

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position As At 31 March 2016

		< ----- GROUP ----- >		< ----- COMPANY ----- >	
	Note	31/3/2016 RM'000	31/12/2015 RM'000	31/3/2016 RM'000	31/12/2015 RM'000
ASSETS					
Cash and short-term funds		6,316,342	4,441,700	139,069	45,393
Deposits and placements with banks and other financial institutions		412,197	497,161	-	-
Trade receivables	A9	1,015,563	551,579	-	-
Financial assets held-for-trading	A10	157,365	122,016	-	-
Financial investments available-for-sale	A10	12,527,079	13,085,556	-	-
Financial investments held-to-maturity	A10	451,624	459,368	-	-
Derivative financial assets		292,038	293,864	-	-
Loans, advances and financing	A11	43,670,944	43,345,290	-	-
Other assets	A12	194,603	225,869	275	305
Statutory deposits with Bank Negara Malaysia		1,670,840	1,782,450	-	-
Amount due from subsidiaries		-	-	1,004,345	1,004,446
Amount due from associate		58,476	58,560	58,476	58,560
Investment in subsidiaries		-	-	5,461,063	5,461,063
Investment in joint ventures		139,512	129,396	169,830	159,630
Investment in associate		282,353	269,774	15,623	15,623
Tax recoverable		88,322	75,994	2,265	2,459
Deferred tax assets		3,114	16,339	-	-
Property and equipment		436,189	434,639	88	128
Intangible assets		1,609,556	1,612,462	3	3
TOTAL ASSETS		69,326,117	67,402,017	6,851,037	6,747,610
LIABILITIES AND EQUITY					
Deposits from customers	B7	50,027,630	50,548,747	-	-
Deposits and placements of banks and other financial institutions	B7	5,899,955	3,385,439	-	-
Obligation on securities sold under repurchase agreements		1,137,047	1,740,946	-	-
Bills and acceptances payable		66,296	77,114	-	-
Trade payables		1,169,321	642,483	-	-
Derivative financial liabilities		398,081	555,867	-	-
Recourse obligation on loans sold to Cagamas Berhad		133,407	134,585	-	-
Other liabilities	A13	573,552	640,436	3,107	3,098
Provision for taxation		10,858	11,799	-	-
Deferred tax liabilities		56,120	31,505	27	27
Amount due to subsidiaries		-	-	400,254	400,253
Borrowings	B7	1,305,806	1,306,011	1,305,806	1,306,011
TOTAL LIABILITIES		60,778,073	59,074,932	1,709,194	1,709,389

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD

(Company no. 23218 - W)

Condensed Interim Financial Statements**Unaudited Statements of Financial Position As At 31 March 2016**

	< ----- GROUP ----- >		< ----- COMPANY ----- >	
Note	31/3/2016 RM'000	31/12/2015 RM'000	31/3/2016 RM'000	31/12/2015 RM'000
EQUITY				
Share capital	1,942,949	1,942,949	1,942,949	1,942,949
Reserves:-				
Share premium	2,185,712	2,185,712	2,185,712	2,185,712
Statutory reserves	1,626,175	1,626,175	-	-
AFS revaluation reserves	171,305	64,833	-	-
Regulatory reserves	278,598	284,141	-	-
Retained profits	2,299,738	2,178,629	1,013,182	909,560
Equity attributable to equity holders of the Company	8,504,477	8,282,439	5,141,843	5,038,221
Non-controlling interest	43,567	44,646	-	-
TOTAL EQUITY	8,548,044	8,327,085	5,141,843	5,038,221
TOTAL LIABILITIES AND EQUITY	69,326,117	67,402,017	6,851,037	6,747,610
COMMITMENTS AND CONTINGENCIES	26,144,839	27,995,755	-	-
NET ASSETS PER SHARE (RM)	4.38	4.26		

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Quarter Ended 31 March 2016

<u>GROUP</u>	Note	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
		31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Interest income	A14	638,316	617,960	638,316	617,960
Interest expense	A15	(408,629)	(394,217)	(408,629)	(394,217)
Net interest income		229,687	223,743	229,687	223,743
Islamic banking income		58,930	54,974	58,930	54,974
Other operating income	A16	138,304	149,957	138,304	149,957
Net income		426,921	428,674	426,921	428,674
Other operating expenses	A17	(272,618)	(270,538)	(272,618)	(270,538)
Operating profit before allowance for impairment losses on loans, advances and financing		154,303	158,136	154,303	158,136
Write-back of/(allowances for) impairment losses on loans, advances and financing	A18	1,575	(124,124)	1,575	(124,124)
Write-back of impairment losses on securities	A19	-	21,756	-	21,756
Operating profit		155,878	55,768	155,878	55,768
Finance cost		(14,337)	(10,700)	(14,337)	(10,700)
Share of results of joint venture		(658)	(1,693)	(658)	(1,693)
Share of results of associate		12,042	5,383	12,042	5,383
Profit before taxation and zakat		152,925	48,758	152,925	48,758
Zakat		(198)	(211)	(198)	(211)
Profit before taxation		152,727	48,547	152,727	48,547
Taxation	B5	(34,924)	(13,733)	(34,924)	(13,733)
Net profit for the financial period		117,803	34,814	117,803	34,814
Profit for the financial period attributable to :-					
- Equity holders of the Company		115,566	30,085	115,566	30,085
- Non-controlling interest		2,237	4,729	2,237	4,729
		117,803	34,814	117,803	34,814
Earnings per share attributable to the equity holders of the Company (sen)					
- Basic	B11	5.95	1.55	5.95	1.55

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
For The Financial Quarter Ended 31 March 2016

<u>GROUP</u>	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Profit after taxation	117,803	34,814	117,803	34,814
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss :-				
- Net fair value change in financial investments available-for-sale	142,719	75,217	142,719	75,217
- Net gain transferred to profit or loss on disposal of financial investments available-for-sale	(4,509)	(2,554)	(4,509)	(2,554)
- Deferred tax on revaluation of financial investments available-for-sale	(33,165)	(15,446)	(33,165)	(15,446)
- Share of other comprehensive income of an associated company	537	2,881	537	2,881
- Share of other comprehensive income of a joint venture	574	852	574	852
Other comprehensive income for the financial period, net of tax	106,156	60,950	106,156	60,950
Total comprehensive income for the financial period	223,959	95,764	223,959	95,764
Total comprehensive income for the financial period attributable to :-				
- Equity holders of the Company	222,038	91,263	222,038	91,263
- Non-controlling interest	1,921	4,501	1,921	4,501
	223,959	95,764	223,959	95,764

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Income Statements For The Financial Quarter Ended 31 March 2016

<u>COMPANY</u>	<----Individual Quarter Ended ---->		<----Cumulative Quarter Ended ---->	
	31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Interest income	13,552	9,217	13,552	9,217
Interest expense	-	-	-	-
Net interest income	13,552	9,217	13,552	9,217
Other operating income	107,408	66,031	107,408	66,031
Net income	120,960	75,248	120,960	75,248
Other operating expenses	(2,474)	(1,790)	(2,474)	(1,790)
Operating profit before allowance for impairment losses on loans, advances and	118,486	73,458	118,486	73,458
Allowance for impairment on loans, advances and financing	-	-	-	-
Allowance for impairment on other assets	-	-	-	-
Operating profit	118,486	73,458	118,486	73,458
Finance cost	(14,337)	(10,700)	(14,337)	(10,700)
Profit before taxation and zakat	104,149	62,758	104,149	62,758
Zakat	-	-	-	-
Profit before taxation	104,149	62,758	104,149	62,758
Taxation	(527)	(213)	(527)	(213)
Net profit for the financial period attributable to equity holders of the Company	103,622	62,545	103,622	62,545

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
 (Company no. 23218 - W)
Condensed Interim Financial Statements
Unaudited Statement of Comprehensive Income
Unaudited Income Statements For The Financial Quarter Ended 31 March 2016

<u>COMPANY</u>	<---Individual Quarter Ended ---->		<---Cumulative Quarter Ended --->	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	103,622	62,545	103,622	62,545
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to equity holders of the Company	103,622	62,545	103,622	62,545

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Financial Period Ended 31 March 2016

