

**The Bank of Nova Scotia Berhad**

(Company No. 308035 U)

(Incorporated in Malaysia)

**and its subsidiaries**

**Unaudited Condensed Interim Financial Statements**

**31 January 2017**

Domiciled in Malaysia  
Registered office  
Level 10, Menara Hap Seng 2  
Plaza Hap Seng  
No. 1, Jalan P. Ramlee  
50250 Kuala Lumpur

# THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2017

	Note	Group		Bank	
		31 January 2017 RM'000	31 October 2016 RM'000	31 January 2017 RM'000	31 October 2016 RM'000
<b>ASSETS</b>					
Cash and short-term funds	11	875,744	1,216,415	875,714	1,216,385
Deposits and placements with financial institutions	12	-	-	-	-
Financial investments available-for-sale	13	104,998	105,364	104,998	105,364
Loans and advances	14	2,074,395	2,065,850	2,074,395	2,065,850
Derivative financial assets	30	50,804	49,634	50,804	49,634
Other assets	16	9,346	15,741	9,346	15,741
Statutory deposits with Bank Negara Malaysia		1,538	2,700	1,538	2,700
Investment in subsidiaries		-	-	30	30
Plant and equipment		7,409	7,585	7,409	7,585
Deferred tax assets		698	2,100	698	2,100
Tax recoverable		16,776	14,251	16,776	14,251
<b>TOTAL ASSETS</b>		<b>3,141,708</b>	<b>3,479,640</b>	<b>3,141,708</b>	<b>3,479,640</b>
<b>LIABILITIES</b>					
Deposits from customers	17	389,635	473,134	389,635	473,134
Deposits and placements of banks and other financial institutions	18	781,210	1,080,569	781,210	1,080,569
Derivative financial liabilities	30	53,370	57,554	53,370	57,554
Other liabilities	19	59,163	62,815	59,163	62,815
Amounts owing to holding company		899,069	853,066	899,069	853,066
Amounts owing to related company		-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>2,182,447</b>	<b>2,527,138</b>	<b>2,182,447</b>	<b>2,527,138</b>

## THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

### AND ITS SUBSIDIARIES

#### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2017 (CONTD.)

	Group		Bank	
	31 January 2017 RM'000	31 October 2016 RM'000	31 January 2017 RM'000	31 October 2016 RM'000
<b>EQUITY</b>				
Share capital	122,375	122,375	122,375	122,375
Reserves	836,886	830,127	836,886	830,127
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>	<u>959,261</u>	<u>952,502</u>	<u>959,261</u>	<u>952,502</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>3,141,708</u>	<u>3,479,640</u>	<u>3,141,708</u>	<u>3,479,640</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	31 <u>3,023,659</u>	<u>3,055,862</u>	<u>3,023,659</u>	<u>3,055,862</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2016.

# THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2017

	Note	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
		January 2017 RM'000	January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
Interest income	21	31,152	34,210	31,152	34,210
Interest expense	22	(14,731)	(14,414)	(14,731)	(14,414)
Net interest income		16,421	19,796	16,421	19,796
Net fee and commission income	23	2,444	2,976	2,444	2,976
Net trading income	24	(54)	1,679	(54)	1,679
Other operating income	25	16	16	16	16
Net income		18,827	24,467	18,827	24,467
Other operating expenses	26	(7,296)	(8,026)	(7,296)	(8,026)
Operating profit		11,531	16,441	11,531	16,441
Loans impairment charges	27	(2,575)	184	(2,575)	184
Impairment on other assets	28	-	-	-	-
Profit before taxation		8,956	16,625	8,956	16,625
Tax expense		(2,218)	(6,050)	(2,218)	(6,050)
<b>Profit for the period</b>		<b>6,738</b>	<b>10,575</b>	<b>6,738</b>	<b>10,575</b>
Other comprehensive income, net of income tax					
Fair value reserve (financial investments available-for-sale):-					
Net changes in fair value		21	108	21	108
Total other comprehensive income, net of income tax		21	108	21	108
<b>Total comprehensive income for the period</b>		<b>6,759</b>	<b>10,683</b>	<b>6,759</b>	<b>10,683</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2016.

# THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

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## AND ITS SUBSIDIARIES

### UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2017

	←	Non-distributable		→	Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Other Reserve RM'000	Retained Profit RM'000	Total RM'000
<b>Group and Bank</b>							
<b>As at 1 November 2015</b>	122,375	42,625	122,375	5,910	215	638,725	932,225
Profit for the period	-	-	-	-	-	10,575	10,575
Other comprehensive income net of tax	-	-	-	-	108	-	108
<b>Total comprehensive income for the year</b>	-	-	-	-	108	10,575	10,683
<b>As at 31 January 2016</b>	122,375	42,625	122,375	5,910	323	649,300	942,908
<b>As at 1 November 2016</b>	122,375	42,625	122,375	5,910	(388)	659,605	952,502
Profit for the period	-	-	-	-	-	6,738	6,738
Other comprehensive income net of tax	-	-	-	-	21	-	21
<b>Total comprehensive income for the period</b>	-	-	-	-	21	6,738	6,759
Transfer to Regulatory Reserve	-	-	-	-	-	-	-
<b>As at 31 January 2017</b>	122,375	42,625	122,375	5,910	(367)	666,343	959,261

Note 20

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2016.

# THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### UNAUDITED CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 JANUARY 2017

	Group		Bank	
	31 January 2017 RM'000	31 January 2016 RM'000	31 January 2017 RM'000	31 January 2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	8,956	16,625	8,956	16,625
Adjustments for non-cash item	(4,398)	(902)	(4,398)	(902)
Operating profit before working capital changes	4,558	15,723	4,558	15,723
Changes in working capital:				
Net changes in operating assets	5,757	200,191	5,757	200,191
Net changes in operating liabilities	(347,751)	(245,949)	(347,751)	(245,949)
Income taxes paid	(3,251)	(5,100)	(3,251)	(5,100)
<b>Net cash used in operating activities</b>	<b>(340,687)</b>	<b>(35,135)</b>	<b>(340,687)</b>	<b>(35,135)</b>
<b>Net cash (used in)/generated from investing activities</b>	<b>16</b>	<b>100,032</b>	<b>16</b>	<b>100,032</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(340,671)</b>	<b>64,897</b>	<b>(340,671)</b>	<b>64,897</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>1,216,415</b>	<b>1,066,154</b>	<b>1,216,385</b>	<b>1,066,124</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>875,744</b>	<b>1,131,051</b>	<b>875,714</b>	<b>1,131,021</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and short term funds	875,744	756,051	875,714	756,021
Deposits and placements with financial institutions	-	375,000	-	375,000
	<b>875,744</b>	<b>1,131,051</b>	<b>875,714</b>	<b>1,131,021</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2016.

**THE BANK OF NOVA SCOTIA BERHAD**

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**AND ITS SUBSIDIARIES****REVIEW OF PERFORMANCE**

Profit before tax for quarter ended 31 January 2017 was RM8.96 million; RM7.67 million lower compared to the corresponding period in financial year 2016. The decline was mainly contributed by lower interest income (on the back of lower loan base) and trading income (due to loss from FX transactions). Higher loan impairment charges of RM2.58 million also contributed to the drop in profit before tax.

Total assets of the Bank decreased by RM337.93 million or 9.71% as compared to financial year ended 2016 mainly due to the drop in cash and short term funds (RM340.67 million). This has resulted in the drop in interbank borrowings of a similar amount on the liabilities side.

