

Affin Hwang Investment Bank Berhad

(Incorporated in Malaysia)

Unaudited Statements of Financial Position as at 30 September 2016

	Note	The Group		The Bank	
		As at 30-09-2016	As at 31-12-2015 (restated)	As at 30-09-2016	As at 31-12-2015 (restated)
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		420,506	462,004	195,388	244,732
Deposits and placements with banks and other financial institutions		20,292	145,474	20,292	145,474
Financial assets held-for-trading	13	305,703	273,302	303,139	264,657
Financial investments held-to-maturity	13	62,013	78,651	62,013	78,651
Financial investments available-for-sale	13	4,817,526	4,008,065	4,774,316	3,958,666
Loans, advances and financing	14	1,025,686	1,240,693	1,025,686	1,240,693
Trade receivables	15	515,486	550,093	379,896	481,617
Derivative financial assets		82,191	119,991	82,191	119,991
Other assets	16	79,699	112,541	75,985	106,957
Deferred tax assets		2,693	12,741	-	7,770
Taxation recoverable		27,775	27,289	24,903	27,196
Statutory deposits with Bank Negara Malaysia		162,940	177,850	162,940	177,850
Investment in subsidiaries		-	-	121,217	121,217
Amount due from subsidiaries		-	-	29,395	24,004
Property and equipment		34,775	26,544	23,590	21,646
Intangible assets		323,383	326,240	316,960	320,046
Total ASSETS		7,880,668	7,561,478	7,597,911	7,341,167
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	17	4,705,817	4,314,040	4,705,817	4,314,040
Deposits and placements of banks and other financial institutions	18	571,770	749,852	571,770	749,852
Repurchase agreements		47,866	-	47,866	-
Trade payables	19	626,630	642,321	394,729	470,090
Derivative financial liabilities		105,450	141,891	105,450	141,891
Amount due to related companies		9,760	689	-	-
Other liabilities	20	189,892	235,765	143,119	185,249
Provision for taxation		-	1,747	-	-
Deferred tax liabilities		21,239	-	21,239	-
Total LIABILITIES		6,278,424	6,086,305	5,989,990	5,861,122
Share capital		780,000	780,000	780,000	780,000
Reserves		786,664	659,346	827,921	700,045
		1,566,664	1,439,346	1,607,921	1,480,045
Non-controlling interests		35,580	35,827	-	-
SHAREHOLDERS' EQUITY		1,602,244	1,475,173	1,607,921	1,480,045
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,880,668	7,561,478	7,597,911	7,341,167
COMMITMENTS AND CONTINGENCIES	28	5,329,411	5,793,810	5,329,411	5,793,810
CAPITAL ADEQUACY					
Basel III					
CET 1 capital ratio	27	34.244%	30.481%	37.999%	32.168%
Tier 1 capital ratio	27	34.330%	30.565%	37.999%	32.168%
Total capital ratio	27	34.685%	30.983%	37.999%	32.168%
After deducting proposed dividends:					
CET 1 capital ratio (net of proposed dividends)	27	33.729%	30.397%	37.398%	32.074%
Tier 1 capital ratio (net of proposed dividends)	27	33.815%	30.480%	37.398%	32.074%
Total capital ratio (net of proposed dividends)	27	34.170%	30.898%	37.398%	32.074%

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Unaudited Income Statements for the financial period ended 30 September 2016

The Group	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2016 RM'000	Preceding Year Corresponding Period 30-09-2015 RM'000	Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Interest income	21	67,710	67,167	201,151	194,241
Interest expense	22	(47,612)	(48,430)	(140,497)	(134,373)
Net interest income		20,098	18,737	60,654	59,868
Other operating income	23	126,088	96,822	334,264	320,062
Net income		146,186	115,559	394,918	379,930
Other operating expenses	24	(110,248)	(109,765)	(304,169)	(317,947)
Operating profit before loan and financing loss and allowance		35,938	5,794	90,749	61,983
Write-back/(allowances) of losses on loans, advances and financing and receivables	25	181	387	965	(305)
Write-back of impairment loss on securities	26	-	-	-	1,600
Profit before zakat and taxation		36,119	6,181	91,714	63,278
Zakat		(328)	(365)	(794)	(805)
Profit before taxation		35,791	5,816	90,920	62,473
Taxation		(9,245)	(5,130)	(23,706)	(18,817)
Net profit after zakat and taxation		26,546	686	67,214	43,656
Attributable to:					
- Equity holders of the Bank		21,450	(1,479)	55,755	32,824
- Non-controlling interests		5,096	2,165	11,459	10,832
		26,546	686	67,214	43,656
Earnings per share:					
- basic/fully diluted (sen)		2.75	(0.19)	7.15	5.60

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**Unaudited Statement of Comprehensive Income
for the financial period ended 30 September 2016**

The Group	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2016 RM'000	Preceding Year Corresponding Period 30-09-2015 RM'000	Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Net profit after zakat and taxation	26,546	686	67,214	43,656
Other comprehensive income:				
Net fair value changes in financial investments available-for-sale	47,088	(55,555)	118,236	(41,047)
Net gain transferred to income statement on disposal	(13,191)	(4,848)	(19,995)	(18,522)
Deferred tax on financial investments available-for-sale	(8,043)	15,619	(23,342)	15,472
Other comprehensive income for the period, net of tax	25,854	(44,784)	74,899	(44,097)
Total comprehensive income for the period	52,400	(44,098)	142,113	(441)
Attributable to:				
Equity holders of the Bank	47,189	(46,886)	130,360	(11,969)
Non-controlling interests	5,211	2,788	11,753	11,528
Total comprehensive income	52,400	(44,098)	142,113	(441)

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Unaudited Income Statements for the financial period ended 30 September 2016

The Bank	Note	Individual Quarter		Cumulative Quarter	
		Current Financial Period 30-09-2016 RM'000	Preceding Year Corresponding Period 30-09-2015 RM'000	Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Interest income	21	68,659	66,252	200,493	191,429
Interest expense	22	(47,612)	(48,430)	(140,497)	(134,397)
Net interest income		21,047	17,822	59,996	57,032
Other operating income	23	70,413	63,636	169,123	157,239
Net income		91,460	81,458	229,119	214,271
Other operating expenses	24	(53,486)	(64,769)	(156,196)	(179,401)
Operating profit before loan and financing loss and allowance		37,974	16,689	72,923	34,870
Write-back/(allowances) of losses on loans, advances and financing and receivables	25	181	387	965	(305)
Write-back of impairment loss on securities	26	-	-	-	1,600
Profit before zakat and taxation		38,155	17,076	73,888	36,165
Zakat		(214)	(325)	(582)	(705)
Profit before taxation		37,941	16,751	73,306	35,460
Taxation		(7,368)	(2,305)	(16,307)	(7,199)
Net profit after zakat and taxation		30,573	14,446	56,999	28,261
Attributable to:					
- Equity holders of the Bank		30,573	14,446	56,999	28,261
Earnings per share:					
- basic/fully diluted (sen)		3.92	1.85	7.31	3.62

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**Unaudited Statement of Comprehensive Income
for the financial period ended 30 September 2016**

The Bank	Individual Quarter		Cumulative Quarter	
	Current Financial Period 30-09-2016 RM'000	Preceding Year Corresponding Period 30-09-2015 RM'000	Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Net profit after zakat and taxation	30,573	14,446	56,999	28,261
Other comprehensive income:				
Net fair value changes in financial investments available-for-sale	46,705	(57,629)	117,256	(43,366)
Net gain transferred to income statement on disposal	(13,191)	(4,848)	(19,995)	(18,522)
Deferred tax on financial investments available-for-sale	(8,043)	15,619	(23,342)	15,472
Other comprehensive income for the period, net of tax	<u>25,471</u>	<u>(46,858)</u>	<u>73,919</u>	<u>(46,416)</u>
Total comprehensive income for the period	<u>56,044</u>	<u>(32,412)</u>	<u>130,918</u>	<u>(18,155)</u>
Attributable to equity holders of the Bank:				
Total comprehensive income	<u>56,044</u>	<u>(32,412)</u>	<u>130,918</u>	<u>(18,155)</u>