<-----Attributable to Equity Holders of the Company----->

GROUP	Issued and fully paid ordinary shares of RM1 each		Non-distributable				Distributable	Total Shareholders' Equity RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	AFS revaluation reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000			
At 1 January 2016	1,942,949	1,942,949	2,185,712	1,626,175	64,833	284,141	2,178,629	8,282,439	44,646	8,327,085
Comprehensive income :										
- Net profit for the financial period	-	-	-	-	-	-	115,566	115,566	2,237	117,803
Other comprehensive income (net of tax) of which:-										
- Financial investments available-for-sale	-	-	-	-	105,361	-	-	105,361	(316)	105,045
- Share of other comprehensive income of an associated company	-	-	-	-	537	-	-	537	-	537
- Share of other comprehensive income of a joint venture	-	-	-	-	574	-	-	574	-	574
Total comprehensive income for the financial period	-	-	-	-	106,472	-	115,566	222,038	1,921	223,959
Transfer from regulatory reserves	-	-	-	-	-	(5,543)	5,543	-	-	-
Dividends declared and paid for the financial period	-	-	-	-	-	-	-	-	(3,000)	(3,000)
At 31 March 2016	1,942,949	1,942,949	2,185,712	1,626,175	171,305	278,598	2,299,738	8,504,477	43,567	8,548,044
At 1 January 2015	1,942,949	1,942,949	2,185,712	1,502,616	25,191	187,922	2,087,232	7,931,622	40,829	7,972,451
Comprehensive income :										
- Net profit for the financial period	-	-	-	-	-	-	30,085	30,085	4,729	34,814
Other comprehensive income (net of tax) of which:-										
- Financial investments available-for-sale	-	-	-	-	57,445	-	-	57,445	(228)	57,217
- Share of other comprehensive income of an associated company	-	-	-	-	2,881	-	-	2,881	-	2,881
- Share of other comprehensive income of a joint venture	-	-	-	-	852	-	-	852	-	852
Total comprehensive income for the financial period	-	-	-	-	61,178	-	30,085	91,263	4,501	95,764
Transfer from regulatory reserves	-	-	-	-	-	(53,989)	53,989	-	-	-
At 31 March 2015	1,942,949	1,942,949	2,185,712	1,502,616	86,369	133,933	2,171,306	8,022,885	45,330	8,068,215

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Statement Of Changes In Equity
For The Financial Period Ended 31 March 2016

<-----Attributable to Equity Holders of the Company----->

<u>COMPANY</u>	Issued and fully paid ordinary shares of RM1 each		Non-distributable	Distributable	Total Equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2016	1,942,949	1,942,949	2,185,712	909,560	5,038,221
Total comprehensive income for the financial period :					
- Net profit for the financial period	-	-	-	103,622	103,622
At 31 March 2016	1,942,949	1,942,949	2,185,712	1,013,182	5,141,843
At 1 January 2015	1,942,949	1,942,949	2,185,712	843,947	4,972,608
Total comprehensive income for the financial period :					
- Net profit for the financial period	-	-	-	62,545	62,545
At 31 March 2015	1,942,949	1,942,949	2,185,712	906,492	5,035,153

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

AFFIN HOLDINGS BERHAD
(Company no. 23218 - W)
Unaudited Condensed Consolidated Statement of Cash Flow
For The Financial Period Ended 31 March 2016

	31/3/2016 RM'000	31/3/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	152,727	48,547
Adjustment for items not involving the movement of cash and cash equivalents:-	(210,573)	9,714
Operating (loss)/profit before changes in working capital	(57,846)	58,261
Net changes in operating assets	(504,159)	(488,225)
Net changes in operating liabilities	1,680,070	(1,352,862)
Tax and zakat paid	(43,664)	(47,490)
Tax refund	-	586
Net cash generated from/(used in) operating activities	<u>1,074,401</u>	<u>(1,829,730)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from securities	111,833	98,944
Net (purchase)/disposal of:		
- securities	711,378	1,016,096
- property and equipment	(10,241)	(5,297)
- intangible assets	(1,352)	(618)
Dividend received from:		
- financial investments held-to-maturity	-	948
- financial investments held-for-trading	436	-
- financial investments available-for-sale	1,710	2,486
Proceeds from disposal of foreclosed properties	394	706
Repayment of intercompany balance by associate	84	30
Subscription of shares in a joint venture	(10,200)	-
Net cash generated from investing activities	<u>804,042</u>	<u>1,113,295</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings	(205)	(180)
Dividends paid to non-controlling interest	(3,000)	-
Net cash used in financing activities	<u>(3,205)</u>	<u>(180)</u>
Net increase/(decrease) in cash and cash equivalents	1,875,238	(716,615)
Cash and cash equivalents at beginning of the period	4,393,076	7,312,405
Cash and cash equivalents at end of the period	<u>6,268,314</u>	<u>6,595,790</u>
<u>Analysis of cash & cash equivalent</u>		
Cash and short-term funds	6,316,342	6,648,591
Adjustment for money held in trust on behalf of remisers	(48,028)	(52,801)
	<u>6,268,314</u>	<u>6,595,790</u>

The Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

Part A - Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting issued by Bank Negara Malaysia

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period under review have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values :-

- (i) financial assets held-for-trading,
- (ii) financial investments available-for-sale, and
- (iii) derivative financial instruments.

The unaudited condensed financial statements has been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and Policy Document on Financial Reporting issued by Bank Negara Malaysia dated 28 June 2013.

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

A2. ACCOUNTING POLICIES AND METHODS OF COMPUTATIONS

The significant accounting policies and methods of computation applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2015, except for the adoption of the following amendments to MFRS that are applicable to the Group and the Company effective for the financial year beginning on or after 1 January 2016:-

- Amendments to MFRS 11 "Joint Arrangements"
- Amendments to MFRS 116 "Property, Plant and Equipment"
- Amendments to MFRS 138 "Intangible Assets"

The adoption of these amendments is not expected to have any significant effect on the financial statements of the Group and the Company.

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not subjected to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

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

A5. ITEMS OF UNUSUAL NATURE, SIZE AND INCIDENCE AFFECTING NET ASSETS, EQUITY, NET INCOME OR CASH FLOWS

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

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the financial period under review.

A7. DEBT AND EQUITY SECURITIES

There were no shares issuance or cancellations, share buy-backs, resale of shares bought back and repayment of debts and equity securities by the Company during the financial period under review.

A8. DIVIDENDS PAID

No dividend has been paid during the financial period under review.

A9. TRADE RECEIVABLES

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
Amount due from stock-broking clients		
- performing accounts	214,919	290,256
- impaired accounts	1,285	4,460
Amount due from brokers	123,467	141,493
Amount due from Bursa Securities Clearing Sdn Bhd	229,628	51,033
Management fees receivable on fund management	447,229	68,476
	<hr/> 1,016,528	<hr/> 555,718
Less: Allowance for impairment		
- Collective impairment	(17)	(16)
- Individual impairment	(948)	(4,123)
	<hr/> 1,015,563	<hr/> 551,579

Movement in allowance for impairment on trade receivables :-

Collective impairment

Balance at the beginning of financial period/year	16	19
Allowance made during the financial period/year	1	31
Amount written-back during the financial period/year	-	(34)
Balance at the end of financial period/year	<hr/> 17	<hr/> 16

Individual impairment

Balance at the beginning of financial period/year	4,123	4,083
Allowance made during the financial period/year	373	108
Amount written-back during the financial period/year	(101)	(68)
Amount written-off during the financial period/year	(3,447)	-
Balance at the end of financial period/year	<hr/> 948	<hr/> 4,123

A10. FINANCIAL ASSETS

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
(a) <u>Financial assets held-for-trading</u>		
At fair value		
Malaysian Government Investment Issuance	10,110	-
Negotiable Instruments of Deposit	105,206	79,807
Quoted Securities :-		
- Shares in Malaysia	35,146	33,564
- Unit Trusts in Malaysia	6,903	8,645
Total financial assets held-for-trading	157,365	122,016
(b) <u>Financial investments available-for-sale</u>		
At fair value		
Malaysian Government Securities	10,159	59,892
Malaysian Government Investment Issuance	1,883,100	2,538,871
Cagamas Bonds	46,311	20,102
Sukuk Perumahan Kerajaan	766,568	753,385
Khazanah Bonds	446,737	437,819
Negotiable Instruments of Deposit and Islamic Debt Certificate	507,906	1,004,703
	3,660,781	4,814,772
Quoted Securities :-		
- Shares in Malaysia	29,918	19,610
- Unit Trusts in Malaysia	245,229	240,850
- REITs in Malaysia	41,850	40,219
- REITs outside Malaysia	46,600	39,618
Unquoted Securities :-		
- Shares in Malaysia	226,669	226,419
- Private Debt Securities in Malaysia	7,497,884	7,051,910
- Private Debt Securities outside Malaysia	781,641	655,651
	12,530,572	13,089,049
Allowance for impairment losses of securities	(3,493)	(3,493)
Total financial investments available-for-sale	12,527,079	13,085,556
(c) <u>Financial investments held-to-maturity</u>		
At amortised cost		
Quoted Securities :-		
- Private Debt Securities in Malaysia	23,439	23,439
Unquoted Securities :-		
- Private Debt Securities in Malaysia	433,522	436,107
	456,961	459,546
Allowance for impairment losses of securities	(5,337)	(178)
Total financial investments held-to-maturity	451,624	459,368
Total securities held	13,136,068	13,666,940