# THE BANK OF NOVA SCOTIA BERHAD

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## AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2017

#### 1. Basis of preparation of the financial statements

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Bank:

##### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016*

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

##### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017*

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows- Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

##### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018*

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*



(Company No. 308035 U)

- **Basis of preparation of the financial statements (contd.)**

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 November 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;
- from the annual period beginning on 1 November 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 November 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018; and,
- from the annual period beginning on 1 November 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Bank except as mentioned below:

**(i) MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 15.

**(ii) MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(Company No. 308035 U)

- **Basis of preparation of the financial statements (contd.)**

**(iii) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 16.

**2. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 October 2016 was not qualified.

**3. Seasonal or cyclical factors**

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

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the period ended 31 January 2017.

**5. Changes in accounting estimates**

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the period ended 31 January 2017.

**6. Debt and Equity Securities**

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities.

**7. Dividend**

No dividend was paid during the period ended 31 January 2017.

**8. Carrying amount of revalued assets**

The Group's and the Bank's plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

**9. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the period ended 31 January 2017.

**10. Subsequent events**

There were no material events subsequent to the reporting date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

(Company No. 308035 U)

**11. Cash and short-term funds**

	<b>Group</b>		<b>Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Cash and balances with banks and other financial institutions	9,934	6,665	9,904	6,635
Money at call and deposit placements maturing within one month	865,810	1,209,750	865,810	1,209,750
	<u>875,744</u>	<u>1,216,415</u>	<u>875,714</u>	<u>1,216,385</u>

**12. Deposits and placements with financial institutions**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Licensed banks	-	-

**13. Financial investments available-for-sale**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Quoted money market instruments - at fair value:		
- Malaysian Government Securities	103,244	103,610
	<u>103,244</u>	<u>103,610</u>
Unquoted equity securities - at cost:		
- Unquoted shares in Malaysia	1,754	1,754
	<u>104,998</u>	<u>105,364</u>

(Company No. 308035 U)

**14. Loans and advances**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
<b>(i) By type</b>		
Overdrafts	31,681	30,906
Term loans		
- housing loans	123,183	128,283
- syndicated term loans	149,528	145,316
- other term loans	125,724	129,040
Bills receivable	587,477	522,837
Revolving credit	1,128,210	1,179,857
Staff loans	1,870	1,931
Other loans	-	-
	<u>2,147,673</u>	<u>2,138,170</u>
Less: Unearned interest	(1,474)	(1,316)
	2,146,199	2,136,854
Gross loans and advances		
Less: Impairment provisions on loans and advances		
- Individual impairment provisions (Note 15(ii))	(50,600)	(49,800)
- Collective impairment provisions (Note 15(ii))	(21,204)	(21,204)
	<u>2,074,395</u>	<u>2,065,850</u>
Net loans and advances		
<b>(ii) By type of customer</b>		
Domestic non-bank financial institutions		
- Others	198,266	247,629
Domestic business enterprises		
- Small medium enterprises	32,552	31,891
- Others	1,310,312	1,237,158
Individuals	178,102	183,692
Foreign entities	426,967	436,484
	<u>2,146,199</u>	<u>2,136,854</u>
Gross loans and advances		

(Company No. 308035 U)

**14. Loans and advances (contd.)**

	<b>Group and Bank</b>	
	<b>31 January</b>	<b>31 October</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(iii) By geographical distribution</b>		
Northern region	177,361	173,052
Southern region	477,437	439,895
Central region	921,374	945,467
Eastern region	161,869	160,825
Outside Malaysia	408,158	417,615
	<u>2,146,199</u>	<u>2,136,854</u>

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Melaka and Pahang.

