

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

<u>Group</u>	Notes	31 March 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	14	481,693	554,940
Deposits and placements with financial institutions	15	34,223	34,203
Financial investments portfolio	16	210,411	331,008
Loans and advances	17	265,275	238,069
Derivative assets	20 (i)	6,261	14,754
Other assets	18	484,520	661,597
Tax recoverable		8,242	2,007
Statutory deposits with Bank Negara Malaysia		105	105
Investment in a joint venture		11,329	10,770
Property, plant and equipment		19,144	19,742
Intangible assets		15,532	15,785
Deferred tax assets		13,606	18,339
TOTAL ASSETS		1,550,341	1,901,319
LIABILITIES			
Deposits and placements from a licensed bank		336,231	392,391
Derivative liabilities	20 (ii)	25,245	23,045
Other liabilities	19	639,194	944,822
Provision for taxation and zakat		168	2,768
TOTAL LIABILITIES		1,000,838	1,363,026
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		499,387	488,177
TOTAL EQUITY		549,503	538,293
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,550,341	1,901,319
COMMITMENTS AND CONTINGENCIES		1,474,866	1,442,194
	27		

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

<u>Bank</u>	Notes	31 March 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	14	450,758	526,132
Deposits and placements with financial institutions	15	24,203	24,162
Financial investments portfolio	16	210,411	331,008
Loans and advances	17	265,275	238,069
Derivative assets	20 (i)	6,261	14,754
Other assets	18	484,669	657,871
Tax recoverable		7,094	-
Statutory deposits with Bank Negara Malaysia		105	105
Investment in subsidiaries		203,259	203,259
Investment in a joint venture		9,878	9,878
Property, plant and equipment		19,024	19,622
Intangible assets		15,532	15,785
Deferred tax assets		13,606	18,339
TOTAL ASSETS		1,710,075	2,058,984
LIABILITIES			
Deposits and placements from a licensed bank		336,231	392,391
Derivative liabilities	20 (ii)	25,245	23,045
Other liabilities	19	809,904	1,115,962
Provision for taxation and zakat		168	2,742
TOTAL LIABILITIES		1,171,548	1,534,140
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		488,411	474,728
TOTAL EQUITY		538,527	524,844
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,710,075	2,058,984
COMMITMENTS AND CONTINGENCIES		1,474,866	1,442,194
	27		

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

Group	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	21	6,168	8,692	6,168	8,692
Interest expense	22	(1,675)	(1,091)	(1,675)	(1,091)
Net interest income		4,493	7,601	4,493	7,601
Net income from Islamic Banking Scheme operations	29	5,549	5,854	5,549	5,854
Non-interest income	23	71,168	87,503	71,168	87,503
Net income		81,210	100,958	81,210	100,958
Overhead expenses	24	(65,782)	(59,019)	(65,782)	(59,019)
Operating profit		15,428	41,939	15,428	41,939
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	25	160	(408)	160	(408)
Writeback of impairment for commitments and contingencies		-	500	-	500
		15,588	42,031	15,588	42,031
Share of results of a joint venture		559	(21)	559	(21)
Profit before taxation and zakat		16,147	42,010	16,147	42,010
Taxation and zakat		(6,028)	(12,004)	(6,028)	(12,004)
Profit for the period, attributable to equity holder of the Bank		10,119	30,006	10,119	30,006
Basic and diluted earnings per share (sen), attributable to equity holder of the Bank		20	60	20	60
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		1,091	(154)	1,091	(154)
Total other comprehensive income for the period, net of tax		1,091	(154)	1,091	(154)
Total comprehensive income for the period, attributable to equity holder of the Bank		11,210	29,852	11,210	29,852

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD

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**CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

Bank	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	21	6,019	8,554	6,019	8,554
Interest expense	22	(1,675)	(1,091)	(1,675)	(1,091)
Net interest income		4,344	7,463	4,344	7,463
Net income from Islamic Banking Scheme operations	29	5,549	5,854	5,549	5,854
Non-interest income	23	71,753	88,050	71,753	88,050
Net income		81,646	101,367	81,646	101,367
Overhead expenses	24	(65,004)	(58,137)	(65,004)	(58,137)
Operating profit		16,642	43,230	16,642	43,230
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	25	1,919	(408)	1,919	(408)
Writeback of impairment for commitments and contingencies		-	500	-	500
Profit before taxation and zakat		18,561	43,322	18,561	43,322
Taxation and zakat		(4,878)	(11,780)	(4,878)	(11,780)
Profit for the period, attributable to equity holder of the Bank		13,683	31,542	13,683	31,542
Total comprehensive income for the period, attributable to equity holder of the Bank		13,683	31,542	13,683	31,542

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

<u>Group</u>	<-----Non-distributable----->					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000		
At 1 January 2015	50,116	172,669	50,116	(24,677)	997	289,072	538,293	
Profit for the period	-	-	-	-	-	10,119	10,119	
Other comprehensive income	-	-	-	-	1,091	-	1,091	
Total comprehensive income for the period	-	-	-	-	1,091	10,119	11,210	
At 31 March 2015	50,116	172,669	50,116	(24,677)	2,088	299,191	549,503	
At 1 January 2014	50,116	172,669	50,116	(24,677)	(82)	404,195	652,337	
Profit for the period	-	-	-	-	-	30,006	30,006	
Other comprehensive income	-	-	-	-	(154)	-	(154)	
Total comprehensive income for the period	-	-	-	-	(154)	30,006	29,852	
At 31 March 2014	50,116	172,669	50,116	(24,677)	(236)	434,201	682,189	

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	<----Non-distributable---->			Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Retained earnings RM'000	
<u>Bank</u>					
At 1 January 2015	50,116	172,669	50,116	251,943	524,844
Profit for the period	-	-	-	13,683	13,683
Total comprehensive income for the period	-	-	-	13,683	13,683
At 31 March 2015	50,116	172,669	50,116	265,626	538,527
At 1 January 2014	50,116	172,669	50,116	370,042	642,943
Profit for the period	-	-	-	31,542	31,542
Total comprehensive income for the period	-	-	-	31,542	31,542
At 31 March 2014	50,116	172,669	50,116	401,584	674,485