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Unaudited Statement of Changes in Equity
for the financial period ended 30 September 2016

	Note	Attributable to equity holders of the Bank								
		Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available -for-sale revaluation reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
The Group										
At 1 January 2016										
As previously reported		780,000	219,800	214,915	5,594	(14,831)	233,868	1,439,346	35,827	1,475,173
Prior year adjustments	12	-	-	-	-	11,534	(11,534)	-	-	-
As restated		780,000	219,800	214,915	5,594	(3,297)	222,334	1,439,346	35,827	1,475,173
Comprehensive income:										
Net profit for the financial period		-	-	-	-	-	55,755	55,755	11,459	67,214
Other comprehensive income, (net of tax) -										
Financial investments available-for-sale		-	-	-	-	74,605	-	74,605	294	74,899
Total comprehensive income		-	-	-	-	74,605	55,755	130,360	11,753	142,113
Transfer to statutory reserve		-	-	28,499	-	-	(28,499)	-	-	-
Transfer to regulatory reserve		-	-	-	(1,406)	-	1,406	-	-	-
Dividend paid		-	-	-	-	-	(3,042)	(3,042)	(12,000)	(15,042)
At 30 September 2016		780,000	219,800	243,414	4,188	71,308	247,954	1,566,664	35,580	1,602,244
At 1 January 2015		780,000	219,800	199,071	3,556	5,479	207,165	1,415,071	30,329	1,445,400
Comprehensive income:										
Net profit for the financial period		-	-	-	-	-	32,824	32,824	10,832	43,656
Other comprehensive income, (net of tax) -										
Financial investments available-for-sale		-	-	-	-	(44,793)	-	(44,793)	696	(44,097)
Total comprehensive income		-	-	-	-	(44,793)	32,824	(11,969)	11,528	(441)
Transfer to statutory reserve		-	-	14,130	-	-	(14,130)	-	-	-
Transfer to regulatory reserve		-	-	-	1,816	-	(1,816)	-	-	-
Dividend paid		-	-	-	-	-	-	-	(9,000)	(9,000)
At 30 September 2015		780,000	219,800	213,201	5,372	(39,314)	224,043	1,403,102	32,857	1,435,959

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Unaudited Statement of Changes in Equity
for the financial period ended 30 September 2016

	Note	Non-distributable				Available -for-sale revaluation reserve	Distributable	
		Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000		Retained profits RM'000	Total equity RM'000
The Bank								
At 1 January 2016								
As previously reported		780,000	219,800	214,915	5,594	(14,762)	274,498	1,480,045
Prior year adjustments	12	-	-	-	-	11,534	(11,534)	-
As restated		780,000	219,800	214,915	5,594	(3,228)	262,964	1,480,045
Comprehensive income:								
Net profit for the financial period		-	-	-	-	-	56,999	56,999
Other comprehensive income, (net of tax) -								
Financial investments available-for-sale		-	-	-	-	73,919	-	73,919
Total comprehensive income		-	-	-	-	73,919	56,999	130,918
Transfer to statutory reserve		-	-	28,499	-	-	(28,499)	-
Transfer to regulatory reserve		-	-	-	(1,406)	-	1,406	-
Dividend paid		-	-	-	-	-	(3,042)	(3,042)
At 30 September 2016		780,000	219,800	243,414	4,188	70,691	289,828	1,607,921
At 1 January 2015		780,000	219,800	199,071	3,556	5,347	260,692	1,468,466
Comprehensive income:								
Net profit for the financial period		-	-	-	-	-	28,261	28,261
Other comprehensive income, (net of tax) -								
Financial investments available-for-sale		-	-	-	-	(46,416)	-	(46,416)
Total comprehensive income		-	-	-	-	(46,416)	28,261	(18,155)
Transfer to statutory reserve		-	-	14,130	-	-	(14,130)	-
Transfer to regulatory reserve		-	-	-	1,816	-	(1,816)	-
At 30 September 2015		780,000	219,800	213,201	5,372	(41,069)	273,007	1,450,311

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Unaudited Statement of Cash Flows for the financial period ended 30 September 2016

	The Group		The Bank	
	30-09-2016 RM'000	30-09-2015 RM'000	30-09-2016 RM'000	30-09-2015 RM'000
Cash flow from operating activities				
Net profit before tax for the financial period	90,920	62,473	73,306	35,460
Adjustments for items not involving the movement of cash and cash equivalents:				
Interest income				
- financial assets held-for trading	(15,533)	(6,543)	(15,533)	(6,543)
- financial investments available-for-sale	(121,434)	(113,564)	(121,434)	(113,564)
- financial investments held-to-maturity	(3,711)	(7,370)	(3,711)	(7,370)
Dividend income from subsidiary	-	-	(28,000)	(21,000)
Dividend income from financial instruments	(11,902)	(10,687)	(11,405)	(9,235)
Gain on disposal of property, plant and equipment	(195)	(163)	(91)	(105)
Property and equipment written-off	1,056	76	157	51
Intangible assets written-off	17	6	-	-
Depreciation of property and equipment	6,086	4,095	4,440	2,434
Amortisation of intangible assets	1,515	1,023	819	446
Net accretion of discounts/(amortisation of premiums)	2,387	2,041	2,387	2,041
(Loss)/gain arising from disposal or redemption of :				
- derivative instruments	-	(20)	-	(20)
- financial assets held-for-trading	(22,148)	(17,621)	(22,148)	(18,462)
- financial investments available-for-sale	(16,159)	(20,035)	(14,576)	(19,655)
Unrealised gain/(loss) on derivative instruments	1,872	10,151	1,872	10,151
Unrealised (loss)/gain on financial assets held-for-trading	(3,254)	26	(3,301)	(200)
(Write-back)/Impairment loss on:				
- financial investments available-for-sale	-	(46)	-	(46)
- financial investments held-to-maturity	-	(1,554)	-	(1,554)
Net of collective impairment	(1,205)	(1,189)	(1,205)	(1,189)
Net of individual impairment	229	1,221	229	1,221
(Write-back)/impairment loss on :				
Allowance for bad and doubtful debts on other debtors	472	328	472	328
Zakat	794	805	582	705
Bad debts recovered	(461)	(55)	(461)	(55)
Unrealised foreign exchange loss/(gain)	12,563	(25,248)	12,778	(27,996)
<i>Operating loss before changes in operating assets and liabilities</i>	(78,091)	(121,850)	(124,823)	(174,157)
<i>Decrease/(Increase) in operating assets</i>				
Loans, advances and financing	216,205	(52,976)	216,205	(52,976)
Deposits and placements with banks and other financial institutions	125,182	99,993	125,182	99,993
Statutory deposits with Bank Negara Malaysia	14,910	(49,150)	14,910	(49,150)
Intercompany balances	-	-	(5,391)	6,295
Trade receivables	34,394	(113,666)	101,509	(90,194)
Derivative assets	23,365	(87,336)	23,365	(87,336)
Other assets	32,902	(121,348)	30,811	(114,570)
Financial assets held-for-trading	9,112	22,570	3,078	25,590
	456,070	(301,913)	509,669	(262,348)
<i>Increase/(decrease) in operating liabilities</i>				
Deposits from customers	391,777	661,093	391,777	620,880
Deposits and placements of banks and other financial institutions	(178,082)	(103,237)	(178,082)	(103,237)
Repurchase agreements	47,866	-	47,866	-
Trade payables	(15,692)	(25,904)	(75,361)	27,101
Amount due from related company	9,071	-	-	-
Derivative liabilities	(36,441)	150,897	(36,441)	150,897
Other liabilities	(45,107)	25,165	(41,151)	13,965
	173,392	708,014	108,608	709,606
Cash generated from operating activities	551,371	284,251	493,454	273,101

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**Unaudited Statement of Cash Flows
for the financial period ended 30 September 2016**