A11. LOANS, ADVANCES AND FINANCING

(a) BY TYPE

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
Overdrafts	1,929,927	1,960,022
Term loans/financing :-		
- Housing Loan/financing	6,296,274	6,172,180
- Syndicated term loans/financing	2,499,388	2,079,497
- Hire purchase receivables	12,038,987	12,000,990
- Business term loans/financing	13,732,687	13,416,080
- Other term loans/financing	659,739	702,427
Bills receivables	251,660	321,091
Trust receipts	309,621	298,417
Claims on customers under acceptance credits	862,722	1,016,613
Staff loans/financing (of which RM NIL to Directors)	155,077	154,076
Credit/charge cards	80,972	83,769
Revolving credit	5,153,503	5,420,534
Margin financing	148,761	157,979
Factoring	1,821	4,369
Other receivables	91,116	91,377
Gross loans, advances and financing	44,212,255	43,879,421
Less: Allowance for impairment losses		
- Collective impairment	(249,045)	(238,868)
- Individual impairment	(292,266)	(295,263)
Total net loans, advances and financing	43,670,944	43,345,290

(b) BY MATURITY STRUCTURE

Maturing within one year	10,107,566	10,067,237
One year to three years	4,992,857	4,726,084
Three years to five years	7,271,922	6,937,257
Over five years	21,839,910	22,148,843
	44,212,255	43,879,421

(c) BY TYPE OF CUSTOMER

Domestic banking institutions	817	-
Domestic non-banking institutions :-		
- Stock-broking companies	218	221
- Others	1,289,733	1,644,820
Domestic business enterprises :-		
- Small medium enterprises	8,549,342	9,478,855
- Others	14,568,237	13,603,783
Government and statutory bodies	1,877,289	1,137,674
Individuals	17,059,195	17,066,576
Foreign individuals	929	966
Other domestic entities	129,206	109,263
Foreign entities	737,289	837,263
	44,212,255	43,879,421

(d) BY INTEREST / PROFIT RATE SENSITIVITY

Fixed rate :-		
- Housing loans/financing	405,361	404,929
- Hire purchase receivables	12,038,965	12,003,958
- Other fixed rate loans/financing	3,821,716	4,077,555
- Margin financing	148,761	157,979
Variable rate :-		
- BLR plus	16,438,746	16,014,700
- Cost plus	11,358,706	11,220,300
	44,212,255	43,879,421

A11. LOANS, ADVANCES AND FINANCING (Cont.)

(e) BY ECONOMIC PURPOSE

	Group	
	31/3/2016	31/12/2015
	RM'000	RM'000
Construction	3,487,406	3,244,628
Purchase of landed property of which :-		
- Residential	6,579,104	6,427,607
- Non-residential	5,964,371	5,923,446
Purchase of securities	867,406	904,801
Purchase of transport vehicles	12,442,577	12,509,416
Fixed assets other than land and building	247,044	240,609
Personal use	720,473	745,582
Credit card	80,972	83,769
Consumer durable	865	852
Merger and acquisition	198,629	299,085
Working capital	13,156,225	13,019,878
Others	467,183	479,748
	44,212,255	43,879,421

(f) BY SECTOR

Primary agriculture	760,863	692,126
Mining and quarrying	721,343	789,889
Manufacturing	2,068,553	2,341,341
Electricity, gas and water supply	146,634	244,682
Construction	3,566,436	3,576,344
Real estate	7,496,260	7,114,834
Wholesale and retail trade and restaurants and hotels	2,641,219	2,552,553
Transport, storage and communication	2,154,026	2,279,071
Finance, insurance and business services	3,905,747	4,399,043
Education, health and others	3,353,762	2,650,162
Household	17,327,213	17,185,511
Others	70,199	53,865
	44,212,255	43,879,421

(g) BY GEOGRAPHICAL DISTRIBUTION

Perlis	161,694	155,914
Kedah	1,409,710	1,362,682
Pulau Pinang	2,299,280	2,156,877
Perak	1,265,076	1,304,444
Selangor	13,545,788	13,424,739
Wilayah Persekutuan	13,601,777	13,750,878
Negeri Sembilan	1,179,496	995,346
Melaka	1,041,353	1,003,701
Johor	3,733,484	3,557,500
Pahang	819,069	845,284
Terengganu	791,594	803,862
Kelantan	243,093	229,607
Sarawak	1,601,605	1,584,176
Sabah	1,584,422	1,622,166
Labuan	596,266	684,220
Outside Malaysia	338,548	398,025
	44,212,255	43,879,421

A11. LOANS, ADVANCES AND FINANCING (Cont.)

(h) IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements of impaired loans, advances and financing

	Group	
	31/3/2016	31/12/2015
	RM'000	RM'000
Balance at the beginning of financial period/year	834,222	747,776
Classified as impaired during the financial period/year	167,397	904,886
Reclassified as non-impaired during the financial period/year	(76,337)	(394,738)
Amount recovered during the financial period/year	(48,400)	(150,230)
Amount written-off during the financial period/year	(1,104)	(273,472)
	875,778	834,222

(ii) Impaired loans, advances and financing by economic purpose

Construction	100,359	98,031
Purchase of landed property of which :-		
- Residential	202,873	180,137
- Non-residential	63,495	56,434
Purchase of securities	166	804
Purchase of transport vehicles	87,955	82,026
Fixed assets other than land and building	535	164
Personal use	35,507	20,539
Credit card	607	389
Consumer durable	16	16
Working capital	326,609	338,087
Others	57,656	57,595
	875,778	834,222

(iii) Impaired loans, advances and financing by sector

Primary agriculture	14,241	14,388
Mining and quarrying	78	15
Manufacturing	53,373	58,035
Electricity, gas and water supply	158	148
Construction	80,313	81,302
Real estate	109,945	103,532
Wholesale and retail trade and restaurants and hotels	49,079	48,914
Transport, storage and communication	3,427	3,314
Finance, insurance and business services	235,676	234,604
Education, health and others	709	2,602
Household	328,779	287,368
	875,778	834,222

A11. LOANS, ADVANCES AND FINANCING (Cont.)

(h) IMPAIRED LOANS, ADVANCES AND FINANCING (Cont.)

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

	Group	
	31/3/2016	31/12/2015
	RM'000	RM'000
Perlis	788	680
Kedah	49,985	19,972
Pulau Pinang	37,687	42,525
Perak	18,224	18,793
Selangor	376,287	484,346
Wilayah Persekutuan	104,832	89,094
Negeri Sembilan	120,661	13,949
Melaka	17,141	7,231
Johor	23,772	25,596
Pahang	8,061	8,262
Terengganu	5,535	5,307
Kelantan	5,310	5,068
Sarawak	7,335	6,918
Sabah	22,153	20,614
Outside Malaysia	78,007	85,867
	875,778	834,222

(v) Movements in allowance for impairment on loans, advances and financing

Collective impairment

Balance at beginning of financial period/year	238,868	301,601
Allowance (net of write-back) made during the financial year	11,255	17,649
Amount written-off during the financial period/year	(1,078)	(80,382)
Balance at the end of financial period/year	249,045	238,868

Individual impairment

Balance at the beginning of financial period/year	295,263	263,498
Allowance made during the financial period/year	5,197	258,654
Amount recovered during the financial period/year	(3,850)	(7,293)
Amount written-off during the financial period/year	-	(193,087)
Unwinding discount of allowance	(1,137)	(33,004)
Exchange difference	(3,207)	6,495
Balance at the end of financial period/year	292,266	295,263

A12. OTHER ASSETS

Cheque clearing accounts	43,084	6,803
Foreclosed properties	4,616	4,906
Other debtors, deposits and prepayments	106,363	174,062
Amount due from joint ventures	40,378	39,936
Land held for sale	162	162
	194,603	225,869

A13. OTHER LIABILITIES

Bank Negara Malaysia and Credit Guarantee Corporation Funding Programmes	40,693	38,536
Margin and collateral deposits	144,675	131,678
Trust accounts for remisers	48,028	48,624
Defined contribution plan	15,418	18,303
Accrued employee benefits	814	886
Other creditors and accruals	231,129	302,301
Provision for zakat	3,087	2,307
Sundry creditors	89,708	97,801
	573,552	640,436

A14. INTEREST INCOME

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	477,110	456,216	477,110	456,216
Money at call and deposits with financial institutions	14,895	19,724	14,895	19,724
Financial assets held-for-trading	2,863	357	2,863	357
Financial investments available-for-sale	107,454	92,845	107,454	92,845
Financial investments held-to-maturity	4,379	6,099	4,379	6,099
Derivatives	29,463	35,981	29,463	35,981
Subordinated term loan	1,433	1,308	1,433	1,308
Others	(547)	113	(547)	113
	<u>637,050</u>	<u>612,643</u>	<u>637,050</u>	<u>612,643</u>
Accretion of discount less amortisation of premium	1,266	5,317	1,266	5,317
	<u>638,316</u>	<u>617,960</u>	<u>638,316</u>	<u>617,960</u>
of which :-				
Interest income earned on impaired loans, advances and financing	268	425	268	425

A15. INTEREST EXPENSE

Deposits and placements of banks and other financial institutions	15,752	20,504	15,752	20,504
Deposits from customers	352,221	339,257	352,221	339,257
Loans sold to Cagamas Berhad	1,442	1,492	1,442	1,492
Derivatives	27,047	31,756	27,047	31,756
Others	12,167	1,208	12,167	1,208
	<u>408,629</u>	<u>394,217</u>	<u>408,629</u>	<u>394,217</u>