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	Group		Bank	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation and zakat	16,147	42,010	18,561	43,322
Adjustment for non-operating and non-cash items	17,283	6,551	9,645	(1,065)
Operating profit before working capital changes	<u>33,430</u>	<u>48,561</u>	<u>28,206</u>	<u>42,257</u>
Changes in working capital:				
Net changes in operating assets	289,417	(152,856)	284,994	(155,960)
Net changes in operating liabilities	(375,160)	112,693	(390,829)	108,738
Taxation and zakat (paid)/refunded, net	(10,130)	9,896	(9,813)	10,071
Net cash (used in)/generated from operating activities	<u>(62,443)</u>	<u>18,294</u>	<u>(87,442)</u>	<u>5,106</u>
Net cash (used in)/generated from investing activities	<u>(10,804)</u>	<u>(11,234)</u>	<u>12,068</u>	<u>(668)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(73,247)</u>	<u>7,060</u>	<u>(75,374)</u>	<u>4,438</u>
Cash and cash equivalents at beginning of the period	<u>554,940</u>	<u>344,343</u>	<u>526,132</u>	<u>310,464</u>
Cash and cash equivalents at end of the period	<u>481,693</u>	<u>351,403</u>	<u>450,758</u>	<u>314,902</u>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) Interim Financial Reporting

1. Basis of Preparation

The unaudited condensed interim financial statements of the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: financial assets at fair value through profit or loss, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2014.

The unaudited condensed interim financial statements include those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to capital market and stockbroking activities under the principles of Shariah.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2014 except for adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRSs”) with effective date of 1 January 2015:

- Amendments to MFRS 119: Defined Benefits Plan: Employee Contributions
- Annual improvements to MFRSs 2010-2012 Cycle
- Annual improvements to MFRSs 2011-2013 Cycle

The adoption of the above amendments to MFRSs would not have any material impact to the Group's and the Bank's financial performance.

2. Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2014 were prepared in accordance with MFRS, International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2014.

3. Significant Accounting Estimates and Judgements

The preparation of unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the financial year ended 31 December 2014.

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4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not qualified.

5. Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the first quarter ended 31 March 2015.

6. Unusual Items Due to Their Nature, Size or Incidence

During the first quarter ended 31 March 2015, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank.

7. Changes in Estimates

There were no material changes in estimates during the first quarter ended 31 March 2015.

8. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Group and the Bank during the first quarter ended 31 March 2015.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the first quarter ended 31 March 2015.

10. Dividends Paid

Second interim dividend in respect of the financial year ended 31 December 2014, comprising of a single-tier dividend of approximately RM1.25 on 50,116,000 ordinary shares and a dividend in-specie of 2,100,000 ordinary shares in Cagamas Holdings Berhad at a fair value of RM84,483,000, was approved on 10 December 2014. On 13 March 2015, the single-tier dividend was paid and the dividend in-specie was distributed.

11. Significant and Subsequent Events

There was no significant and subsequent events during the first quarter ended 31 March 2015.

12. Performance Review

For the period ended 31 March 2015, the Group recorded a lower operating profit compared to the last period due to the reduction in number of investment banking deals. Operating profit dipped by 63.2% from RM41.9 million to RM15.4 million.

The net interest income reduced by 40.9% to RM4.5 million. Non-interest income decreased by 18.7% from RM87.5 million to RM71.2 million due to lower fee-based income from investment banking business. The Islamic Banking income decreased slightly by 5.2% from RM5.9 million. The net income recorded a decline by 19.6% or RM19.7 million to RM81.2 million.

Overhead expenses increased by 11.5% or RM6.8 million to RM65.8 million from RM59.0 million. This was largely attributable to higher personnel related costs, establishment costs and marketing costs.

The Group's profit before taxation and zakat declined by 61.6% or RM25.9 million from RM42.0 million to RM16.1 million. Profit for the period decreased by 66.3% or RM19.9 million to RM10.1 million compared to the previous period.

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13. Prospects

The global Gross Domestic Product ("GDP") economic growth is expected to see a modest pickup from 3.4% in 2014 to 3.5% in 2015, led by sustained US growth momentum amid subdued growth in the Eurozone and Japan, and continued slowdown in China. The real GDP growth for the ASEAN-6 is projected to perform better in 2015 at 4.9% (2014: 4.5%) with pick up in Indonesia, Philippines, Thailand and Vietnam to counter the slower expansion in Singapore and Malaysia.

GDP growth for Malaysia is forecasted to slow down at 4.9% in 2015 (2014: 6.0%) reflecting the impact of lower commodity prices and the introduction of Goods and Services Tax moderating consumer spending and reduced government expenditure. The decline in commodity prices – especially crude oil prices – will also have an effect on the Government budget, trade and current account balances, exchange rate as well as investments in oil and gas activities.

Despite the inflation rate estimated at 3%-4% in 2015 (2014: 3.2%), Bank Negara Malaysia is likely to keep the Overnight Policy Rate at 3.25% for 2015 as it shifts its monetary policy bias towards sustaining growth.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance for the financial year ending 31 December 2015.

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14. Cash and short-term funds

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Cash and bank balances with financial institutions	324,009	183,956	302,074	164,148
Deposit placements maturing within one month	157,684	370,984	148,684	361,984
Total	481,693	554,940	450,758	526,132

The monies held-in-trust for clients by the Group and the Bank as at the reporting date are approximately RM 217,000,000 (2014: RM162,697,000). These amounts are excluded from the cash and short-term funds of the Group and of the Bank in accordance with FRSIC Consensus 18 Monies Held-in-Trust by Participating Organisation at Bursa Malaysia Securities Berhad.