The Central region consists of the states of Selangor, Negeri Sembilan and the Federal Territory of Kuala Lumpur.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

	<b>Group and Bank</b>	
	<b>31 January</b>	<b>31 October</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(iv) By interest rate sensitivity</b>		
Fixed rate:		
- Housing loans	1,670	1,710
- Other fixed rate loans	499,592	437,255
Variable rate:		
- Base Lending Rate plus	397,890	404,946
- Cost plus	1,247,047	1,292,943
Gross loans and advances	<u>2,146,199</u>	<u>2,136,854</u>

(Company No. 308035 U)

**14. Loans and advances (contd.)**

	<b>Group and Bank</b>	
	<b>31 January 2017</b>	<b>31 October 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(v) By sector</b>		
Agriculture	565,632	549,832
Manufacturing	588,130	525,201
Construction	-	-
Real estate	-	-
Purchase of landed property:		
- Residential	124,638	129,428
- Non-residential	45,488	46,187
Wholesale & retail trade and restaurants & hotels	126,588	151,892
Transport, storage and communication	98,922	93,884
Finance, insurance and business services	490,071	556,993
Purchase of securities	-	-
Purchase of transport vehicles	191	204
Consumption credit	60,539	60,871
Others	46,000	22,362
	<u>2,146,199</u>	<u>2,136,854</u>
<b>(vi) By residual contractual maturity</b>		
Within one year	1,971,864	1,952,613
One year to five years	21,168	26,528
Over five years	153,167	157,713
	<u>2,146,199</u>	<u>2,136,854</u>

(Company No. 308035 U)

**15. Impaired loans and advances**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
<b>(i) Movements in impaired loans and advances</b>		
At beginning of financial period	124,555	126,223
Classified as impaired during the financial period	5,452	20,955
Reclassified as performing during the financial period	(4,148)	(4,122)
Amount recovered	(140)	(18,501)
Amount written off	-	-
	<u>125,719</u>	<u>124,555</u>
At end of financial period		
Individual impairment provisions	(50,600)	(49,800)
	<u>75,119</u>	<u>74,755</u>
Net impaired loans and advances		
	<u>75,119</u>	<u>74,755</u>
Ratio of net impaired loans and advances to net loans and advances (less individual impairment provisions)	<u>3.58%</u>	<u>3.58%</u>
<b>(ii) Movements in collective and individual impairment provisions for loans and advances</b>		
<b>Collective impairment provisions</b>		
At beginning of financial period/year	21,204	28,564
Amount written back	-	(7,360)
	<u>21,204</u>	<u>21,204</u>
At end of financial period/year		
	<u>21,204</u>	<u>21,204</u>
As % of gross loans and advances less individual impairment provisions	<u>1.01%</u>	<u>1.02%</u>
<b>Individual impairment provisions</b>		
At beginning of financial period/year	49,800	24,550
Impairment made during the financial period/year	3,108	27,993
Amount written back	(520)	(2,743)
Amount written off	(1,788)	-
	<u>50,600</u>	<u>49,800</u>
At end of financial period/year		
	<u>50,600</u>	<u>49,800</u>

(Company No. 308035 U)

**15. Impaired loans and advances (contd.)**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
<b>(iii) By geographical distribution</b>		
Northern region	68	66
Southern region	161	283
Central region	115,457	114,701
Outside Malaysia	10,033	9,505
	<u>125,719</u>	<u>124,555</u>
<b>(iv) By sector</b>		
Manufacturing	84,951	82,866
Purchase of landed property:		
- Residential	22,044	21,745
- Non-residential	11,469	10,909
Wholesale & retail trade and restaurants & hotels	6,597	8,248
Consumption credit	658	787
	<u>125,719</u>	<u>124,555</u>

**16. Other assets**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Interest receivable	7,423	7,819
Other receivables, deposits and prepayments	1,923	7,922
	<u>9,346</u>	<u>15,741</u>

**17. Deposits from customers**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
<b>(i) By type of deposit</b>		
Demand deposits	31,773	29,416
Savings deposits	1,527	1,152
Fixed/Investment deposits	237,253	262,503
Others	119,082	180,063
	<u>389,635</u>	<u>473,134</u>



(Company No. 308035 U)

**17. Deposits from customers (contd.)**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
<b>(ii) Maturity structure of fixed/investment deposits</b>		
Due within six months	227,183	249,854
Six months to one year	9,931	12,457
More than one year	139	192
	<u>237,253</u>	<u>262,503</u>
<b>(iii) By type of customer</b>		
Business enterprises	354,706	434,955
Individuals	34,918	38,166
Others	11	13
	<u>389,635</u>	<u>473,134</u>