	The Group		The Bank	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)				
Net taxation paid	(17,995)	(31,001)	(8,348)	(16,360)
Zakat paid	(979)	-	(978)	-
Net cash generated from operating activities	532,397	253,250	484,128	256,741
Cash flow from investing activities				
Proceeds from disposal of property and equipment	204	200	100	200
Purchase of property and equipment	(12,233)	(9,234)	(3,401)	(7,783)
Purchase of intangible assets	(1,824)	(5,837)	(882)	(5,263)
Interest received:				
- financial investments available-for-sale	121,434	113,564	121,434	113,564
- financial investments held-to-maturity	3,711	7,370	3,711	7,370
Net purchase of financial investments available-for-sale	(697,146)	(629,820)	(705,896)	(626,775)
Net proceeds on redemption of financial investments held-to-maturity	16,419	91,011	16,419	91,011
Cash consideration for merger of businesses	-	3,467	-	3,467
Dividend income received from:				
- financial investments available-for-sale	11,233	8,952	10,736	7,723
- subsidiary	-	-	28,000	-
Net cash used in investing activities	(558,202)	(420,327)	(529,779)	(416,486)
Cash flow from financing activities				
Dividend paid by a subsidiary to minority interests	(12,000)	-	-	-
Dividend paid	(3,042)	-	(3,042)	-
Net cash used in financing activities	(15,042)	-	(3,042)	-
Net increase in cash and cash equivalents	(40,847)	(167,077)	(48,693)	(159,745)
Cash and cash equivalents at beginning of the financial year	413,380	606,686	196,108	368,442
Cash and cash equivalents at end of the financial period	372,533	439,609	147,415	208,697
Analysis of cash and cash equivalents				
Cash and short term funds	420,506	492,278	195,388	261,366
Amount held on behalf of clients and commissioned dealer's representatives	(47,973)	(52,669)	(47,973)	(52,669)
Cash and cash equivalents at end of the financial period	372,533	439,609	147,415	208,697

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**Notes to the financial statement
for the financial period ended 30 September 2016**

1. Review of financial performance

The Group recorded a higher Profit Before Tax ("PBT") of RM90.9 million for the 9 months period ended 30 September 2016 compared to a PBT of RM62.5 million for the previous corresponding period. The investment bank contributed RM45.3 million [excluding interco dividend from subsidiary of RM28.0 million] (30.9.2015: RM35.5 million) while the asset management business contributed RM45.6 million (30.9.2015: RM47.7 million) to the Group's PBT in the current period under review.

Summarised analysis of the Group PBT for the 9 months period ended 30 September 2016 are as follows:

- Net interest income of RM60.7 million was marginally higher than the net interest income of RM59.9 million recorded in the previous corresponding period primarily due to higher average interest earning assets in the current period under review.
- Other operating income registered an increase to RM334.3 million in the period under review compared to RM320.2 million in the corresponding period. The increase was primarily due to the higher fee income from the asset management business and net investment gains generated by the investment bank activities during the current period under review.
- Operating expenses recorded for the period under review were lower at RM304.2 million compared to RM317.9 million incurred in the previous corresponding period contributed mainly by lower personnel costs.

2. Prospect for the current financial year

The Group remains cautiously optimistic of its business prospects and growth in 2016 amidst at a slower pace. The country's resilient economic fundamentals are expected to cushion the global economic uncertainties arising from the Brexit event and slow down in growth in China. The Group's diversified business profile coupled with a sturdy capitalisation should partially mitigate the expected volatility in the financial markets.

The Group takes cognizant of the increasingly-competitive investment bank and asset management operating environment, which are highly dependent on the overall market sentiments. The Group will continue to build resilience across its businesses and drive efficiency savings in all its business operations. The businesses shall continue to work on collaborative efforts within the group to increase its ability to offer a wider range of products and services to its enlarged clientele.

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**Notes to the financial statement
for the financial period ended 30 September 2016**

3. Basis of preparation

The unaudited condensed interim financial statements for the 9 months period ended 30 September 2016 have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act 1965 in Malaysia.

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

4. Qualification of preceding annual financial statements

The Bank's financial statements for financial year ended 31 December 2015 were not qualified by the auditors.

5. Seasonal or cyclical factors

The Group's and Bank's operations are generally not affected by any seasonal or cyclical factors but are in tandem with the country's economic situation.

6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial reporting period.

7. Changes in debt and equity securities

There were no issuances, cancellation, repurchases, resale or repayment of debt and equity securities at the Bank's level during the financial reporting period.

8. Litigation against the Bank

A chargor of a piece of land (the "Land") charged to the Bank as part of the collaterals for a syndicated facility granted to a borrower by a consortium financial institutions, had filed a claim against the Bank on 9 June 2016 for the sum of RM5,185,683.19 or in the alternative damages to be assessed, interests and costs, alleging that the Bank as Security Agent had failed to perform its contractual and/or statutory obligations in relation to the application of the sales proceeds of the Land and had wrongfully deducted the recovery and enforcement expenses, which included expenses for other properties/securities from the surplus of the sales proceed of the Land. As Security Agent, the consortium financial institutions will indemnify the Bank for the claim instituted against the Bank. The solicitors have attended the Johor Bahru High Court ("JBHC") on 19 October 2016 for the case management and hearing of the Bank's application to transfer the proceedings to Kuala Lumpur High Court ("KLHC"). On 15 November 2016, the JBHC granted an order in terms to allow the Bank's transfer application and also directed the claimant's application to amend the statement of claim be transferred to KLHC for case management.

9. Significant Events

There were no significant events during the financial reporting period.

10. Changes in the composition of the Bank

There is no change to the composition of the Bank as at end of the reporting period other than the acquisitions of the entire issued and paid-up share capital of 2 shelf companies, namely Classic Uptrend Sdn Bhd ("Classic Uptrend") and Sole Delta Sdn Bhd ("Sole Delta"), for a total cash consideration of RM2.00 each. Both Classic Uptrend and Sole Delta became the wholly-owned subsidiaries of the Bank upon the completion of the acquisitions.

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**Notes to the financial statement
for the financial period ended 30 September 2016**

11. Dividends

A final dividend of 0.39 sen per ordinary share, amounting to RM3,042,000 in respect of the previous financial year ended 31 December 2015 was paid on 28 March 2016.

The Directors proposed an interim dividend of 2.308 sen per ordinary share amounting to RM18 million for the current financial year ending 31 December 2016, has been approved from BNM.

12. Prior year adjustment

During the financial period, the Group and the Bank has effected a prior year adjustment to the 31 December 2015 financial statements to account for the impairment of available-for-sale ("AFS") financial investments arising from significant or prolonged decline in the fair value of the equity securities below its cost based on the technical guidance provided under FRSIC Consensus 14 "Impairment of Investment in Equity Instruments Categorised as Available-for-Sale Financial Asset due to 'Significant or Prolonged' Decline in Fair Value". The adjustment resulted in a debit of RM11,534,000 to retained profits.

The impact of the prior year adjustments on the financial statements of the Group and Bank are as follows:

Group

Statement of changes in equity for the financial year ended 31 December 2015

	<u>As previously reported</u> RM'000	<u>Prior year adjustment</u> RM'000	<u>As restated</u> RM'000
Available-for-sale revaluation reserves	(14,831)	11,534	(3,297)
Retained profits	233,868	(11,534)	222,334

Bank

Statement of changes in equity for the financial year ended 31 December 2015

	<u>As previously reported</u> RM'000	<u>Prior year adjustment</u> RM'000	<u>As restated</u> RM'000
Available-for-sale revaluation reserves	(14,762)	11,534	(3,228)
Retained profits	274,498	(11,534)	262,964

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Notes to the financial statement for the financial period ended 30 September 2016