A16. OTHER OPERATING INCOME

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Gross brokerage	24,356	26,334	24,356	26,334
Underwriting fees	445	1,393	445	1,393
Portfolio management fees	43,355	38,777	43,355	38,777
Corporate advisory fees	2,511	1,400	2,511	1,400
Commission	3,649	3,733	3,649	3,733
Service charges and fees	12,625	14,088	12,625	14,088
Guarantee fees	7,588	6,153	7,588	6,153
Arrangement fees	2,895	2,388	2,895	2,388
Agency fees	385	430	385	430
Initial service charges	8,914	22,350	8,914	22,350
Other fee income	1,289	653	1,289	653
	108,012	117,699	108,012	117,699
<u>Income from financial instruments</u>				
Gains arising on financial assets held-for-trading :-				
- net gains on disposal	4,795	8,087	4,795	8,087
- unrealised gains	2,006	794	2,006	794
- gross dividend income	436	948	436	948
Gains/(losses) on derivatives :-				
- realised	1,063	1,476	1,063	1,476
- unrealised	(8,458)	(6,792)	(8,458)	(6,792)
Gains arising on financial investments available-for-sale :-				
- net gains on disposal	5,683	4,250	5,683	4,250
- gross dividend income	1,710	2,486	1,710	2,486
	7,235	11,249	7,235	11,249
<u>Other income</u>				
Foreign exchange gains/(losses)				
- realised	(85,347)	69,852	(85,347)	69,852
- unrealised	104,057	(52,847)	104,057	(52,847)
Rental income	461	371	461	371
Gains on disposal of property and equipment	99	40	99	40
Gains on disposal of foreclosed properties	104	196	104	196
Other non-operating income	3,683	3,397	3,683	3,397
	23,057	21,009	23,057	21,009
Total other operating income	138,304	149,957	138,304	149,957

A17. OTHER OPERATING EXPENSES

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
Wages, salaries and bonus	111,244	120,792	111,244	120,792
Defined contribution plan	18,558	19,303	18,558	19,303
Other personnel costs	17,339	15,293	17,339	15,293
	<u>147,141</u>	<u>155,388</u>	<u>147,141</u>	<u>155,388</u>
<u>Promotion and marketing-related expenses</u>				
Business promotion and advertisement	4,491	6,243	4,491	6,243
Entertainment	1,083	1,104	1,083	1,104
Travelling and accommodation	1,653	1,418	1,653	1,418
Dealers' handling fees	2,208	2,452	2,208	2,452
Commission and brokerage expenses	18,304	19,785	18,304	19,785
Dealers representative performance incentive	1,722	1,310	1,722	1,310
Others	1,871	1,786	1,871	1,786
	<u>31,332</u>	<u>34,098</u>	<u>31,332</u>	<u>34,098</u>
<u>Establishment-related expenses</u>				
Rental of premises	10,532	10,553	10,532	10,553
Equipment rental	742	820	742	820
Repair and maintenance	12,873	10,608	12,873	10,608
Depreciation of property and equipment	6,039	5,183	6,039	5,183
Amortisation of intangible assets	5,958	1,807	5,958	1,807
IT consultancy fee	16,076	16,577	16,076	16,577
Dataline rental	1,702	1,536	1,702	1,536
Security services	4,564	4,348	4,564	4,348
Electricity, water and sewerage	3,590	3,482	3,590	3,482
Insurance and indemnities	4,942	2,888	4,942	2,888
Others	1,452	1,526	1,452	1,526
	<u>68,470</u>	<u>59,328</u>	<u>68,470</u>	<u>59,328</u>
<u>General and administrative expenses</u>				
Telecommunication expenses	3,696	3,522	3,696	3,522
Directors' remuneration	632	565	632	565
Auditors' remuneration :-				
(i) Statutory audit fees				
- current year	601	545	601	545
(ii) Non audit fees				
- current year	106	24	106	24
Professional fees	1,309	3,359	1,309	3,359
Property and equipment written-off	1,033	58	1,033	58
Intangible asset written-off	17	6	17	6
Postage and courier charges	1,148	1,008	1,148	1,008
Stationery and consumables	3,132	2,879	3,132	2,879
Donations	852	742	852	742
Settlement, clearing and bank charges	3,071	2,253	3,071	2,253
Stamp duties	47	45	47	45
Operational and litigation write-off expenses	19	125	19	125
Subscription fees	1,775	644	1,775	644
Transaction levy	1,898	1,998	1,898	1,998
Subsidies and allowances	849	284	849	284
SCORE fees	654	679	654	679
Others	4,836	2,988	4,836	2,988
	<u>25,675</u>	<u>21,724</u>	<u>25,675</u>	<u>21,724</u>
Total other operating expenses	<u>272,618</u>	<u>270,538</u>	<u>272,618</u>	<u>270,538</u>

**A18. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS,
 ADVANCES AND FINANCING**

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Collective impairment				
- made during the financial period	11,254	50,001	11,254	50,001
Individual impairment				
- made during the financial period	5,570	86,359	5,570	86,359
- written-back during the financial period	(3,945)	(851)	(3,945)	(851)
Bad debts				
- recovered	(14,714)	(12,243)	(14,714)	(12,243)
- written-off	221	796	221	796
Additional allowance for impairment losses				
- other debtors	39	62	39	62
	(1,575)	124,124	(1,575)	124,124

**A19. ALLOWANCE FOR IMPAIRMENT LOSSES
 ON SECURITIES**

Write-back of allowance for impairment losses				
- Financial investments held-to-maturity	-	(21,756)	-	(21,756)
	-	(21,756)	-	(21,756)

A20. SEGMENTAL INFORMATION ON REVENUE AND PROFIT

The segment analysis by activity for the individual and cumulative quarters ended 31 March 2016 and 31 March 2015 are as follows:-

	<----- Individual and cumulative quarter ended 31 March 2016 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	299,484	123,140	-	4,297	-	426,921
Intersegment revenue	(6,329)	(5,735)	-	120,044	(107,980)	-
Segment revenue	<u>293,155</u>	<u>117,405</u>	<u>-</u>	<u>124,341</u>	<u>(107,980)</u>	<u>426,921</u>
Operating expenses	(171,750)	(96,320)	-	(5,120)	572	(272,618)
of which :-						
Depreciation of property and equipment	(3,829)	(2,101)	-	(109)	-	(6,039)
Amortisation of intangible assets	(2,019)	(3,924)	-	(15)	-	(5,958)
(Additional)/write-back of allowance for impairment losses on loans, advances and financing/securities	1,656	(81)	-	-	-	1,575
Segment results	<u>123,061</u>	<u>21,004</u>	<u>-</u>	<u>119,221</u>	<u>(107,408)</u>	<u>155,878</u>
Finance costs	-	-	-	(14,337)	-	(14,337)
Share of results of joint ventures (net of tax)	-	-	(658)	-	-	(658)
Share of results of associate (net of tax)	-	-	12,042	-	-	12,042
Profit before taxation and zakat	123,061	21,004	11,384	104,884	(107,408)	152,925
Taxation and zakat						(35,122)
Net profit for the cumulative quarter						<u>117,803</u>

	<----- Individual and cumulative quarter ended 31 March 2015 ----->					
	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Revenue						
External revenue	295,494	128,392	-	4,788	-	428,674
Intersegment revenue	(4,905)	(3,210)	-	74,412	(66,297)	-
Segment revenue	<u>290,589</u>	<u>125,182</u>	<u>-</u>	<u>79,200</u>	<u>(66,297)</u>	<u>428,674</u>
Operating expenses	(164,505)	(101,605)	-	(4,694)	266	(270,538)
of which :-						
Depreciation of property and equipment	(3,699)	(1,395)	-	(89)	-	(5,183)
Amortisation of intangible assets	(1,451)	(353)	-	(3)	-	(1,807)
(Additional)/write-back of allowance for impairment losses on loans, advances and financing/securities	(102,822)	454	-	-	-	(102,368)
Segment results	<u>23,262</u>	<u>24,031</u>	<u>-</u>	<u>74,506</u>	<u>(66,031)</u>	<u>55,768</u>
Finance costs	-	-	-	(10,700)	-	(10,700)
Share of results of joint ventures (net of tax)	-	-	(1,693)	-	-	(1,693)
Share of results of associate (net of tax)	-	-	5,383	-	-	5,383
Profit before taxation and zakat	23,262	24,031	3,690	63,806	(66,031)	48,758
Taxation and zakat						(13,944)
Net profit for the cumulative quarter						<u>34,814</u>

A21. SUBSEQUENT MATERIAL EVENT

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A22. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other significant changes in the composition of the Group during the financial period under review.

A23. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the assets of the Group.