15. Deposits and placements with financial institutions

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Licensed bank	34,223	34,203	24,203	24,162

16. Financial investments portfolio

		Group and Bank	
		31 March 2015 RM'000	31 December 2014 RM'000
Financial assets at fair value through profit or loss	(i)	170,933	207,047
Financial investments available-for-sale	(ii)	39,445	123,928
Financial investments held-to-maturity	(iii)	33	33
Total financial investments portfolio		210,411	331,008

(i) Financial assets at fair value through profit or loss

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
At fair value		
Quoted financial investments:		
Shares in Malaysia	168,809	184,807
Shares outside Malaysia	2,124	2,000
	170,933	186,807
Unquoted financial investments:		
Private debt securities in Malaysia	-	20,240
Total financial assets at fair value through profit or loss	170,933	207,047

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16. Financial investments portfolio (Cont'd)

(ii) Financial investments available-for-sale

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment loss		
Unquoted financial investments:		
Shares and loan stocks in Malaysia	39,445	123,928
Total financial investments available-for-sale	39,445	123,928

(iii) Financial investments held-to-maturity

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
At amortised cost		
Unquoted financial investments:		
Private debt securities in Malaysia	33	33
Total financial investments held-to-maturity	33	33

17. Loans and advances

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Term loans		
- Syndicated term loan	6,447	6,447
- Other term loans	1,477	1,465
Amount due from brokers and clients		
- Margin accounts	242,980	215,928
Foreign currency loans	3,554	3,353
Staff loans	17,084	17,143
Gross loans and advances	271,542	244,336
Less: Allowance for impairment losses		
- Individual assessment allowance	(6,267)	(6,267)
Net loans and advances	265,275	238,069

(i) Loans and advances analysed by type of customer are as follows:

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Domestic business enterprises	34,595	28,525
Individuals	231,657	211,125
Foreign entities	5,290	4,686
Gross loans and advances	271,542	244,336

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17. **Loans and advances (Cont'd)**

(ii) **Loans and advances analysed by interest rate sensitivity are as follows:**

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
	Fixed rate	
- Housing loans	10,706	9,536
- Hire purchase receivables	7,491	7,319
- Other fixed rate loans	10,365	11,553
Variable rate		
- BLR/BR-plus	242,980	215,928
Gross loans and advances	271,542	244,336

(iii) **Loans and advances analysed by economic purpose are as follows:**

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
	Purchase of securities	242,980
Purchase of transport vehicles	7,491	7,479
Purchase of residential landed property	10,706	10,841
Personal use	365	288
Working capital	10,000	9,800
Gross loans and advances	271,542	244,336

(iv) **The maturity structure of loans and advances are as follows:**

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
	Maturing within one year	253,611
One year to three years	1,631	1,828
Three years to five years	5,416	5,212
After five years	10,884	11,097
Gross loans and advances	271,542	244,336

(v) **Movements in impaired loans and advances are as follows:**

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
	At 1 January	7,001
Recovered/regularised during the period/year	(3)	(14)
Gross impaired loans and advances	6,998	7,001
Less: Individual assessment allowance	(6,267)	(6,267)
Balance at end of period/year	731	734
Net impaired loans and advances as % of gross loans and advances less individual assessment allowance	0.28%	0.31%

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17. **Loans and advances (Cont'd)**

(vi) Impaired loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Purchase of transport vehicles	156	156
Purchase of residential landed property	395	398
Working capital	6,447	6,447
Gross impaired loans and advances	6,998	7,001

(vii) Movements in the individual assessment allowance are as follows:

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
At 1 January/balance at end of period/year	6,267	6,267

18. **Other assets**

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Amount due from brokers and clients				
- Non-margin accounts (a)	434,533	593,345	434,533	593,345
Amount due from ultimate holding company	3,435	7,103	3,435	7,103
Other debtors, deposits and prepayment	60,629	74,589	56,600	68,894
	498,597	675,037	494,568	669,342
Less: Allowance for impairment losses	(14,077)	(13,440)	(9,899)	(11,471)
	484,520	661,597	484,669	657,871

(a) Amount due from brokers and clients relate to outstanding purchase contracts entered into on behalf of clients, contra gains and losses, other fees and charges.

19. **Other liabilities**

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Provisions and accruals	29,803	98,371	29,054	98,066
Amount due to brokers and clients (a)	365,184	566,849	365,184	566,849
Deposits and other creditors	244,207	279,602	415,666	451,047
	639,194	944,822	809,904	1,115,962

(a) Amount due to brokers and clients represent net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gains and losses, other fees and charges.

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20. Derivative financial instruments

(i) Derivative assets

	Group and Bank			
	31 March 2015		31 December 2014	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Equity options				
- One year to three years	182,952	28	-	-
Equity swaps				
- Less than one year	65,043	6,233	97,572	14,754
	<u>247,995</u>	<u>6,261</u>	<u>97,572</u>	<u>14,754</u>

(ii) Derivative liabilities

	Group and Bank			
	31 March 2015		31 December 2014	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Index futures				
- Less than one year	9,645	116	-	-
Equity options				
- Less than one year	145,305	21,661	168,214	20,926
- One year to three years	-	-	180,715	66
Equity swaps				
- Less than one year	62,544	3,468	42,032	2,053
	<u>217,494</u>	<u>25,245</u>	<u>390,961</u>	<u>23,045</u>

(iii) The Group and the Bank have recognised the fair value changes on the derivative financial instruments as follows (Note 23):

	Group and Bank			
	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Equity related derivatives:				
Index futures	(116)	22	(116)	22
Equity options	(15,456)	3,623	(15,456)	3,623
	<u>(15,572)</u>	<u>3,645</u>	<u>(15,572)</u>	<u>3,645</u>

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21. Interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Loans and advances				
- Interest income other than on impaired loans	4,536	6,876	4,536	6,876
- Interest income on impaired loans	28	20	28	20
Money at call and deposits and placements with financial institutions	1,539	1,355	1,539	1,355
Financial assets at fair value through profit or loss	-	391	-	391
Others	65	50	65	50
Total interest income	6,168	8,692	6,168	8,692