13. Securities portfolio

	The Group		The Bank	
	30-09-2016 RM'000	31-12-2015 RM'000 (restated)	30-09-2016 RM'000	31-12-2015 RM'000 (restated)
Classification of securities portfolio:				
(i) Financial assets held-for-trading				
<u>At fair value</u>				
<u>Money Market instruments</u>				
<u>Quoted</u>				
Malaysian Government Securities	10,300	-	10,300	-
Malaysian Government Islamic Investment Issues	82,715	-	82,715	-
	<u>93,015</u>	<u>-</u>	<u>93,015</u>	<u>-</u>
<u>At fair value</u>				
<u>Quoted securities</u>				
In Malaysia:				
Shares, warrants and REITS	28,338	33,564	28,338	33,564
Unit trusts	2,564	8,645	-	-
Negotiable Instruments of Deposit	156,741	231,093	156,741	231,093
	<u>187,643</u>	<u>273,302</u>	<u>185,079</u>	<u>264,657</u>
<u>Unquoted securities</u>				
Corporate Bonds and/or Sukuk in Malaysia	25,045	-	25,045	-
	<u>305,703</u>	<u>273,302</u>	<u>303,139</u>	<u>264,657</u>
(ii) Financial investments held-to-maturity				
<u>At amortised cost</u>				
<u>Unquoted securities</u>				
Corporate Bonds and/or Sukuk in Malaysia	62,013	78,651	62,013	78,651
	<u>62,013</u>	<u>78,651</u>	<u>62,013</u>	<u>78,651</u>
(iii) Financial investments available-for-sale				
<u>At fair value</u>				
<u>Money Market Instruments</u>				
Malaysian Government Securities	135,519	19,895	135,519	19,895
Malaysian Government Islamic Investment Issues	268,556	675,049	268,556	675,049
Cagamas Bonds	68,471	20,102	68,471	20,102
Sukuk Perumahan Kerajaan	81,458	97,695	81,458	97,695
Negotiable Instruments of Deposit	-	80,036	-	80,036
	<u>554,004</u>	<u>892,777</u>	<u>554,004</u>	<u>892,777</u>
<u>Quoted securities</u>				
In Malaysia:				
Shares	31,063	22,046	31,063	22,046
Unit Trusts	242,831	240,850	200,606	192,437
REITS	46,964	42,999	46,964	42,999
Outside Malaysia:				
REITS	77,801	48,864	77,801	48,864
<u>Unquoted securities</u>				
Corporate Bonds and/or Sukuk in Malaysia	3,553,013	2,605,743	3,552,028	2,604,757
Corporate Bonds and/or Sukuk outside Malaysia	307,498	151,831	307,498	151,831
Shares in Malaysia	21,720	20,323	21,720	20,323
	<u>4,882,231</u>	<u>4,025,433</u>	<u>4,791,684</u>	<u>3,976,034</u>
Allowance for impairment of securities	(17,368)	(17,368)	(17,368)	(17,368)
	<u>4,817,526</u>	<u>4,008,065</u>	<u>4,774,316</u>	<u>3,958,666</u>

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**Notes to the financial statement
for the financial period ended 30 September 2016****14. Loans, advances and financing****(i) By type of Loan/Financing****The Group and the Bank
30-09-2016 31-12-2015
RM'000 RM'000**

Term loans/financing		
- Syndicated term loan/financing	361,650	269,288
- Other term loans/financing	357,437	702,427
Staff loans	6,181	7,582
Share margin financing	188,996	157,979
Revolving credits	53,665	46,573
Receivables	91,101	91,377
Gross loans, advances and financing	1,059,030	1,275,226
Less :		
Allowances for impaired loans, advances and financing		
- Individual allowance	(25,126)	(25,126)
- Collective allowance	(8,218)	(9,407)
Total net loans, advances and financing	1,025,686	1,240,693

(ii) By Type of Customers

Domestic business enterprises		
- Small medium enterprises	64,978	66,375
- Others	744,581	937,887
Individuals	248,351	267,489
Foreign business enterprises	-	2,509
Foreign individuals	1,120	966
Total gross loans, advances and financing	1,059,030	1,275,226

(iii) By Interest/Profit Rate Sensitivity

Fixed rate		
- Housing loans/financing	3,279	4,543
- Hire purchase receivables	2,877	2,968
- Other fixed rate loans/financing	71,760	66,486
- Receivables	91,101	91,377
- Share margin financing	188,996	157,979
Variable rate		
- Cost plus	618,579	869,886
- BLR plus	20,979	13,127
- Other floating rate	61,459	68,860
Total gross loans, advances and financing	1,059,030	1,275,226

(iv) By Economic Purpose

Purchase of securities	535,834	605,790
Working capital	159,133	223,231
Construction	68,819	136,798
Purchase of transport vehicles	60,483	71,385
Purchase of landed properties (non-residential)	21,932	22,732
Purchase of landed properties (residential)	19,138	22,950
Personal use	25	72
Merger and acquisition	-	51,379
Others	193,666	140,889
Total gross loans, advances and financing	1,059,030	1,275,226

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**Notes to the financial statement
for the financial period ended 30 September 2016****14. Loans, advances and financing (continued)**

	The Group and the Bank	
	30-09-2016	31-12-2015
	RM'000	RM'000
<u>(v) By Sector</u>		
Household	255,535	260,118
Real estate	253,517	229,125
Transport, storage and communication	148,738	206,920
Education, health & others	56,406	60,158
Manufacturing	89,971	86,400
Finance, insurance and business services	82,455	113,811
Mining and quarrying	59,395	66,722
Construction	56,346	55,213
Wholesale retail trade and restaurant and hotels	34,415	115,121
Electricity, gas and water	20,013	70,794
Others	2,239	10,844
Total gross loans, advances and financing	<u>1,059,030</u>	<u>1,275,226</u>
<u>(vi) By Geographical Distribution</u>		
Selangor	496,636	546,660
Wilayah Persekutuan	429,434	595,874
Johor	107,766	108,004
Pulau Pinang	15,916	14,283
Perak	5,283	2,106
Sarawak	2,381	6,687
Negeri Sembilan	880	1,025
Sabah	463	420
Kedah	271	167
Total gross loans, advances and financing	<u>1,059,030</u>	<u>1,275,226</u>
<u>(vii) By maturity structure</u>		
Maturing within one year	280,076	311,872
One year to three years	328,826	270,622
Three years to five years	194,475	236,969
Over five years	255,653	455,763
Total gross loans, advances and financing	<u>1,059,030</u>	<u>1,275,226</u>
<u>(viii) Movement of impaired loans, advances and financing</u>		
At beginning of the financial year	66,375	34,128
Classified as impaired during the financial year	-	32,655
Amount written-off	-	(122)
Amount recovered	(1,398)	(286)
At end of the financial year	<u>64,977</u>	<u>66,375</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>6.14%</u>	<u>5.20%</u>

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**Notes to the financial statement
for the financial period ended 30 September 2016****14. Loans, advances and financing (continued)**

The Group and the Bank
30-09-2016 **31-12-2015**
RM'000 **RM'000**

(ix) Movement in allowances are as follows:**Individual allowance**

At beginning of the financial year	25,126	24,239
Allowance made	-	1,009
Amount written-off	-	(122)
At end of the financial year	<u>25,126</u>	<u>25,126</u>

Collective allowance

At beginning of the financial year	9,407	8,982
Allowance made	1,207	3,863
Amount written-back	(2,396)	(3,438)
At end of the financial year	<u>8,218</u>	<u>9,407</u>

(x) Impaired loans, advances and financing analysed by their economic purpose

Purchase of landed properties (non-residential)	21,932	22,732
Other purpose	43,045	43,643
Total impaired loans, advances and financing	<u>64,977</u>	<u>66,375</u>

(xi) Impaired loans, advances and financing analysed by their economic sector

Manufacturing	22,500	22,500
Wholesale retail trade and restaurant and hotels	10,853	11,451
Real estate	14,264	14,264
Finance, insurance and business services	17,360	18,160
Total impaired loans, advances and financing	<u>64,977</u>	<u>66,375</u>

(xii) Impaired loans, advances, and financing by geographical distribution

Selangor	64,977	66,375
Total impaired loans, advances and financing	<u>64,977</u>	<u>66,375</u>

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**Notes to the financial statement
for the financial period ended 30 September 2016****15. Trade receivables**