The notional amounts of the commitments and contingencies of the Group are as follows :-

	Principal Amount	
	31/3/2016	31/12/2015
	RM'000	RM'000
Direct credit substitutes	737,093	507,168
Forward assets purchases	5,170	-
Transaction related contingent items	2,038,018	2,027,954
Short-term self-liquidating trade-related contingencies	376,188	470,476
Obligation under underwriting commitments	-	25,500
Foreign exchange related contracts #		
- Less than one year	8,583,404	10,585,763
- One year to less than five years	1,177,516	1,256,815
- Five years and above	-	-
Interest rate related contracts #		
- Less than one year	913,500	652,116
- One year to less than five years	1,351,710	1,662,023
- Five years and above	597,000	597,000
Irrevocable commitments to extend credit		
- Maturity less than one year	7,583,169	7,687,062
- Maturity more than one year	1,862,250	1,717,346
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	728,565	618,204
Unutilised credit card lines	191,256	188,328
	26,144,839	27,995,755

The fair value of these derivatives has been recognised as "derivative financial assets" and "derivative financial liabilities" in the statement of financial position.

A24. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts and classified by remaining period to maturity/repricing date (whichever is earlier) as at reporting date are as follows:-

GROUP

	< ----- Contract/Notional Amount ----- >				< ----- Positive Fair Value ----- >				< ----- Negative Fair Value ----- >			
	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total	Up To 1 Year	> 1 - 3 Years	> 3 Years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2016												
Trading derivatives												
Foreign exchange contracts												
- Currency forwards	2,883,570	193,014	-	3,076,584	25,762	12,890	-	38,652	151,422	2,608	-	154,030
- Cross currency swaps	5,638,234	888,472	96,030	6,622,736	203,476	28,302	334	232,112	81,143	119,560	21,913	222,616
- Currency options	61,600	-	-	61,600	(345)	-	-	(345)	582	-	-	582
Interest rate contracts												
- Interest rate swaps	913,500	1,267,562	681,148	2,862,210	3,778	6,890	10,951	21,619	3,246	9,507	8,100	20,853
	9,496,904	2,349,048	777,178	12,623,130	232,671	48,082	11,285	292,038	236,393	131,675	30,013	398,081

As at 31 December 2015

Trading derivatives

Foreign exchange contracts												
- Currency forwards	3,575,202	193,014	-	3,768,216	104,250	35,560	-	139,810	18,252	47	-	18,299
- Cross currency swaps	6,971,431	967,771	96,030	8,035,232	89,195	47,019	341	136,555	286,778	199,590	33,659	520,027
- Currency options	39,130	-	-	39,130	(12)	-	-	(12)	-	-	-	-
Interest rate contracts												
- Interest rate swaps	652,116	1,327,875	931,148	2,911,139	3,430	7,595	6,486	17,511	2,677	5,798	9,066	17,541
	11,237,879	2,488,660	1,027,178	14,753,717	196,863	90,174	6,827	293,864	307,707	205,435	42,725	555,867

A24. DERIVATIVE FINANCIAL INSTRUMENTS (Cont.)

Foreign exchange and interest rate related contracts are subject to market risk, credit risk and liquidity risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the reporting date, the notional amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM69.0 million (FYE 31/12/2015: RM98.5 million), while the notional amount of interest rate contract was RM903.2 million (FYE 31/12/2015: RM854.9 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the commercial bank has a gain position. As at the reporting date, the amounts of foreign exchange and interest rate credit risk, measured in terms of the cost to replace the profitable contracts, was RM483.5 million (FYE 31/12/2015: RM524.0 million) and RM76.8 million (FYE 31/12/2015: RM82.6 million) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. The exposure to liquidity risk is mitigated by entering into transactions where the underlying financial instruments are widely traded and also easily closed out through alternative markets.

Cash Requirement of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, there is no requirement for the Group to post any additional cash collateral on its derivative contracts.

Related Accounting Policies

The related accounting policies for off-balance sheet financial instruments applied in the condensed interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2015.

A25. FAIR VALUE MEASUREMENTS

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

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities
- (b) Level 2 - quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (c) Level 3 - valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2016				
Assets				
Financial assets held-for-trading	35,146	122,219	-	157,365
Financial investments available-for-sale *				
- Private debt securities	-	8,279,611	-	8,279,611
- Equity securities	117,654	245,229	223,804	586,687
- BNM and government	-	3,660,781	-	3,660,781
Derivative financial assets	-	292,038	-	292,038
	152,800	12,599,878	223,804	12,976,482
Liabilities				
Derivative financial liabilities	-	398,081	-	398,081
31 December 2015				
Assets				
Financial assets held-for-trading	33,564	88,452	-	122,016
Financial investments available-for-sale *				
- Private debt securities	-	7,707,647	-	7,707,647
- Equity securities	98,733	-	223,554	322,287
- BNM and government	-	5,055,622	-	5,055,622
Derivative financial assets	-	293,864	-	293,864
	132,297	13,145,585	223,554	13,501,436
Liabilities				
Derivative financial liabilities	-	555,867	-	555,867

* Net of allowance for impairment losses

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

Where fair value is determined using unquoted market price 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 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.

Financial instruments as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

A25. FAIR VALUE MEASUREMENTS (Cont.)

This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial period (2015: Nil)

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

Group	31/3/2016 RM'000	31/12/2015 RM'000
As at beginning of the financial period/year	223,554	147,486
Purchases	250	500
Sales	-	-
Exchanges differences	-	-
Total gains recognised in other comprehensive income	-	75,568
As at end of the financial period/year	<u>223,804</u>	<u>223,554</u>

Effect of changes in significant unobservable assumptions to reasonably possible alternative

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares held for socio economic purposes.

A26. CAPITAL ADEQUACY

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 28 November 2012. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier I ("CET I") Capital Ratio and Tier I Capital Ratio are 4.5% and 6.0% respectively for year 2016. The minimum regulatory capital adequacy requirement remains at 8.0% (2015: 8.0%) for total capital ratio.

All banking subsidiaries namely, AFFIN Bank, AFFIN Islamic Bank, AFFIN Hwang Investment Bank have complied with the above minimum regulatory capital adequacy requirement as at 31 March 2016. The components of CET I, Tier I and Tier II capital, breakdown of risk-weighted assets and capital adequacy ratios of the banking subsidiaries as at the reporting date are summarised below :-

	AFFIN Bank		AFFIN Islamic Bank		AFFIN Hwang Investment Bank	
	31/3/2016 RM'000	31/12/2015 RM'000	31/3/2016 RM'000	31/12/2015 RM'000	31/3/2016 RM'000	31/12/2015 RM'000
a) The components of CET I, Tier I						
Tier II capital :-						
<u>CET I/Tier I capital</u>						
Share capital	1,688,770	1,688,770	460,000	460,000	780,000	780,000
Share premium	858,904	858,904	-	-	219,800	219,800
Statutory reserves	1,328,792	1,328,792	248,717	248,717	214,915	214,915
Retained profit	709,730	805,289	192,365	196,256	272,084	274,498
Unrealised gains/(losses) on AFS	183,140	101,388	5,345	(10,405)	16,977	(14,762)
	<u>4,769,336</u>	<u>4,783,143</u>	<u>906,427</u>	<u>894,568</u>	<u>1,503,776</u>	<u>1,474,451</u>
Less Regulatory adjustments:-						
- Goodwill and other intangibles	(159,823)	(156,604)	(310)	(426)	(317,317)	(320,046)
- Investments in subsidiaries/joint ventures	(293,444)	(195,630)	(390)	(260)	(106,636)	(106,200)
- Deferred tax assets ^	-	-	-	(3,598)	(626)	(7,770)
- 55% of cumulative unrealised gains of AFS	(100,727)	(55,763)	(2,940)	-	(9,337)	-
Total CET I Capital	<u>4,215,342</u>	<u>4,375,146</u>	<u>902,787</u>	<u>890,284</u>	<u>1,069,860</u>	<u>1,040,435</u>
Total Tier I Capital (a)	<u>4,215,342</u>	<u>4,375,146</u>	<u>902,787</u>	<u>890,284</u>	<u>1,069,860</u>	<u>1,040,435</u>
<u>Tier II capital</u>						
Subordinated loans	760,000	820,000	-	-	-	-
Regulatory adjustments	211,341	220,148	62,291	58,400	-	5,594
Collective impairment #	109,615	110,058	24,368	23,750	14,581	9,423
Less : Investment in subsidiaries/joint ventures	(195,630)	(293,444)	(260)	(390)	(14,581)	(15,017)
Total Tier II Capital (b)	<u>885,326</u>	<u>856,762</u>	<u>86,399</u>	<u>81,760</u>	<u>-</u>	<u>-</u>
Total Tier I & II Capital (a) + (b)	<u>5,100,668</u>	<u>5,231,908</u>	<u>989,186</u>	<u>972,044</u>	<u>1,069,860</u>	<u>1,040,435</u>
Capital base before proposed dividends	5,100,668	5,231,908	989,186	972,044	1,069,860	1,040,435
Proposed dividends	-	(104,366)	-	-	-	(3,042)
Capital base after proposed dividends	<u>5,100,668</u>	<u>5,127,542</u>	<u>989,186</u>	<u>972,044</u>	<u>1,069,860</u>	<u>1,037,393</u>
b) The breakdown of risk-weighted assets :-						
Credit risk	33,210,612	33,498,227	6,783,431	6,336,026	2,522,137	2,589,933
Market risk	232,359	323,855	23,534	3,650	219,160	279,305
Operational risk	1,939,476	1,951,219	410,454	403,377	381,443	365,105
Total risk-weighted assets	<u>35,382,447</u>	<u>35,773,301</u>	<u>7,217,419</u>	<u>6,743,053</u>	<u>3,122,740</u>	<u>3,234,343</u>
c) Capital adequacy ratios :-						
<u>Before deducting proposed dividends:-</u>						
CET I Capital Ratio	11.914%	12.230%	12.508%	13.203%	34.260%	32.168%
Tier I Capital Ratio	11.914%	12.230%	12.508%	13.203%	34.260%	32.168%
Total Capital Ratio	<u>14.416%</u>	<u>14.625%</u>	<u>13.706%</u>	<u>14.415%</u>	<u>34.260%</u>	<u>32.168%</u>
<u>After deducting proposed dividends:-</u>						
CET I Capital Ratio	11.914%	11.938%	12.508%	13.203%	34.260%	32.074%
Tier I Capital Ratio	11.914%	11.938%	12.508%	13.203%	34.260%	32.074%
Total Capital Ratio	<u>14.416%</u>	<u>14.333%</u>	<u>13.706%</u>	<u>14.415%</u>	<u>34.260%</u>	<u>32.074%</u>