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Loans and advances				
- Interest income other than on impaired loans	4,536	6,876	4,536	6,876
- Interest income on impaired loans	28	20	28	20
Money at call and deposits and placements with financial institutions	1,390	1,217	1,390	1,217
Financial assets at fair value through profit or loss	-	391	-	391
Others	65	50	65	50
Total interest income	6,019	8,554	6,019	8,554

22. Interest expense

<u>Group and Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Deposits and placements from a licensed bank	1,675	1,091	1,675	1,091

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23. Non-interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Fee and commission income:				
Arranger and upfront fees	11,169	39,241	11,169	39,241
Brokerage income	40,143	37,751	40,143	37,751
Corporate advisory fees	5,135	2,656	5,135	2,656
Placement and related fees	173	1,200	173	1,200
Underwriting commission	1,154	-	1,154	-
Others	5,069	2,954	5,069	2,954
	62,843	83,802	62,843	83,802
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	9,409	(1,154)	9,409	(1,154)
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	(916)	(464)	(916)	(464)
Realised gain from sale of derivative financial instruments, net	12,962	484	12,962	484
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(15,572)	3,645	(15,572)	3,645
Realised gain from sale of financial investments available-for-sale, net	-	893	-	893
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	4	315	4	315
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	326	45	326	45
- Quoted outside Malaysia	-	4	-	4
	6,213	3,768	6,213	3,768
Other income:				
Foreign exchange gain/(loss), net	1,587	(631)	1,587	(631)
Gain from disposal of property, plant and equipment	224	55	224	55
Others	301	509	301	509
	2,112	(67)	2,112	(67)
Total non-interest income	71,168	87,503	71,168	87,503

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23. Non-interest income (Cont'd)

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Bank				
Fee and commission income:				
Arranger and upfront fees	11,169	39,241	11,169	39,241
Brokerage income	40,143	37,751	40,143	37,751
Corporate advisory fees	5,060	1,993	5,060	1,993
Placement and related fees	173	1,200	173	1,200
Underwriting commission	1,154	-	1,154	-
Others	5,069	2,954	5,069	2,954
	62,768	83,139	62,768	83,139
Investment income:				
Realised gain/(loss) from sale of financial assets at fair value through profit or loss, net	9,409	(1,154)	9,409	(1,154)
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	(916)	(464)	(916)	(464)
Realised gain from sale of derivative financial instruments, net	12,962	484	12,962	484
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 20 (iii))	(15,572)	3,645	(15,572)	3,645
Gross dividends from:				
Financial investments available-for-sale				
- Quoted in Malaysia	4	315	4	315
Financial assets at fair value through profit or loss				
- Quoted in Malaysia	326	45	326	45
- Quoted outside Malaysia	-	4	-	4
	6,213	2,875	6,213	2,875
Other income:				
Foreign exchange gain/(loss), net	2,277	(696)	2,277	(696)
Gain from disposal of property, plant and equipment	224	55	224	55
Others	271	2,677	271	2,677
	2,772	2,036	2,772	2,036
Total non-interest income	71,753	88,050	71,753	88,050

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24. Overhead expenses

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	36,307	35,187	36,307	35,187
- Pension costs - defined contribution plan	4,601	3,979	4,601	3,979
- Employees' Share Scheme expenses	2,178	1,887	2,178	1,887
- Other staff related expenses	1,855	1,473	1,855	1,473
	44,941	42,526	44,941	42,526
Establishment costs				
- Depreciation of property, plant and equipment	1,409	1,230	1,409	1,230
- Amortisation of computer software	894	624	894	624
- Rental	2,868	2,724	2,868	2,724
- Repairs and maintenance of property, plant and equipment	2,470	2,267	2,470	2,267
- Information technology expenses	3,394	1,189	3,394	1,189
- Service chargeback	(5,273)	(4,398)	(5,273)	(4,398)
- Others	613	486	613	486
	6,375	4,122	6,375	4,122
Marketing costs				
- Advertisement and publicity	4,974	2,678	4,974	2,678
- Others	2,121	2,226	2,121	2,226
	7,095	4,904	7,095	4,904
Administration and general expenses				
- Fee and brokerage	5,934	6,465	5,934	6,465
- Administrative expenses	899	946	899	946
- General expenses	538	56	538	56
	7,371	7,467	7,371	7,467
Total overhead expenses	65,782	59,019	65,782	59,019

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24. Overhead expenses (Cont'd)

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Bank				
Personnel expenses				
- Salaries, allowances and bonuses	36,307	35,187	36,307	35,187
- Pension costs - defined contribution plan	4,601	3,979	4,601	3,979
- Employees' Share Scheme expenses	2,178	1,887	2,178	1,887
- Other staff related expenses	1,854	1,473	1,854	1,473
	44,940	42,526	44,940	42,526
Establishment costs				
- Depreciation of property, plant and equipment	1,405	1,226	1,405	1,226
- Amortisation of computer software	894	624	894	624
- Rental	2,868	2,724	2,868	2,724
- Repairs and maintenance of property, plant and equipment	2,469	2,266	2,469	2,266
- Information technology expenses	3,394	1,189	3,394	1,189
- Service chargeback	(5,961)	(5,265)	(5,961)	(5,265)
- Others	613	486	613	486
	5,682	3,250	5,682	3,250
Marketing costs				
- Advertisement and publicity	4,976	2,678	4,976	2,678
- Others	2,123	2,232	2,123	2,232
	7,099	4,910	7,099	4,910
Administration and general expenses				
- Fee and brokerage	5,881	6,436	5,881	6,436
- Administrative expenses	884	959	884	959
- General expenses	518	56	518	56
	7,283	7,451	7,283	7,451
Total overhead expenses	65,004	58,137	65,004	58,137

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25. Writeback of/(allowance for) impairment on loans and advances and other debtors, net

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Bad debts recovered	797	14	797	14
Allowance for impairment on other debtors, net	(637)	(422)	(637)	(422)
Total	160	(408)	160	(408)

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Bad debts recovered	347	14	347	14
Writeback of/(allowance for) impairment on other debtors, net	1,572	(422)	1,572	(422)
Total	1,919	(408)	1,919	(408)

26. Capital adequacy

(I) Capital Adequacy Framework

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

Under the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Commitments) issued on 28 November 2012 on the computation of capital and capital adequacy ratios, the minimum capital adequacy ratios based on transitional arrangements are set out as follows:

Calendar Year	Common Equity Tier 1 ("CET1") Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.500%	4.500%	8.000%
2014	4.000%	5.500%	8.000%
2015 onwards	4.500%	6.000%	8.000%

Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued by BNM on 28 November 2012.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital and Total Capital shall not be subject to any further capital charges in the computation of RWA.