	The Group		The Bank	
	30-09-2016 RM'000	31-12-2015 RM'000	30-09-2016 RM'000	31-12-2015 RM'000
Amount in respect of management fees receivable and cancellation of funds' units	135,590	68,476	-	-
Amount due from clients (a)	170,508	294,716	170,508	294,716
Amount due from brokers	130,560	140,007	130,560	140,007
Amount due from Bursa Securities Clearing Sdn. Bhd.	79,511	51,033	79,511	51,033
	<u>516,169</u>	<u>554,232</u>	<u>380,579</u>	<u>485,756</u>
Less : Allowance for bad and doubtful accounts (b)				
- Individual allowance	(683)	(4,123)	(683)	(4,123)
- Collective allowance	-	(16)	-	(16)
	<u>515,486</u>	<u>550,093</u>	<u>379,896</u>	<u>481,617</u>

The Group and the Bank

30-09-2016 RM'000	31-12-2015 RM'000
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(a) Movement of impaired amount due from clients are as follows:

At beginning of the financial year	4,460	4,420
Addition during the year	899	108
Amount recovered	(670)	(68)
Amount written off	(3,669)	-
At end of the financial year	<u>1,020</u>	<u>4,460</u>

(b) Movement in allowances are as follows:**Individual allowance**

At beginning of the financial year	4,123	4,083
Allowance made	899	108
Amount written back	(670)	(68)
Amount written off	(3,669)	-
At end of the financial year	<u>683</u>	<u>4,123</u>

Collective allowance

At beginning of the financial year	16	19
Allowance made	-	31
Amount written-back	(16)	(34)
At end of the financial year	<u>-</u>	<u>16</u>

16. Other assets

	The Group		The Bank	
	30-09-2016 RM'000	31-12-2015 RM'000	30-09-2016 RM'000	31-12-2015 RM'000
Other debtors, deposits and prepayments	87,309	120,329	83,707	114,845
Clearing Guarantee Fund	1,777	1,139	1,777	1,139
Clearing Fund	1,000	1,000	1,000	1,000
Transferable membership	222	210	110	110
Allowance for bad and doubtful debts (a)	(10,609)	(10,137)	(10,609)	(10,137)
	<u>79,699</u>	<u>112,541</u>	<u>75,985</u>	<u>106,957</u>

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**Notes to the financial statement
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	The Group and the Bank	
	30-09-2016	31-12-2015
	RM'000	RM'000
Individual allowance		
At beginning of the financial year	10,137	9,894
Allowance made	952	365
Amount written back	(480)	(122)
At end of the financial year	<u>10,609</u>	<u>10,137</u>

17. Deposit from customers

	The Group and the Bank	
	30-09-2016	31-12-2015
	RM'000	RM'000
<u>By type of deposits:</u>		
Fixed deposits	3,402,857	2,930,883
Negotiable instruments of deposits	1,107,369	1,191,217
Other deposits	195,591	191,940
	<u>4,705,817</u>	<u>4,314,040</u>
<u>By maturity structure:</u>		
Due within six months	4,122,817	3,066,058
Six months to one year	177,679	238,849
More than one year	405,321	1,009,133
	<u>4,705,817</u>	<u>4,314,040</u>
<u>By type of customer:</u>		
Domestic non-banking financial institutions	1,893,771	1,278,851
Business enterprises	1,022,603	1,115,296
Domestic banking institutions	1,105,811	1,190,461
Government and statutory bodies	584,789	621,118
Individuals	73,176	74,779
Others	20,750	27,671
Foreign entities	4,917	5,864
	<u>4,705,817</u>	<u>4,314,040</u>

18. Deposit and placements of banks and other financial institution

	The Group and the Bank	
	30-09-2016	31-12-2015
	RM'000	RM'000
Licensed banks	571,770	749,852
	<u>571,770</u>	<u>749,852</u>

19. Trade payables

	The Group		The Bank	
	30-09-2016	31-12-2015	30-09-2016	31-12-2015
	RM'000	RM'000	RM'000	RM'000
Amount due to clients	170,784	342,714	170,784	342,714
Amount due to brokers	223,945	127,376	223,945	127,376
Amount due to unit trust funds	176,714	154,948	-	-
Amount due to unit holders	55,123	17,213	-	-
Amount due to external fund managers	64	70	-	-
	<u>626,630</u>	<u>642,321</u>	<u>394,729</u>	<u>470,090</u>

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**Notes to the financial statement
for the financial period ended 30 September 2016****20. Other liabilities**

	The Group		The Bank	
	30-09-2016 RM'000	31-12-2015 RM'000	30-09-2016 RM'000	31-12-2015 RM'000
Commissioned dealer's representative trust balances	47,972	48,624	47,973	48,624
Amounts payable to dealer's representative	2,477	3,051	2,477	3,051
Other liabilities	139,443	184,090	92,669	133,574
	189,892	235,765	143,119	185,249

21. Interest income

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016 RM'000	30-09-2015 RM'000	30-09-2016 RM'000	30-09-2015 RM'000
Loans, advances and financing				
- Interest income on loans and advances	12,697	13,698	42,385	37,967
- Margin financing	3,720	2,538	10,198	10,846
Money at call and deposit placements with financial institutions	1,076	3,754	8,180	14,904
Derivative instruments	738	1,427	2,440	4,625
Financial assets held-for-trading	5,315	4,171	15,533	6,543
Financial investment available-for-sale	43,835	40,159	121,434	113,564
Financial investment held-to-maturity	1,105	2,203	3,711	7,370
Others	100	166	(343)	463
	68,586	68,116	203,538	196,282
Net accretion of discounts less amortisation of premiums	(876)	(949)	(2,387)	(2,041)
	67,710	67,167	201,151	194,241
of which:				
Interest income earned on impaired loans, advances and financing	334	-	950	-

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016 RM'000	30-09-2015 RM'000	30-09-2016 RM'000	30-09-2015 RM'000
Loans, advances and financing				
- Interest income on loans and advances	12,697	13,698	42,385	37,967
- Margin financing	3,720	2,538	10,198	10,846
Money at call and deposit placements with financial institutions	2,025	2,839	7,522	12,092
Derivative instruments	738	1,427	2,440	4,625
Financial assets held-for-trading	5,315	4,171	15,533	6,543
Financial investment available-for-sale	43,835	40,159	121,434	113,564
Financial investment held-to-maturity	1,105	2,203	3,711	7,370
Others	100	166	(343)	463
	69,535	67,201	202,880	193,470
Net accretion of discounts less amortisation of premiums	(876)	(949)	(2,387)	(2,041)
	68,659	66,252	200,493	191,429
of which:				
Interest income earned on impaired loans, advances and financing	334	-	950	-

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**Notes to the financial statement
for the financial period ended 30 September 2016****22. Interest expense**

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	43,050	43,842	125,949	121,647
Deposits and placements of banks and other financial institutions	3,688	3,554	11,226	9,338
Derivative instruments	668	661	2,159	1,850
Foreign currency borrowings	163	183	780	1,058
Others	43	190	383	480
	47,612	48,430	140,497	134,373

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding Year
	Financial	Corresponding	Financial	Corresponding
	Period ended	Period ended	Period-to-date	Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	43,050	43,842	125,949	121,647
Deposits and placements of banks and other financial institutions	3,688	3,554	11,226	9,405
Derivative instruments	668	661	2,159	1,850
Foreign currency borrowings	163	183	780	1,058
Others	43	190	383	437
	47,612	48,430	140,497	134,397

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**Notes to the financial statement
for the financial period ended 30 September 2016****23. Other operating income**