^ Deferred tax assets exclude deferred tax arising from AFS revaluation reserves.

Qualifying collective impairment is restricted to allowances on the unimpaired loans, advances and financing.

The Group is currently adopting the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

A27. OPERATIONS OF ISLAMIC BANKING

(i) Unaudited Islamic Statements of Financial Position

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
ASSETS		
Cash and short-term funds	2,190,893	1,918,570
Deposits and placements with banks and other financial institutions	-	35,034
Financial investments available-for-sale	1,470,882	1,475,373
Financial investments held-to-maturity	77,638	76,283
Derivative financial assets	5,962	132
Financing, advances and other financing	10,548,200	9,201,909
Other assets	80,839	410,867
Statutory deposit with Bank Negara Malaysia	297,000	259,600
Deferred tax assets	-	3,598
Property and equipment	2,722	2,613
Intangible assets	310	426
TOTAL ASSETS	14,674,446	13,384,405
LIABILITIES, ISLAMIC BANKING FUNDS		
Deposits from customers	9,683,785	10,001,695
Deposits and placements of banks and other financial institutions	1,747,041	1,041,392
Investment accounts due to designated financial institutions	2,124,552	1,331,318
Derivative financial liabilities	5,490	1,035
Other liabilities	116,313	44,119
Provision for taxation	10,805	10,031
Deferred tax liabilities	694	-
Total Liabilities	13,688,680	12,429,590
SHAREHOLDERS' EQUITY		
Share capital	460,000	460,000
Reserves	525,766	494,815
Total Equity	985,766	954,815
TOTAL LIABILITIES AND EQUITY	14,674,446	13,384,405
COMMITMENTS AND CONTINGENCIES	1,903,225	2,499,754

A27. OPERATIONS OF ISLAMIC BANKING (Cont.)

(ii) Unaudited Islamic Income Statements

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Income derived from investment of depositors' funds and others	129,905	128,697	129,905	128,697
Income derived from investment of investment account funds	19,181	-	19,181	-
Income derived from investment of Shareholders' funds	11,290	8,932	11,290	8,932
Allowance for losses on financing, advances and other financing	(2,535)	(1,659)	(2,535)	(1,659)
	157,841	135,970	157,841	135,970
Income attributable to depositors	(100,893)	(82,787)	(100,893)	(82,787)
Income attributable to shareholders	56,948	53,183	56,948	53,183
Other operating expenses	(31,455)	(29,661)	(31,455)	(29,661)
Profit before taxation	25,493	23,522	25,493	23,522
Taxation	(6,512)	(5,757)	(6,512)	(5,757)
Net profit for the financial period attributable to the equity holders of the Company	18,981	17,765	18,981	17,765

(iii) Unaudited Statements of Comprehensive Islamic Income

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Profit after taxation	18,981	17,765	18,981	17,765
Other comprehensive income :-				
- Net fair value change in financial investments available-for-sale	15,750	7,560	15,750	7,560
- Deferred tax on revaluation of financial investments available-for-sale	(3,780)	(1,814)	(3,780)	(1,814)
Other comprehensive income/(loss) for the financial period, net of tax	11,970	5,746	11,970	5,746
Total comprehensive income for the financial period attributable to the equity holders of the Company	30,951	23,511	30,951	23,511

A27. OPERATIONS OF ISLAMIC BANKING (Cont.)

(iv) Financing

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
<u>By type</u>		
Cash line	305,508	314,426
Term financing		
- Housing financing	2,238,064	2,096,258
- Syndicated term financing	977,851	490,723
- Hire purchase receivables	2,828,255	2,710,393
- Business term financing	3,344,813	2,860,153
Bills receivables	15,925	36,637
Trust receipts	13,745	12,600
Interest-free accepted bills	102,611	123,897
Staff financing	9,752	9,536
Revolving credit	786,752	622,473
	10,623,276	9,277,096
Less : Allowance for impairment losses		
- Collective impairment	(39,300)	(36,671)
- Individual impairment	(35,776)	(38,516)
Total net financing	10,548,200	9,201,909

(v) Impaired financing

(a) Movements of impaired financing

Balance at the beginning of financial period/year	141,708	129,157
Classified as impaired during the financial period/year	25,788	108,375
Reclassified as non-impaired during the financial period/year	(15,220)	(67,897)
Amount recovered during the financial period/year	(13,769)	(18,862)
Amount written-off during the financial period/year	-	(9,065)
	138,507	141,708
Balance at the end of financial period/year	138,507	141,708

(b) Movements in the allowance for impairment on financing

Collective impairment

Balance at the beginning of financial period/year	36,671	37,393
Allowance (net of write-back) made during the financial period/year	2,629	5,958
Amount written-off during the financial period/year	-	(6,680)
	39,300	36,671
Balance at the end of financial period/year	39,300	36,671

Individual impairment

Balance at the beginning of financial period/year	38,516	31,519
Allowance for impairment during the financial period/year	582	3,560
Amount recovered during the financial period/year	(89)	(47)
Amount written-off during the financial period/year	-	(2,383)
Unwinding discount of allowance	(26)	(628)
Exchange difference	(3,207)	6,495
	35,776	38,516
Balance at the end of financial period/year	35,776	38,516

A27. OPERATIONS OF ISLAMIC BANKING (Cont.)

(vi) Deposits from customers

	Group	
	31/3/2016	31/12/2015
	RM'000	RM'000
<u>By type of deposits</u>		
Non-Mudharabah Funds		
Demand deposits	2,201,299	2,435,998
Savings deposits	428,789	412,394
Murabahah term deposits	6,287,007	6,413,389
Commodity Murabahah Deposit (CMD)	658,815	630,118
	9,575,910	9,891,899
Mudharabah Funds		
General investment deposits	107,875	109,796
	9,683,785	10,001,695
Total deposits from customers	9,683,785	10,001,695

Part B - Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

The Group reported a higher profit before tax and zakat ("PBT") of RM152.9 million for the current financial quarter ended 31 March 2016 as compared to RM48.8 million for the preceding year's corresponding quarter. The improved performance was mainly due to lower allowance for loan impairment (net of recoveries) of RM125.7 million, higher share of profits in associate of RM6.7 million as well as the increase in net interest income and Islamic banking income totalling RM9.9 million. These were partially offset by the reduction in other operating income of RM11.7 million, higher finance cost and higher overhead expenses of RM3.6 million and RM2.1 million respectively. In addition, there was a write-back of allowance for securities impairment of RM21.8 million in the previous financial year.

Commercial Banking

The results of the commercial banking segment was mainly attributable to the AFFIN Bank Berhad ("ABB") Group which registered a higher PBT of RM123.1 million for the current financial quarter as compared to RM23.3 million for the preceding year's corresponding quarter. The improved performance was mainly due to lower allowance for loan impairment of RM124.2 million, higher loan recoveries of RM2.1 million as well as the increase in Islamic banking income and net interest income totalling RM6.1 million. For the quarter under review, the overhead expenses was however up by RM7.2 million while the other operating income was lower by RM3.5 million and there was a write-back of allowance for securities impairment of RM21.8 million in the previous financial year.

The wholly-owned subsidiary, namely AFFIN Islamic Bank Berhad registered a higher PBT of RM25.5 million as compared to RM23.5 million for the preceding year's corresponding quarter, mainly due to higher operating income of RM4.6 million. For the period under review, both the overhead expenses and allowance for financing losses were higher by RM1.8 million and RM0.9 million respectively.