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.000% for the Total Capital Ratio.

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26. Capital adequacy (Cont'd)

(l) Capital Adequacy Framework (Cont'd)

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

	Group %	Bank %
<u>At 31 March 2015</u>		
CET1 capital ratio	34.039	31.629
Tier 1 capital ratio	34.039	31.629
Total capital ratio	<u>34.039</u>	<u>31.629</u>
<u>At 31 December 2014</u>		
CET1 capital ratio	30.902	28.726
Tier 1 capital ratio	30.902	28.726
Total capital ratio	<u>30.902</u>	<u>28.726</u>

The components of capital of the Group and of the Bank are as follows:

	Group RM'000	Bank RM'000
<u>At 31 March 2015</u>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	266,482	251,943
CET1 capital before regulatory adjustments	<u>539,383</u>	<u>524,844</u>
Less: Deferred tax assets	(13,606)	(13,606)
Intangible assets	(15,532)	(15,532)
Investment in subsidiaries and joint venture ¹	(11,329)	(41,662)
CET1 capital/Tier 1 capital/Total capital	<u>498,916</u>	<u>454,044</u>
<u>At 31 December 2014</u>		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	265,392	251,943
CET1 capital before regulatory adjustments	<u>538,293</u>	<u>524,844</u>
Less: Deferred tax assets	(18,339)	(18,339)
Intangible assets	(15,785)	(15,785)
Investment in subsidiaries and joint venture ¹	(10,770)	(41,662)
Liquidity reserve ²	(20)	(20)
CET1 capital/Tier 1 capital/Total capital	<u>493,379</u>	<u>449,038</u>

¹ Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

² This is reserve for less liquid positions as per Bank Negara Malaysia Guidelines.

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26. Capital adequacy (Cont'd)

(II) The breakdown of RWA by exposures in each major risk category are as follows:

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2015				
Exposure Class				
(i) <u>Credit Risk</u>				
Sovereigns/Central banks	244,435	244,435	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	489,311	489,311	98,439	7,875
Corporates	16,386	16,386	14,166	1,133
Regulatory retail	99,716	99,716	95,355	7,628
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	178,460	178,460	98,076	7,846
Total on-balance sheet exposures	1,067,753	1,067,753	365,204	29,215
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	979,377	979,377	318	25
Total off-balance sheet exposures	1,009,377	1,009,377	3,318	265
Total on and off-balance sheet exposures	2,077,130	2,077,130	368,522	29,480
(ii) <u>Market Risk</u>				
Equity position risk	-	-	19,611	1,569
Foreign currency risk	-	-	93,195	7,456
Options risk	-	-	34,325	2,746
Total	-	-	147,131	11,771
(iii) <u>Operational Risk</u>				
	-	-	950,066	76,005
Total RWA and capital requirements	2,077,130	2,077,130	1,465,719	117,256

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26. Capital adequacy (Cont'd)

(II) The breakdown of RWA by exposures in each major risk category are as follows (Cont'd):

<u>Group</u>	Gross exposures	Net Exposures	Risk-weighted assets	Capital requirements
31 December 2014	RM'000	RM'000	RM'000	RM'000
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	343,466	343,466	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	414,604	414,604	85,070	6,806
Corporates	29,820	16,877	14,727	1,178
Regulatory retail	212,416	91,269	86,962	6,957
Higher risk assets	39,448	39,448	59,172	4,734
Other assets	274,091	274,091	191,988	15,359
Total on-balance sheet exposures	1,313,845	1,179,755	437,919	35,034
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	923,661	923,661	376	30
Total off-balance sheet exposures	953,661	953,661	3,376	270
Total on and off-balance sheet exposures	2,267,506	2,133,416	441,295	35,304
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	19,271	1,542
Equity position risk	-	-	26,113	2,089
Foreign currency risk	-	-	87,881	7,030
Options risk	-	-	37,396	2,992
Total	-	-	170,661	13,653
(iii) <u>Operational Risk</u>				
	-	-	984,627	78,770
Total RWA and capital requirements	2,267,506	2,133,416	1,596,583	127,727

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26. Capital adequacy (Cont'd)

(II) The breakdown of RWA by exposures in each major risk category are as follows (Cont'd):

<u>Bank</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2015				
Exposure Class				
(i) <u>Credit Risk</u>				
Sovereigns/Central banks	244,435	244,435	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	448,358	448,358	90,249	7,220
Corporates	16,386	16,386	14,166	1,133
Regulatory retail	99,715	99,715	95,354	7,628
Higher risk assets	39,445	39,445	59,168	4,733
Other assets	178,489	178,489	98,107	7,849
Total on-balance sheet exposures	1,026,828	1,026,828	357,044	28,563
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	979,377	979,377	318	25
Total off-balance sheet exposures	1,009,377	1,009,377	3,318	265
Total on and off-balance sheet exposures	2,036,205	2,036,205	360,362	28,828
(ii) <u>Market Risk</u>				
Equity position risk	-	-	19,611	1,569
Foreign currency risk	-	-	86,136	6,891
Options risk	-	-	34,325	2,746
Total	-	-	140,072	11,206
(iii) <u>Operational Risk</u>			935,118	74,809
Total RWA and capital requirements	2,036,205	2,036,205	1,435,552	114,843

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26. Capital adequacy (Cont'd)

(II) The breakdown of RWA by exposures in each major risk category are as follows (Cont'd):