	The Group			
	Individual Quarter Current Financial Period ended 30-09-2016 RM'000	Preceding Year Corresponding Period ended 30-09-2015 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Fees income				
Unit trust management and incentive fee	46,462	39,832	134,714	125,322
Brokerage	18,936	20,869	60,941	66,535
Initial service charge	26,655	12,864	54,427	53,695
Corporate advisory fees	1,357	258	6,284	3,333
Arrangement fees	1,050	75	5,279	2,917
Fees on loans, advances and financing	365	811	926	1,445
Underwriting commissions and placement fees	2,302	198	2,978	4,379
Agency fees	473	222	1,367	1,346
Others	1,634	380	4,962	2,633
Income from financial instruments				
Gains arising on financial assets held-for-trading				
- net gain on disposal	10,435	5,583	22,148	17,621
- unrealised gain/(loss)	(721)	(236)	3,254	(26)
- gross dividend income	202	555	669	1,735
Gains on derivative instruments				
- net gain on disposal	-	-	-	20
- unrealised gain/(loss)	(354)	(3,995)	(1,872)	(10,151)
Gains arising on financial investments available-for-sale				
- net gain on disposal	10,645	5,968	16,159	20,035
- gross dividend income	3,472	3,530	11,233	8,952
Other income				
Foreign exchange gain/(loss)				
- realised	(1,411)	(19,926)	21,342	(6,558)
- unrealised	5,214	29,243	(12,563)	25,248
Gain on disposal of property, plant and equipment	72	68	195	163
Other non-operating income	(700)	523	1,821	1,418
	126,088	96,822	334,264	320,062

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**Notes to the financial statement
for the financial period ended 30 September 2016****23. Other operating income (continued)**

	The Bank			
	Individual Quarter Current Financial Period ended 30-09-2016 RM'000	Preceding Year Corresponding Period ended 30-09-2015 RM'000	Cumulative Quarter Current Financial Period-to-date 30-09-2016 RM'000	Preceding Year Corresponding Period-to-date 30-09-2015 RM'000
Fees income				
Brokerage	18,936	20,869	60,941	66,164
Corporate advisory fees	1,357	258	6,284	3,333
Arrangement fees	1,050	75	5,279	2,917
Agency fees	473	222	1,367	1,346
Fees on loans, advances and financing	365	811	926	1,445
Underwriting commissions and placement fees	972	50	1,332	3,535
Others	948	227	4,812	1,893
Income from financial instruments				
Gains arising on financial assets held-for-trading				
- net gain on disposal	10,435	6,310	22,148	18,462
- unrealised gain/(loss)	(541)	174	3,301	200
- gross dividend income	202	475	669	1,512
Gains on derivative instruments				
- net gain on disposal	-	-	-	20
- unrealised gain/(loss)	(354)	(3,995)	(1,872)	(10,151)
Gains arising on financial investments available-for-sale				
- net gain on disposal	8,945	5,554	14,576	19,655
- gross dividend income	3,172	3,137	10,736	7,723
Gross dividend income				
- subsidiary	21,000	21,000	28,000	21,000
Other income				
Foreign exchange gain/(loss)				
- realised	(1,475)	(24,650)	21,907	(11,422)
- unrealised	5,121	32,504	(12,778)	27,996
Gain on disposal of property and equipment	10	10	91	105
Other non-operating income	(203)	605	1,404	1,506
	70,413	63,636	169,123	157,239

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Notes to the financial statement for the financial period ended 30 September 2016

24. Other operating expenses

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	38,737	36,848	110,945	117,686
Contributions to defined contribution plan	6,225	7,804	18,660	20,857
Other personnel costs	7,348	16,129	19,918	29,836
	<u>52,310</u>	<u>60,781</u>	<u>149,523</u>	<u>168,379</u>
Promotion and marketing-related expenses				
Commission and brokerage expenses	26,641	18,691	66,101	58,249
Dealers' handling fees	1,808	1,199	5,764	6,900
Business promotion and advertisement	2,914	1,917	5,977	8,786
Dealers' performance incentive	1,128	1,903	4,116	5,842
Entertainment	608	378	1,921	1,253
Travelling and accommodation	879	859	2,417	2,215
Others	1,312	1,523	3,680	4,253
	<u>35,290</u>	<u>26,470</u>	<u>89,976</u>	<u>87,498</u>
Establishment-related expenses				
Rental of premises	3,607	4,450	11,673	13,365
Depreciation of property and equipment	2,075	1,327	6,086	4,095
Repair and maintenance	1,504	518	5,549	3,991
Electricity, water and sewerage	607	725	1,954	2,216
Amortisation of intangible assets	533	332	1,515	1,023
Equipment rental	603	705	1,295	1,535
Insurance and indemnities	166	255	688	1,057
	<u>9,095</u>	<u>8,312</u>	<u>28,760</u>	<u>27,282</u>
General administrative expenses				
Telecommunication expenses	3,052	2,328	8,309	7,370
Transaction levy	1,775	2,165	5,813	6,643
Subscription	2,297	1,592	5,935	3,843
Professional fees	1,825	3,282	2,545	5,331
Subsidies	831	1,734	2,541	2,271
Directors' remuneration (Note: 24(i))	619	419	1,783	1,689
Auditors' remuneration	209	141	543	425
Property, plant & equipment written off	4	50	1,056	76
Intangible assets written off	-	-	17	6
Others	2,941	2,491	7,368	7,134
	<u>13,553</u>	<u>14,202</u>	<u>35,910</u>	<u>34,788</u>
Total other operating expenses	<u><u>110,248</u></u>	<u><u>109,765</u></u>	<u><u>304,169</u></u>	<u><u>317,947</u></u>

24 (i) Directors' Remuneration

	The Group			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Non-executive directors				
- fees	480	340	1,310	1,438
- other emoluments*	139	79	473	251
	<u>619</u>	<u>419</u>	<u>1,783</u>	<u>1,689</u>

* Other emoluments comprise mainly fixed allowances and meeting allowances.

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**Notes to the financial statement
for the financial period ended 30 September 2016****24. Other operating expenses (continued)**

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	26,510	25,870	76,678	82,977
Contributions to defined contribution plan	3,485	5,682	10,997	13,669
Other personnel costs	2,564	11,972	6,903	18,528
	<u>32,559</u>	<u>43,524</u>	<u>94,578</u>	<u>115,174</u>
Promotion and marketing-related expenses				
Dealers' handling fees	1,808	1,199	5,764	6,900
Dealers' performance incentive	1,128	1,903	4,116	5,831
Business promotion and advertisement	437	466	1,203	1,555
Travelling and accommodation	493	415	1,264	1,080
Entertainment	230	179	605	616
Commission and brokerage expenses	35	76	275	235
Others	-	(4)	-	-
	<u>4,131</u>	<u>4,234</u>	<u>13,227</u>	<u>16,217</u>
Establishment-related expenses				
Rental of premises	2,656	3,730	8,585	11,169
Depreciation of property and equipment	1,433	763	4,440	2,434
Electricity, water and sewerage	514	640	1,696	1,966
Repair and maintenance	1,054	613	3,242	2,874
Amortisation of intangible assets	297	145	819	446
Insurance and indemnities	112	181	527	823
Equipment rental	7	96	144	281
	<u>6,073</u>	<u>6,168</u>	<u>19,453</u>	<u>19,993</u>
General administrative expenses				
Telecommunication expenses	2,655	1,866	7,243	5,940
Transaction levy	1,775	2,165	5,813	6,643
Subscription	2,132	1,592	5,678	3,692
Subsidies	831	1,734	2,541	2,271
Directors' remuneration (Note: 24(i))	475	251	1,340	1,199
Auditors' remuneration	161	105	413	320
Property, plant & equipment written off	4	50	157	51
Professional fees	216	824	(544)	1,439
Others	2,474	2,256	6,297	6,462
	<u>10,723</u>	<u>10,843</u>	<u>28,938</u>	<u>28,017</u>
Total other operating expenses	<u><u>53,486</u></u>	<u><u>64,769</u></u>	<u><u>156,196</u></u>	<u><u>179,401</u></u>

24 (i) Directors' Remuneration

	The Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
	RM'000	RM'000	RM'000	RM'000
Non-executive directors				
- fees	372	222	989	1,086
- other emoluments*	104	29	351	113
	<u>475</u>	<u>251</u>	<u>1,340</u>	<u>1,199</u>

* Other emoluments comprise mainly fixed allowances and meeting allowances.