Investment Banking

The results of the investment banking segment was attributed to AFFIN Hwang Investment Bank Berhad ["AFFIN Hwang IB"] Group which reported a PBT of RM21.0 million for the current financial quarter as compared to RM24.0 million for the preceding year's corresponding quarter, mainly due to lower other operating income of RM7.3 million net of lower overhead expenses of RM5.3 million. The PBT was after the amortisation of identifiable intangible assets of RM3.5 million resulting from the acquisition of HwangDBS Investment Bank Berhad at AFFIN Holdings Berhad ("AHB") Group level.

For the quarter ended 31 March 2016, the asset management businesses contributed a lower PBT of RM9.0 million as compared to RM20.5 million achieved last year, mainly due to lower initial service fee income of RM13.4 million net of higher management fee income of RM4.7 million. The PBT for the asset management businesses was also after taking into consideration the amortisation of identifiable intangible asset of RM1.9 million at AHB Group level.

Insurance

The results of the insurance segment was made up of the results of AXA AFFIN Life Insurance Berhad ("AALI") and AXA AFFIN General Insurance Berhad ("AAGI") as follows:-

AXA AFFIN Life Insurance Berhad ("AALI") reported a pre-tax loss of RM11.6 million for the current financial quarter as compared to a pre-tax loss of RM2.5 million for the preceding year's corresponding quarter, mainly attributable to higher reserves for future policyholders' liabilities of RM3.8 million arising from lower MGS yield, higher overhead expenses and claims incurred of RM2.8 million and RM1.5 million respectively. Included in the share of results in AALI of RM0.7 million for the period under review was an adjustment of RM4.0 million on over-recognition of the Group's share of losses for the previous financial year.

AXA AFFIN General Insurance Berhad ("AAGI") reported a higher pre-tax profit of RM35.7 million for the current financial quarter as compared to RM20.8 million for the preceding year's corresponding quarter. The improved performance was mainly due to higher earned premium of RM50.4 million attributable to health and motor businesses, higher investment income of RM3.7 million net of the increase in net claims, overhead expenses and net commission incurred of RM21.3 million, RM9.7 million and RM7.4 million respectively. Included in the share of results in AAGI of RM12.0 million for the period under review was an adjustment of RM3.2 million on under-recognition of the Group's share of profits for the previous financial year.

B1. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (Cont.)

Other business segment

The result of the other business segment was mainly attributable to AFFIN Holdings Berhad ("AHB"), AFFIN Moneybrokers Sdn Bhd ("AMB") and AFFIN-ACF Holdings Sdn Bhd ("AACH").

AHB registered a higher pre-tax profit of RM104.1 million for the current financial quarter as compared to RM62.8 million for the preceding year's corresponding quarter. This was mainly due to higher dividend income received of RM41.4 million from subsidiaries and higher interest income of RM4.3 million, net of the increased in both finance cost and overhead expenses of RM3.6 million and RM0.7 million respectively.

AMB reported a lower pre-tax profit of RM0.5 million for the current financial quarter as compared to RM0.9 million for the preceding year's corresponding quarter, mainly due to lower net brokerage income net of lower overhead expenses.

AACH reported a PBT of RM194,000 for the period ended 31 March 2016 as compared to RM171,000 for the preceding year's corresponding period.

B2. COMMENTS ON CURRENT PERFORMANCE AGAINST THE PRECEDING QUARTER'S RESULTS

The Group reported a higher profit before tax and zakat ("PBT") of RM152.9 million for the current financial quarter as compared to RM143.2 million for the preceding quarter ended 31 December 2015. This was mainly due to the reduction in both allowance for loan impairment and overhead expenses of RM27.5 million and RM7.9 million respectively, lower share of losses in joint venture of RM16.3 million and higher share of profits in associate of RM5.5 million. For the period under review, the other operating income, net interest income, Islamic banking income and loan recoveries were however lower by RM20.3 million, RM11.7 million, RM5.9 million and RM5.1 million respectively while the finance cost was up by RM4.2 million.

B3. PROSPECTS FOR FINANCIAL YEAR 2016

Commercial Banking

Gross Domestic Product ('GDP') growth for Malaysia is projected to remain within the range of 4.5% to 5.0% for year 2016. The decline in crude oil price together with the challenging external environment and US rate hikes continue to pose headwinds to the Malaysian Government budget, trade balance and exchange rate.

Amid softer economic growth outlook and increasing regulated business environment, the Bank is confident that the domestic economy still holds opportunities for business growth and intends to pursue these opportunities prudently, focusing on both retail and business segments. The Bank will continue to ensure that its loan portfolio is well managed through proactive account management.

The Bank will continuously pace up efforts to improve efficiencies and productivities in delivering its products and services. The Bank will retain its competitive edge and grow its business within the well-defined risk parameters and be guided by its strategic plans. The Bank has put further emphasis on transactional banking as a major source of fee income and will further enhance its brand recognition and visibility by increasing its domestic footprint while exploring the potential of establishing a presence in ASEAN and beyond.

The Bank believes that the strong relationship built with its customers will put the bank in good stead to further grow its business in targeted key segments and will continue to collaborate and leverage on Group synergy by exploring potential business opportunities with the LTAT/Boustead Group of Companies.

Investment Banking

The Bank remains cautiously optimistic of the growth and business prospects for 2016. The Bank's diversified business profile coupled by a sturdy capitalisation should mitigate the expected volatility in the financial markets. The strategic alliances with some leading securities houses in Asia will further consolidate the Bank's position as the leading brokerage in Malaysia and support its ambition to grow regionally.

However, the Group also takes cognizant of the increasingly-competitive operating environment for the investment banking industry as a whole, whereby the stockbroking volume and capital market assignments 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 asset management segment will continue to grow its business and capitalises on growth opportunities in the retail and high net worth business segments to further expand its assets under administration (AUA) and client base. Under the merged asset management group that is backed by the investment bank and the AFFIN Banking Group, it is optimistic on its performance through collaborative efforts within these groups and its ability to offer a wider range of products and services to its enlarged clientele.

B3. PROSPECTS FOR FINANCIAL YEAR 2016 (Cont.)

Insurance

AXA AFFIN Life Insurance ("AALI")

The Malaysian life insurance industry continued to grow at a moderate rate. AXA AFFIN Life Insurance (AALI) expects to continue its growth trajectory on the back of favourable demographics and relatively low insurance penetration. This continuous growth is to be achieved through expanding reach of consumers through various distribution channels and platforms as well as product development to cater to different needs.

AXA AFFIN General Insurance ("AAGI")

The Insurance sector is expected to remain stable in 2016 amidst the local and global economic challenges, underpinned by the industry's solid capitalisation. Domestic demand stability and low insurance penetration will continue to support the sector despite the lower automotive sales and private consumption in 2015 as consumers were adjusting to the GST implementation. AAGI remains focused on growing the key business lines while starting its transformation journey into becoming a customer centric organisation via transformation projects and digital enablers.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

There were no profits forecast and profit guarantee issued by the Company.

B5. TAXATION

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation :-				
- Income tax based on profit for the financial period	30,023	12,756	30,023	12,756
Deferred tax :-				
- Relating to originating temporary differences	4,674	967	4,674	967
Under provision in prior years :-				
- Current taxation	227	10	227	10
	34,924	13,733	34,924	13,733

The Group's effective tax rate was lower than the statutory tax rate, mainly due to certain income not subject to tax or subject to lower tax rate, net of certain expenses not deductible for tax purposes.

For the preceding year's corresponding quarter, the Group's effective tax rate was higher than the statutory tax rate, mainly due to certain expenses not deductible for tax purposes, net of certain income not subject to tax or subject to lower tax rate.

B6. STATUS OF CORPORATE PROPOSALS

a) Proposed Acquisition of a Minority Stake in AFFIN Hwang Investment Bank Berhad (fka HwangDBS Investment Bank Berhad) ("AHIB") by Daiwa Securities Group Inc. ("Daiwa") or one of its wholly-owned subsidiaries ("Proposal")

AFFIN Holdings Berhad (the "Company" or "AHB") had on 6 May 2015 announced that Bank Negara Malaysia ("BNM") had vide its letter dated 29 April 2015 stated that it had no objection in principle for AHB to commence negotiations with Daiwa in relation to the Proposal, subject to both parties concluding negotiations within 6 months from the date of the said letter.

The said approval should not be construed as approval for the Proposal. Upon concluding negotiations, Daiwa and AHB would be required to obtain prior approval from BNM pursuant to the Financial Services Act 2013, before entering into any agreement to effect the Proposal.

On 19 October 2015, AHIB had on behalf of the Board of Directors of AHB announced that an application had been submitted to BNM to seek its approval for an extension of time for both parties to conclude the negotiation for the proposal. BNM had vide its letter dated 6 November 2015 stated that it had no objection to AFFIN's application for an extension of four (4) months up to 29 February 2016 to complete its negotiations with DAIWA in relation to the Proposal.

