHB Bank Berhad, its immediate holding company, for working capital purposes. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Bank.

Other than the above, there are no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

31 CHANGES IN THE COMPOSITION OF THE BANK

There are no significant changes in the composition of the Bank for the nine months ended 30 September 2016.

32 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM102.2 million for the current quarter, 1.6% higher as compared to the preceding quarter ended 30 June 2016. The higher profit was mainly attributed to higher net funding income by RM12.9 million, partially offset by higher allowances for financing and advances by RM5.4 million, higher overhead expenses by RM4.1 million and lower non funding income by RM1.8 million.

33 PERFORMANCE REVIEW

For the nine months ended 30 September 2016, the Bank recorded a pre-tax profit of RM299.1 million, 17.7% higher than previous year corresponding period of RM254.1 million. The higher profit was mainly due to higher net funding income by RM58.4 million and higher non funding income by RM18.5 million, partially offset by higher overhead expenses by RM16.4 million and higher allowances for financing and advances by RM15.5 million.

34 PROSPECTS FOR 2016

Malaysia's GDP for 2016 is expected to grow between 4% to 5%. 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.