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**Notes to the financial statement
for the financial period ended 30 September 2016****25. Allowance for losses on loans, advances and financing and receivables**

	The Group and the Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Corresponding Period ended	Current Financial Period-to-date	Preceding Year Corresponding Period-to-date
	30-09-2016 RM'000	30-09-2015 RM'000	30-09-2016 RM'000	30-09-2015 RM'000
(Allowance)/write-back for losses on loans, advances and financing and receivables:				
Individual allowance				
- Made during the financial year	(283)	(1,139)	(899)	(1,287)
- Written back during the financial year	189	-	670	66
Collective allowance				
- Made during the financial year	(228)	(392)	(1,207)	(2,315)
- Written back during the financial year	878	2,145	2,412	3,504
Bad debts recovered	33	25	461	55
(Allowance) for other bad and doubtful debt:				
- Trade debtors	(408)	(252)	(472)	(328)
	181	387	965	(305)

26. Writeback of impairment loss on securities

	The Group and the Bank			
	Individual Quarter		Cumulative Quarter	
	Current Financial Period ended	Preceding Year Financial Period ended	Current Financial Period-to-date	Preceding Year Financial Period-to-date
	30-09-2016 RM'000	30-09-2015 RM'000	30-09-2016 RM'000	30-09-2015 RM'000
Write-back on allowances for impairment loss:				
- Financial investments held-to-maturity	-	-	-	1,554
- Financial investments available-for-sale	-	-	-	46
	-	-	-	1,600

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**Notes to the financial statement
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	The Group		The Bank	
	30-09-2016 RM'000	31-12-2015 RM'000 (restated)	30-09-2016 RM'000	31-12-2015 RM'000 (restated)
Basel III				
Common Equity Tier (CET) 1 Capital :				
Paid-up share capital	780,000	780,000	780,000	780,000
Share premium	219,800	219,800	219,800	219,800
Statutory reserve	243,414	214,915	243,414	214,915
Retained profits	252,142	227,928	294,016	268,558
Unrealised gains on AFS instruments	71,308	(3,297)	70,691	(3,228)
	<u>1,566,664</u>	<u>1,439,346</u>	<u>1,607,921</u>	<u>1,480,045</u>
Less : Regulatory adjustment				
Goodwill and Intangible assets	(323,383)	(326,240)	(316,960)	(320,046)
Investment in subsidiaries	-	-	(108,811)	(106,200)
Collective allowance reserve	(4,188)	(5,594)	(4,188)	(5,594)
55% of unrealised gains on AFS instruments	(39,219)	-	(38,880)	-
Deferred tax assets	(2,693)	(12,741)	-	(7,770)
Total CET 1 capital	<u>1,197,181</u>	<u>1,094,771</u>	<u>1,139,082</u>	<u>1,040,435</u>
Additional Tier 1 Capital				
Non-controlling interests	3,000	3,000	-	-
Total CET 1 capital / Tier 1 capital (a)	<u>1,200,181</u>	<u>1,097,771</u>	<u>1,139,082</u>	<u>1,040,435</u>
Tier 2 capital				
Collective allowance for financing & receivables	12,406	15,017	12,406	15,017
Less : Regulatory adjustment				
Investment in subsidiaries	-	-	(12,406)	(15,017)
Total Tier 2 capital (b)	<u>12,406</u>	<u>15,017</u>	<u>-</u>	<u>-</u>
Total Capital (a) + (b)	<u>1,212,587</u>	<u>1,112,788</u>	<u>1,139,082</u>	<u>1,040,435</u>
Proposed dividends	<u>18,000</u>	<u>3,042</u>	<u>18,000</u>	<u>3,042</u>
Capital Ratio				
CET 1 capital ratio	34.244%	30.481%	37.999%	32.168%
Tier 1 capital ratio	34.330%	30.565%	37.999%	32.168%
Total capital ratio	34.685%	30.983%	37.999%	32.168%
CET 1 capital ratio (net of proposed dividends)	33.729%	30.397%	37.398%	32.074%
Tier 1 capital ratio (net of proposed dividends)	33.815%	30.480%	37.398%	32.074%
Total capital ratio (net of proposed dividends)	34.170%	30.898%	37.398%	32.074%
Breakdown of risk-weighted assets in the various categories of risk-weights:				
Credit risk	2,605,448	2,739,271	2,386,172	2,589,933
Market risk	230,895	298,820	218,985	279,305
Operational risk	659,666	553,536	392,516	365,105
Total Risk-Weighted Assets	<u>3,496,009</u>	<u>3,591,627</u>	<u>2,997,673</u>	<u>3,234,343</u>

With effect from 1 January 2013, the regulatory capital ratios as well as the level of these ratios of which the Bank is required to operate are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel III) and Capital Adequacy framework (capital components).

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28. Commitments and contingencies

	The Group and the Bank	
	30-09-2016	31-12-2015
	Principal amount RM'000	Principal amount RM'000
Direct credit substitutes	100,050	98,850
Obligations under underwriting agreements	-	25,500
Commitments to extend credit:		
- maturity not exceeding one year	380,169	192,609
- maturity exceeding one year	554	21
Interest rate related contracts:		
- one year to less than five years	470,000	150,000
Foreign exchange related contracts:		
- less than one year	3,335,276	4,087,984
- one year to less than five years	684,135	835,755
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	359,227	403,091
Total	<u>5,329,411</u>	<u>5,793,810</u>

29. Credit exposures arising from transactions with connected parties

In compliance with the requirement of BNM's guidelines on Credit Transactions and Exposures with Connected Parties for the Bank (Ref No: BNM/RH/GL 001-25), the following information as at 30 September 2016 are as follows:

(i) The aggregate value of outstanding credit exposures with connected parties (RM'000)	481,485
(ii) The percentage of outstanding credit exposures to connected parties as a proportion of credit exposures	10.53%
(iii) The percentage of outstanding credit exposures with connected parties which is non-performing or in default	Nil

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The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:-

- Level 1 - quoted price (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted price included within level 1 that are observable for the assets or liability, either (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30-09-2016				
Assets				
Financial assets held-for-trading				
- Other financial assets	-	274,801	-	274,801
- Equity securities	28,338	2,564	-	30,902
Financial investments available-for-sale				
- Private debt securities	-	3,860,511	-	3,860,511
- Equity securities	140,652	242,831	19,528	403,011
- Other financial assets	-	554,004	-	554,004
Derivative financial assets	-	82,191	-	82,191
	<u>168,990</u>	<u>5,016,902</u>	<u>19,528</u>	<u>5,205,420</u>
Liabilities				
Derivative financial liabilities	-	105,450	-	105,450
31-12-2015 (restated)				
Assets				
Financial assets held-for-trading				
- Other financial assets	-	231,093	-	231,093
- Equity securities	33,564	8,645	-	42,209
Financial investments available-for-sale				
- Private debt securities	-	2,757,574	-	2,757,574
- Equity securities	98,733	240,850	18,131	357,714
- Other financial assets	-	892,777	-	892,777
Derivative financial assets	-	119,991	-	119,991
	<u>132,297</u>	<u>4,250,930</u>	<u>18,131</u>	<u>4,401,358</u>
Liabilities				
Derivative financial liabilities	-	141,891	-	141,891

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30. FAIR VALUE MEASUREMENTS (continued)

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 of the valuation hierarchy. These would include listed equities which are actively traded. Where fair value is determined using quoted 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 determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate private debt securities, corporate notes and most of the Group's over-the-counter ("OTC") derivatives.

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The Group and the Bank may also use valuation models or discounted cash flow technique to determine the fair value.

Most of the OTC derivatives are priced using valuation models. Where derivative products have been established in the markets for some time, the Group and the Bank use models that are widely accepted by the industry. The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models. OTC derivatives which are valued using unobservable inputs that are supported by little or no market activity which are significant to the fair value of the assets or liabilities are classified as Level 3.

The following table present the changes in Level 3 instruments for the financial year ended:-

	The Group and The Bank	
	30-09-2016	31-12-2015
	RM'000	RM'000
Opening	18,131	16,808
AFS revaluation reserve	1,397	1,323
Closing	19,528	18,131

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at end of the current reporting date and last financial year ended 31 December 2015, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purpose.

In estimating its significance, the Group used an approach that is currently based on methodologies used for fair value adjustments. These adjustments reflect the values that the Group estimates are appropriate to adjust from the valuations produced to reflect for uncertainties in the inputs used. The methodologies used can be statistical or other relevant approved techniques.