On 29 February 2016, AHIB had on behalf of the Board of Directors of AHB announced that an application to BNM has been made for the approval of BNM for the Proposed Acquisition.

Further announcements will be made to Bursa Malaysia Securities Berhad in due course following receipt of the decision from BNM.

B6. STATUS OF CORPORATE PROPOSALS (Cont.)

b) Proposed Acquisition of additional equity interest in AXA AFFIN General Insurance Berhad ("AAGI") ("Proposal")

AFFIN Holdings Berhad (the "Company" or "AHB") had on 25 March 2016 announced that Bank Negara Malaysia ("BNM") had vide its letter dated 25 March 2016 stated that it had no objection in principle for AHB to commence negotiations with Felda Marketing Services Sdn Bhd, AXA Asia and subsequently with the minority shareholders to acquire additional shares in AAGI in relation to the Proposal, subject to all parties concluding negotiations within 6 months from the date of the said letter.

Currently, AHB holds approximately 34.51% equity interest in AAGI and AAGI is principally engaged in the underwriting of all classes of general insurance business.

The said approval should not be construed as approval for the Proposal. Upon concluding negotiations, AHB would be required to obtain prior approval from BNM pursuant to the Financial Services Act 2013, before entering into any agreement to effect the Proposal.

Further announcements will be made to Bursa Malaysia Securities Berhad as and when there are material developments pertaining to the Proposed Acquisition.

B7. GROUP BORROWINGS AND DEBT SECURITIES

(i) Deposits from Customers

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
<u>By Type of Deposits:-</u>		
Money Market Deposits	847,028	1,637,103
Demand Deposits	6,862,525	7,740,255
Savings Deposits	1,980,385	1,951,353
Fixed Deposits	30,491,877	31,816,220
Negotiable Instruments of Deposits ('NIDs')	9,056,209	6,581,758
Commodity Murabahah Deposit (CMD)	658,815	630,118
Other deposits	130,791	191,940
	50,027,630	50,548,747
<u>Maturity structure of fixed deposits and NIDs are as follows:-</u>		
Due within six months	32,245,163	31,837,424
Six months to one year	7,028,819	5,412,579
One year to three years	258,416	1,142,315
Three years to five years	15,688	5,660
	39,548,086	38,397,978
<u>By Type of Customers:-</u>		
Government and statutory bodies	8,455,903	8,724,822
Business enterprises	13,483,955	15,654,194
Individuals	12,081,078	12,284,299
Domestic banking institutions	8,967,798	6,556,250
Domestic non-banking financial institutions	5,736,823	5,888,596
Foreign Entities	436,109	431,589
Others	865,964	1,008,997
	50,027,630	50,548,747

(ii) Deposits and Placements of Banks and Other Financial Institutions

<u>By Type of Institutions:-</u>		
Licensed banks	4,960,899	2,333,764
Licensed investment banks	82,344	3,680
Bank Negara Malaysia	107,486	-
Other financial institutions	749,226	1,047,995
	5,899,955	3,385,439
<u>By Maturity Structure:-</u>		
Due within six months	5,899,955	3,385,439
	5,899,955	3,385,439

B7. GROUP BORROWINGS AND DEBT SECURITIES (Cont.)

(iii) Borrowings

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
<u>Unsecured :-</u>		
One year or less (short-term)	604,016	301,306
More than one year (medium/long-term)	701,790	1,004,705
	1,305,806	1,306,011
	1,305,806	1,306,011

B8. REALISED AND UNREALISED UNAPPROPRIATED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses as at the end of the reporting period. On 20 December 2010, Bursa Malaysia had also issued a guide to all listed issuers on the disclosure requirement for the realised and unrealised unappropriated profits and losses.

Pursuant to the above directives, the breakdown of retained profits of the Group into realised and unrealised profits as at the reporting date is disclosed as follows :-

	Group	
	31/3/2016 RM'000	31/12/2015 RM'000
<u>Total retained profits of AFFIN Holdings Berhad and its subsidiaries :-</u>		
- Realised	2,121,465	2,018,252
- Unrealised		
- deferred tax recognised in the income statement	13,007	18,469
- other items of income and expense	171,868	157,623
	2,306,340	2,194,344
<u>Total share of retained profits in associate:-</u>		
- Realised	257,675	242,070
- Unrealised	1,849	5,412
<u>Total share of retained losses in joint ventures :-</u>		
- Realised	(33,337)	(32,540)
- Unrealised	(1,066)	(1,206)
	2,531,461	2,408,080
Add: Consolidation adjustments	(231,723)	(229,451)
Total Group retained profits as per consolidated financial statements	2,299,738	2,178,629

The breakdown of realised and unrealised retained profits is determined based on the Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed above does not include translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts. These translation gains and losses are incurred in the ordinary course of business of the Group and hence deemed as realised.

The above disclosure of realised and unrealised unappropriated profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

B9. MATERIAL LITIGATION

- a) A claim by the Plaintiff against AFFIN Bank Berhad ("ABB") vide Write of Summons and Statement of Claim dated 22 January 2016 ("Writ") for alleged losses amounting to RM56 million with interest at 5% per annum from the date of the Writ until full settlement due to several alleged wrongful acts by ABB as set out herein. ABB had filed Defence on 9 March 2016.

ABB had on 23 January 1996 given Suria Barisan (M) Sdn Bhd ("Suria") a credit facility of RM21.6 million ("Facility") against security of unquoted shares and guaranteed by the Plaintiff and one, Puan Norashikin Binti Abdul Latiff ("Guarantor").

Suria, the Plaintiff and the Guarantor defaulted in repayment of the Facility which led to ABB filing a debt recovery action against all of them ("Debt Recovery Action"). Judgement was obtained against Suria, the Plaintiff and the Guarantor on 8 July 2004.

ABB made the Plaintiff bankrupt on 17 January 2013. However, the Plaintiff's application to set-aside the bankruptcy was allowed by the Kuala Lumpur High Court on 30 September 2015. ABB has filed an appeal to the Court of Appeal and Case Management ("CM") was fixed on 20 April 2016. However the CM has since been postponed to 11 May 2016.

The Plaintiff's claim ("Claim") is premised on alleged wrongful acts by ABB as follows:-

- failure to sell 7.2 million shares in Naval Dockyard Sdn Bhd ("NDSB shares") which was pledged by Suria to the Bank as security for Facility;
- allowed the release of the Guarantor from her liability upon payment of a certain sum pursuant to her Guarantee without giving the same opportunity to the Plaintiff;
- ABB had wrongfully initiated court proceedings against the Plaintiff without first selling off the NDSB Shares; and
- ABB had corresponded with the opponent of Plaintiff in Singapore to prevent the Plaintiff from claiming his assets in Singapore.

ABB has a good defence on the merits with regard to each of the alleged wrongful act as follows:-

- the sale of NDSB Shares was subject to the approval from the relevant authorities as per the terms of the Facility Agreement;
- the release of the Guarantor is the prerogative of ABB pursuant to the terms of the Guarantee Agreement;
- ABB has the right to file a civil suit for recovery without first having to realize the NDSB Shares; and
- ABB had corresponded with the opponent of the Plaintiff to seek status update on the action taken against the Plaintiff in Singapore.

The above Claim against ABB by the Plaintiff is as a result of the Debt Recovery Action against the Plaintiff which was commenced in the ordinary course of business.

The Board of Directors of ABB are of the view that save for the orders, cost and other relief sought by the Plaintiff, which will materialize only if the Court rules in the Plaintiff's favour, the Writ is not expected to result in any immediate losses, material, financial and operational impact on ABB for the current financial year ending 31 December 2016.

The Plaintiff has filed an Application for Discovery of Documents on 16 February 2016. The Discovery Application and the Writ have both been fixed for CM on 24 May 2016.

Further announcements will be made on material developments from time to time.

- b) Other than the above, there are various legal suits against AFFIN Bank Berhad ("ABB") in respect of claims and counter claims of approximately RM64.8 million (31 December 2015: RM68.1 million). Based on legal advice, the Directors of the Bank are of the opinion that no provision for damages need to be made in the financial statements, as the probability of adverse adjudication against ABB is remote.

B10. DIVIDENDS

No dividend has been proposed for the quarter under review.

B11. EARNINGS PER SHARE

	<-----Group----->			
	Individual Quarter Ended		Cumulative Quarter Ended	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
Net profit attributable to equity holders of the Company (RM'000)	<u>115,566</u>	30,085	<u>115,566</u>	30,085
Weighted average number of ordinary shares in issue	<u>1,942,948,547</u>	1,942,948,547	<u>1,942,948,547</u>	1,942,948,547
Basic earnings per share (sen)	<u>5.95</u>	1.55	<u>5.95</u>	1.55

The basic earnings per share of the Group for the current financial quarter ended 31 March 2016 have been calculated based on the net profit attributable to the equity holders of the company of RM115,566,000 (2015: RM30,085,000) divided by the weighted average number of ordinary shares in issue during the current financial quarter of 1,942,948,547 (2015: 1,942,948,547).