<u>Bank</u>	Gross exposures	Net Exposures	Risk-weighted assets	Capital requirements
31 December 2014				
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	343,466	343,466	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	375,778	375,778	77,305	6,184
Corporates	29,820	16,877	14,727	1,178
Regulatory retail	212,415	91,269	86,962	6,957
Higher risk assets	39,448	39,448	59,172	4,734
Other assets	270,224	270,224	188,122	15,050
Total on-balance sheet exposures	1,271,151	1,137,062	426,288	34,103
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	923,661	923,661	376	30
Total off-balance sheet exposures	953,661	953,661	3,376	270
Total on and off-balance sheet exposures	2,224,812	2,090,723	429,664	34,373
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	19,271	1,542
Equity position risk	-	-	26,113	2,089
Foreign currency risk	-	-	81,182	6,495
Options risk	-	-	37,396	2,992
Total	-	-	163,962	13,118
(iii) <u>Operational Risk</u>				
	-	-	969,551	77,564
Total RWA and capital requirements	2,224,812	2,090,723	1,563,177	125,055

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27. Commitments and Contingencies

Group and Bank	As at 31 March 2015			As at 31 December 2014		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
<u>Credit-related</u>						
Obligations under underwriting agreements	30,000	15,000	3,000	30,000	15,000	3,000
Revocable commitments to extend credit:						
- Maturity not exceeding one year	978,740	-	-	922,908	-	-
- Maturity exceeding one year	637	318	318	753	376	376
	1,009,377	15,318	3,318	953,661	15,376	3,376
<u>Derivative financial instruments</u>						
Equity related contracts						
- Less than one year	282,537	-	-	307,818	-	-
- One year to less than three years	182,952	-	-	180,715	-	-
	465,489	-	-	488,533	-	-
Total commitments and contingencies	1,474,866	15,318	3,318	1,442,194	15,376	3,376

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Contingent liabilities

The Group and the Bank are aggressively defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

Case 1

On 5 November 2012, four (4) holders of a bond ("Bondholders") issued by a company filed a claim against the Bank and five (5) other defendants to recover their losses arising from the limited recovery made by the Bondholders following the default of the company's bonds. The claims by the Bondholders, inter alia, include the sum of RM156.3 million or any other sum that the Court deems fit.

Following an order in terms of a joinder application by two (2) applicants to be added as 5th and 6th plaintiffs to the suit, the quantum of the claim increased from RM156.3 million to RM177.3 million to reflect the 5th and 6th plaintiffs' respective claims. On 17 September 2014, a 7th plaintiff was added and joined to the suit with no change to the quantum claimed of RM177.3 million.

Trial has commenced before the High Court with a total of 26 days of trial to date. Trial is scheduled to continue on 24 June to 26 June, 29 June to 30 June, 1 July to 3 July and 13 July to 16 July 2015.

The Bank's solicitors are of the view that the Bank has a more than an even chance of succeeding in defending against the claim.

Case 2

In 2005, a corporate borrower ("Borrower") filed a claim against the Bank, as the agent of a syndicate of lenders, for loss and damage arising from alleged breach of duty and obligations owed by the Bank and the syndicate lenders to the Borrower in relation to various actions taken or omitted to be taken in disbursements and transactions under a syndicated facility. The syndicated facility consisted of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million ("Facilities") which were granted by the Bank and a syndicate of three (3) lenders ("Lenders").

In 2006, the Bank and the Lenders filed a suit against the Borrower and a guarantor of the Facilities for recovery of the amounts outstanding under the Facilities. The two claims were then consolidated and heard together.

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27. Commitments and Contingencies (Cont'd)

Contingent liabilities (Cont'd)

Case 2 (Cont'd)

On 6 May 2009, the High Court entered judgement against the Bank as agent for the Lenders and the Lenders for, inter alia, special damages in the sum of RM115.5 million with interest at 6% per annum, with the balance of the Borrower's claim (including general damages) ordered to be assessed at a later date ("judgement"). In the same judgement, the recovery action by the Bank and the Lenders was dismissed with costs. The Bank, as agent for the Lenders, would seek contribution from the Lenders for any judgement sums paid.

The Bank and the Lenders appealed to the Court of Appeal against the judgement ("Appeal"). In the interim, on 24 June 2009, a stay of the judgement was granted pending disposal of the Appeal. The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated. At the mediation of the matter on 9 March 2012, the parties could not come to any consensus and consequently, the Appeal was fixed for hearing which was concluded on 23 January 2013.

On 27 September 2013, the Court of Appeal allowed the Appeal and set aside the judgement. The Court of Appeal also entered judgement against the Borrower and the guarantor for the sum of RM47.2 million as well as the Bank's annual fees of RM50,000 as at 30 September 2008, both with interest thereon, together with costs of RM120,000.

The Borrower and the guarantor subsequently filed a motion to the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal ("Leave Application"). On 29 January 2014, the Federal Court dismissed the Leave Application with costs of RM30,000.

On 20 November 2014, the Borrower and the guarantor filed a motion to the Federal Court for the Federal Court to review and set aside its own decision in dismissing the Leave Application ("Review Application").

In the meantime, separately and upon appeal of 3rd parties, on 22 January 2015, the Borrower was wound up by an order of the Court of Appeal and the Official Receiver was appointed liquidator. On 3 March 2015, the Court of Appeal allowed for a stay of the winding-up order pending outcome of the Borrower's motion to the Federal Court for leave to appeal against the winding-up order.

As such, parties are to proceed with the Review Application notwithstanding the winding-up order. The Federal Court has adjourned the hearing of the Review Application to 30 July 2015.

28. Segment information

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

The business segments are prepared based on internal management reports, which are used by senior management for decision-making and performance management. The amounts for each business segment are shown after the allocation of certain centralised cost, funding income and the applicable transfer pricing where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation. All inter-segment transactions are conducted at arm's length basis on normal commercial terms that are not more favourable than those generally available to the public.

Segment revenue, results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's business segments are defined and categorised as follows:

(i) Pillar 1 - Investment banking and advisory

Investment banking and advisory focus on business needs of mainly large corporate customers and financial institutions. The products and services offered to customers include corporate advisory services, bond issuance, equity issuance, syndicated acquisition advisory services and debt restructuring advisory services.