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31. LIQUIDITY RISK

Liquidity risk for assets and liabilities based on remaining contractual maturities :-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities:

Group	Up to 1	> 1-3	> 3-12	> 1-5	Over 5	Total
30-09-2016	month	months	months	years	years	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Cash and short-term funds	420,506	-	-	-	-	420,506
Deposits and placements with banks and other financial institutions	-	-	-	20,292	-	20,292
Financial assets held-for-trading	151,660	20,674	15,291	66,021	52,057	305,703
Financial investments available-for-sale	403,998	29,158	184,967	1,509,128	2,690,275	4,817,526
Financial investments held-to-maturity	16	5,165	2,159	45,374	9,299	62,013
Derivative financial assets	11,662	1,973	23,752	44,804	-	82,191
Loans, advances and financing	189,284	1,027	53,187	494,938	287,250	1,025,686
Trade Receivables	515,486	-	-	-	-	515,486
Other assets	15,999	-	-	56,463	7,237	79,699
Other non financial assets (Note 1)	-	-	-	54,057	334,569	388,626
Statutory deposits with Bank Negara Malaysia	162,940	-	-	-	-	162,940
Total assets	1,871,551	57,997	279,356	2,291,077	3,380,687	7,880,668
Liabilities						
Deposits from customers	1,760,780	669,267	1,870,449	405,321	-	4,705,817
Deposits and placements with banks and other financial institutions	571,770	-	-	-	-	571,770
Repurchase agreements	47,866	-	-	-	-	47,866
Derivatives financial liabilities	17,803	3,795	38,600	45,252	-	105,450
Trade payables	626,630	-	-	-	-	626,630
Other liabilities	45,080	3,228	8,222	143,122	-	199,652
Other non financial liabilities (Note 2)	-	-	-	21,239	-	21,239
Total liabilities	3,069,929	676,290	1,917,271	614,934	-	6,278,424
Net liquidity gap	(1,198,378)	(618,293)	(1,637,915)	1,676,143	3,380,687	1,602,244

Note 1 : Other non-financial assets includes property and equipment, intangible assets, taxation recoverable and deferred tax assets.

Note 2 : Other non-financial liabilities includes deferred tax liabilities.

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31. LIQUIDITY RISK

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Total RM'000
31-12-2015						
Assets						
Cash and short-term funds	462,004	-	-	-	-	462,004
Deposits and placements with banks and other financial institutions	-	-	-	145,474	-	145,474
Financial assets held-for-trading	42,209	5,114	225,979	-	-	273,302
Financial investments available-for-sale	371,116	8,113	235,247	1,639,778	1,753,811	4,008,065
Financial investments held-to-maturity	-	-	22,748	41,871	14,032	78,651
Derivative financial assets	6,742	9,789	23,173	80,287	-	119,991
Loans, advances and financing	158,314	12,729	105,949	645,489	318,212	1,240,693
Trade Receivables	544,099	5,994	-	-	-	550,093
Other assets	10,471	-	10,733	91,237	100	112,541
Other non financial assets (Note 1)	-	-	-	40,750	352,064	392,814
Statutory deposits with Bank Negara Malaysia	177,850	-	-	-	-	177,850
Total assets	1,772,805	41,739	623,829	2,684,886	2,438,219	7,561,478
Liabilities						
Deposits from customers	1,879,876	778,704	646,326	1,009,134	-	4,314,040
Deposits and placements with banks and other financial institutions	749,852	-	-	-	-	749,852
Derivatives financial liabilities	5,936	6,786	32,636	96,533	-	141,891
Trade payables	642,321	-	-	-	-	642,321
Other liabilities	89,094	38,403	107,502	766	-	235,765
Other non financial liabilities (Note 2)	-	-	2,436	-	-	2,436
Total liabilities	3,367,079	823,893	788,900	1,106,433	-	6,086,305
Net liquidity gap	(1,594,274)	(782,154)	(165,071)	1,578,453	2,438,219	1,475,173

Note 1 : Other non-financial assets includes property and equipment, intangible assets, taxation recoverable and deferred tax assets.

Note 2 : Other non-financial liabilities include provision for taxation and amount due to related companies.

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**Notes to the financial statement
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Liquidity risk for assets and liabilities based on remaining contractual maturities :-

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

Bank 30-09-2016	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	195,388	-	-	-	-	195,388
Deposits and placements with banks and other financial institutions	-	-	-	20,292	-	20,292
Financial assets held-for-trading	149,096	20,674	15,291	66,021	52,057	303,139
Financial investments available-for-sale	360,788	29,158	184,967	1,509,128	2,690,275	4,774,316
Financial investments held-to-maturity	16	5,165	2,159	45,374	9,299	62,013
Derivative financial assets	11,662	1,973	23,752	44,804	-	82,191
Loans, advances and financing	189,284	1,027	53,187	494,938	287,250	1,025,686
Trade Receivables	379,896	-	-	-	-	379,896
Other assets	8,876	25,000	13,934	56,462	1,108	105,380
Other non financial assets (Note 1)	-	-	-	48,493	438,177	486,670
Statutory deposits with Bank Negara Malaysia	162,940	-	-	-	-	162,940
Total assets	1,457,946	82,997	293,290	2,285,512	3,478,166	7,597,911
Liabilities						
Deposits from customers	1,760,780	669,267	1,870,449	405,321	-	4,705,817
Deposits and placements with banks and other financial institutions	571,770	-	-	-	-	571,770
Repurchase agreements	47,866	-	-	-	-	47,866
Derivatives financial liabilities	17,803	3,795	38,600	45,252	-	105,450
Trade payables	394,729	-	-	-	-	394,729
Other liabilities	67,639	20,187	53,041	2,252	-	143,119
Other non financial liabilities (Note 2)	-	-	-	21,239	-	21,239
Total liabilities	2,860,587	693,249	1,962,090	474,064	-	5,989,990
Net liquidity gap	(1,402,641)	(610,252)	(1,668,800)	1,811,448	3,478,166	1,607,921

Note 1 : Other non-financial assets includes investment in subsidiaries, property and equipment, intangible assets and taxation recoverable.

Note 2 : Other non-financial liabilities includes deferred tax liabilities.

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**Notes to the financial statement
for the financial period ended 30 September 2016****31. LIQUIDITY RISK**

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity tenures based on remaining contractual maturities: (continued)

	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Total RM'000
Bank 31-12-2015						
Assets						
Cash and short-term funds	244,732	-	-	-	-	244,732
Deposits and placements with banks and other financial institutions	-	-	-	145,474	-	145,474
Financial assets held-for-trading	33,564	5,114	225,979	-	-	264,657
Financial investments available-for-sale	321,717	8,113	235,247	1,639,778	1,753,811	3,958,666
Financial investments held-to-maturity	-	-	22,748	41,871	14,032	78,651
Derivative financial assets	6,742	9,789	23,173	80,287	-	119,991
Loans, advances and financing	158,314	12,729	105,949	645,489	318,212	1,240,693
Trade Receivables	481,617	-	-	-	-	481,617
Other assets	6,481	-	12,939	111,541	-	130,961
Other non financial assets (Note 1)	-	-	-	156,183	341,692	497,875
Statutory deposits with Bank Negara Malaysia	177,850	-	-	-	-	177,850
Total assets	1,431,017	35,745	626,035	2,820,623	2,427,747	7,341,167
Deposits from customers	1,879,876	778,704	646,326	1,009,134	-	4,314,040
Deposits and placements with banks and other financial institutions	749,852	-	-	-	-	749,852
Derivatives financial liabilities	5,936	6,786	32,636	96,533	-	141,891
Trade payables	470,090	-	-	-	-	470,090
Other liabilities	89,599	17,407	77,477	766	-	185,249
Total liabilities	3,195,353	802,897	756,439	1,106,433	-	5,861,122
Net liquidity gap	(1,764,336)	(767,152)	(130,404)	1,714,190	2,427,747	1,480,045

Note 1 : Other non-financial assets includes investment in subsidiaries, property and equipment, intangible assets and taxation recoverable.