(ii) Pillar 2 - Equities

Equities primarily engage in the shares and futures broking services and derivative financial instruments.

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28. Segment information (Cont'd)

The Group's business segments are defined and categorised as follows (Cont'd):

(iii) Others

This segment includes investment holding, nominee and custodian services.

The following table provides analysis of the Group's revenue, results, assets, liabilities and other information by business segments.

Group	Pillar 1	Pillar 2	Others	Total
31 March 2015	RM'000	RM'000	RM'000	RM'000
Revenue				
Net interest income	76	4,655	(238)	4,493
Net income from Islamic Banking Scheme operations	4,438	1,111	-	5,549
Non-interest income	21,307	47,924	1,937	71,168
Total revenue	<u>25,821</u>	<u>53,690</u>	<u>1,699</u>	<u>81,210</u>
Results				
Segment results	25,821	53,690	1,699	81,210
Overhead expenses	(12,464)	(30,964)	(22,354)	(65,782)
Writeback of/(allowance for) impairment on loans and advances and other debtors, net	522	612	(974)	160
Share of results of a joint venture	-	-	559	559
Profit before taxation	<u>13,879</u>	<u>23,338</u>	<u>(21,070)</u>	<u>16,147</u>
Taxation and zakat				<u>(6,028)</u>
Profit for the period				<u>10,119</u>
Other segment information				
Depreciation	103	416	890	1,409
Amortisation	-	399	495	894
Group				
31 March 2014	RM'000	RM'000	RM'000	RM'000
Revenue				
Net interest income	437	1,159	6,005	7,601
Net income from Islamic Banking Scheme operations	4,360	1,494	-	5,854
Non-interest income	43,343	43,546	614	87,503
Total revenue	<u>48,140</u>	<u>46,199</u>	<u>6,619</u>	<u>100,958</u>
Results				
Segment results	48,140	46,199	6,619	100,958
Overhead expenses	(11,633)	(23,263)	(24,123)	(59,019)
Allowance for impairment on loans and advances and other debtors, net	(298)	(82)	(28)	(408)
Writeback of allowance for commitments and contingencies	-	-	500	500
Share of results of a joint venture	-	-	(21)	(21)
Profit before taxation	<u>36,209</u>	<u>22,854</u>	<u>(17,053)</u>	<u>42,010</u>
Taxation and zakat				<u>(12,004)</u>
Profit for the period				<u>30,006</u>
Other segment information				
Depreciation	54	334	842	1,230
Amortisation	2	179	443	624

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29. Net income from Islamic Banking Scheme operations

Unaudited Statements of Financial Position as at 31 March 2015

	Notes	Group and Bank	
		31 March 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and short-term funds	(a)	5,756	2,151
Financial assets at fair value through profit or loss	(b)	-	20,240
Other assets	(c)	169,797	151,367
Total assets		<u>175,553</u>	<u>173,758</u>
LIABILITIES			
Other liabilities	(d)	267	210
Provision for taxation and zakat	(e)	11,487	10,989
Total liabilities		<u>11,754</u>	<u>11,199</u>
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Retained earnings		158,799	157,559
		<u>163,799</u>	<u>162,559</u>
Total liabilities and Islamic banking fund		<u>175,553</u>	<u>173,758</u>

**Unaudited Statements of Comprehensive Income
For the First Quarter Ended 31 March 2015**

Group and Bank	Notes	Quarter Ended		Quarter Ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of Islamic banking capital funds	(f)	5,549	5,854	5,549	5,854
Income attributable to the Group and the Bank		5,549	5,854	5,549	5,854
Overhead expenses	(g)	(3,811)	(2,670)	(3,811)	(2,670)
Profit before taxation and zakat		1,738	3,184	1,738	3,184
Taxation		(435)	(2,578)	(435)	(606)
Zakat		(63)	(97)	(63)	(65)
Profit for the period, representing total comprehensive income for the period, attributable to equity holder of the Bank		<u>1,240</u>	<u>509</u>	<u>1,240</u>	<u>2,513</u>

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29. Net income from Islamic Banking Scheme operations (Cont'd)

Unaudited Statements of Changes in Equity
For the First Quarter Ended 31 March 2015

Group and Bank	Islamic banking capital fund RM'000	Distributable retained earnings RM'000	Total RM'000
At 1 January 2015	5,000	157,559	162,559
Profit for the period	-	1,240	1,240
Total comprehensive income for the period	-	1,240	1,240
At 31 March 2015	5,000	158,799	163,799
At 1 January 2014	5,000	150,777	155,777
Profit for the period	-	2,513	2,513
Total comprehensive income for the period	-	2,513	2,513
At 31 March 2014	5,000	153,290	158,290

Unaudited Statements of Cash Flows
For the First Quarter Ended 31 March 2015

	Group and Bank	
	31 March 2015 RM'000	31 March 2014 RM'000
Cash flows from operating activities		
Profit before taxation and zakat, representing operating profit before working capital changes	1,738	3,184
Decrease in financial investments portfolio	20,240	-
Increase in receivables	(18,430)	(838)
Increase/(decrease) in payables	57	(1,067)
Net cash generated from operating activities	3,605	1,279
Net increase in cash and cash equivalents	3,605	1,279
Cash and cash equivalents at beginning of the period	2,151	8,894
Cash and cash equivalents at end of the period	5,756	10,173

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(a) Cash and short-term funds

	Group and Bank	
	31 March 2015	31 December 2014
Cash and bank balances with financial institutions	756	51
Deposit placements maturing within one month	<u>5,000</u>	<u>2,100</u>
	<u>5,756</u>	<u>2,151</u>

(b) Financial assets at fair value through profit or loss

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
At fair value		
Unquoted financial investments:		
Private debt securities in Malaysia	-	<u>20,240</u>

(c) Other assets

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Debtors and prepayments	<u>169,797</u>	<u>151,367</u>

(d) Other liabilities

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Provisions and accruals	<u>267</u>	<u>210</u>

(e) Provision for taxation and zakat

	Group and Bank	
	31 March 2015	31 December 2014
	RM'000	RM'000
Taxation	11,319	10,884
Zakat	168	105
	<u>11,487</u>	<u>10,989</u>

(f) Income derived from investment of Islamic banking capital funds

	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
<u>Group and Bank</u>				
Gross income from:				
- Financial assets at fair value through profit or loss	47	-	47	-
- Deposits and placements with financial institutions	144	68	144	68
Realised gain from sale of financial assets at fair value through profit or loss, net	683	748	683	748
Unrealised loss on revaluation of financial assets at fair value through profit or loss	(198)	-	(198)	-
Fee and commission income from:				
- Arranger and upfront fees	3,267	2,015	3,267	2,015
- Brokerage income	1,111	1,493	1,111	1,493
- Corporate advisory fees	-	80	-	80
- Others	495	1,450	495	1,450
Total	<u>5,549</u>	<u>5,854</u>	<u>5,549</u>	<u>5,854</u>

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(g) Overhead expenses

<u>Group and Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Personnel expenses	3,259	2,453	3,259	2,453
Establishment costs				
- Service chargeback	(443)	(454)	(443)	(454)
- Other establishment costs	634	445	634	445
Marketing expenses	122	149	122	149
Administration and general expenses	239	77	239	77
Total	3,811	2,670	3,811	2,670

(h) Capital adequacy

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

	Group and Bank %
<u>At 31 March 2015</u>	
CET1 capital ratio	86.646
Tier 1 capital ratio	86.646
Total capital ratio	<u>86.646</u>
<u>At 31 December 2014</u>	
CET1 capital ratio	65.461
Tier 1 capital ratio	65.461
Total capital ratio	<u>65.461</u>

(ii) The components of capital of the Group and of the Bank are as follows:

	Group and Bank RM'000
<u>At 31 March 2015</u>	
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	158,799
CET1 capital/Tier 1 capital/Total capital	<u>163,799</u>
<u>At 31 December 2014</u>	
Tier 1 capital	
Islamic banking capital fund	5,000
Retained earnings	157,559
CET1 capital/Tier 1 capital/Total capital	<u>162,559</u>

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(h) Capital adequacy (Cont'd)

(III) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Group and Bank</u>				
31 March 2015	Gross Credit	Net Credit	Risk-weighted	Capital
Exposure Class	exposures	exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	753	753	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	5,000	5,000	1,000	80
Other assets	369,174	369,174	106,563	8,525
Total on-balance sheet exposures	374,927	374,927	107,563	8,605
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	374,927	374,927	107,563	8,605
(ii) Market Risk				
Foreign currency risk	-	-	2	-
Total	-	-	2	-
(iii) Operational Risk				
	-	-	81,480	6,518
Total RWA and capital requirements	374,927	374,927	189,045	15,123
 <u>Group and Bank</u>				
31 December 2014	Gross Credit	Net Credit	Risk-weighted	Capital
Exposure Class	exposures	exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	49	49	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	2,102	2,102	420	34
Other assets	346,697	346,697	102,022	8,162
Total on-balance sheet exposures	348,848	348,848	102,442	8,196
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	348,848	348,848	102,442	8,196
(ii) Market Risk				
Interest rate risk	-	-	19,271	1,542
Foreign currency risk	-	-	2	-
Total	-	-	19,273	1,542
(iii) Operational Risk				
	-	-	126,614	13,492
Total RWA and capital requirements	348,848	348,848	248,329	23,230

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29. Net income from Islamic Banking Scheme operations (Cont'd)

(i) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date, which are considered short-term in maturity, approximate their carrying amounts as shown in the statements of financial position.

(j) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institution in calculating and deriving the rate of return for the depositors.

(k) Shariah committee

The operation of IBS is governed by Section 28 and 29 of Islamic Financial Services Act, 2013 ("IFSA"), which stipulates that "a licensed institution shall at all times ensure that its aims and operations, business, affairs and activities are in compliance with Shariah and in accordance with the advice or ruling of the Shariah Advisory Council ("SAC"), specify standards on Shariah matters in respect of the carrying on of its business, affair or activity" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for The Islamic Financial Institutions" known as the Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), which stipulates that "every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking Scheme operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations;
- (ii) To endorse Shariah Compliance Manual;
- (iii) To endorse and validate relevant documentations;
- (iv) To assist related parties on Shariah matters for advice upon request;
- (v) To advise on matters to be referred to the SAC;
- (vi) To provide written Shariah opinion; and
- (vii) To assist the SAC on reference for advice.

The Group and the Bank presently have seven Shariah members.

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30. Fair value of financial instruments

Fair value hierarchy

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(b) Level 2: Valuation techniques for which all significant inputs are, or are based on, observable market data

Refers to inputs other than quoted prices included those within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds and illiquid equities.

(c) Level 3: Valuation techniques for which significant inputs are not based on observable market data

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Bank's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and advances priced primarily based on internal credit assessment.

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 31 March 2015 and 31 December 2014.

<u>Group and Bank</u>	<u>Valuation techniques using</u>			Total RM'000
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
As at 31 March 2015				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	170,933	-	-	170,933
Derivative assets	-	6,261	-	6,261
	170,933	6,261	-	177,194
Financial liabilities measured at fair values:				
Derivative liabilities	9,992	15,253	-	25,245
As at 31 December 2014				
Financial assets measured at fair values:				
Financial assets at fair value through profit or loss	186,807	20,240	-	207,047
Derivative assets	-	14,754	-	14,754
	186,807	34,994	-	221,801
Financial liabilities measured at fair values:				
Derivative liabilities	14,490	8,555	-	23,045

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30. Fair value of financial instruments (Cont'd)

Valuation techniques

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

Financial assets at fair value through profit or loss

The fair values of financial assets and financial investments are determined by reference to prices quoted by independent data providers and independent broker quotations.

Derivative financial instruments

The fair values of the Group's and of the Bank's derivative financial instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.