**18. Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Licensed banks	590,092	575,000
Other financial institutions	191,118	505,569
	<u>781,210</u>	<u>1,080,569</u>

**19. Other liabilities**

	<b>Group and Bank</b>	
	<b>31 January 2017 RM'000</b>	<b>31 October 2016 RM'000</b>
Interest payable	4,505	4,900
Other payables and accruals	54,658	57,915
	<u>59,163</u>	<u>62,815</u>

(Company No. 308035 U)

20. BNM requires the Bank to maintain, in aggregate, collective impairment provisions and regulatory reserve no less than 1.2% of total outstanding loans, net of individual impairment provisions. As at 31 October 2016, the collective impairment provisions stands at 1.30%.

21. **Interest income**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances:				
- Interest income other than on impaired loans	16,544	19,666	16,544	19,666
- Interest income on impaired loans	2,860	433	2,860	433
Money at call and deposit placements with financial institutions	9,096	9,246	9,096	9,246
Financial investments available-for-sale	739	849	739	849
Others	1,913	4,016	1,913	4,016
Total interest income	<u>31,152</u>	<u>34,210</u>	<u>31,152</u>	<u>34,210</u>

22. **Interest expense**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	7,655	3,411	7,655	3,411
Deposits from customers	5,299	5,913	5,299	5,913
Arbitrage interest	-	1,432	-	1,432
Others	1,777	3,658	1,777	3,658
	<u>14,731</u>	<u>14,414</u>	<u>14,731</u>	<u>14,414</u>

(Company No. 308035 U)

**23. Net fee and commission income**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other fees relating to loans	385	789	385	789
Commitment fees	305	116	305	116
Guarantee fees	136	282	136	282
Acceptance commissions	184	168	184	168
Others	1,434	1,621	1,434	1,621
	<u>2,444</u>	<u>2,976</u>	<u>2,444</u>	<u>2,976</u>

**24. Net trading income**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gains/(Loss) arising from dealing in foreign currency	(5,411)	939	(5,411)	939
Unrealised (loss)/gain from derivative	(246)	740	(246)	740
Unrealised revaluation gain in foreign exchange	5,603	-	5,603	-
	<u>(54)</u>	<u>1,679</u>	<u>(54)</u>	<u>1,679</u>

**25. Other operating income**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividend income:				
- Financial investments available-for-sale	16	16	16	16
	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>

(Company No. 308035 U)

**26. Other operating expenses**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel costs:				
- Salaries and bonuses	2,540	3,026	2,540	3,026
- Pension fund contributions	440	437	440	437
- Other staff costs	1,101	941	1,101	941
Marketing expenses:				
- Advertising and promotion	34	28	34	28
- Others	135	172	135	172
Establishment costs:				
- Depreciation of plant and equipment	175	38	175	38
- Rental	259	483	259	483
- Others	1,056	840	1,056	840
Administrative expenses:				
- Fees	1,323	1,388	1,323	1,388
- Others	233	673	233	673
	<u>7,296</u>	<u>8,026</u>	<u>7,296</u>	<u>8,026</u>

**27. Loan impairment charges/(recovery)**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Individual impairment provisions for loans and advances				
- made in the financial period	3,108	654	3,108	654
- written back in respect of recoveries	(520)	(809)	(520)	(809)
Bad debts on loans and advances:				
- Recovered	(13)	(29)	(13)	(29)
	<u>2,575</u>	<u>(184)</u>	<u>2,575</u>	<u>(184)</u>

(Company No. 308035 U)

**28. Impairment on other assets**

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>	<b>31 January</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial investments available-for-sale - equity securities	-	-	-	-

**29. Capital adequacy**

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

	<b>Group and Bank</b>	
	<b>31 January</b>	<b>31 October</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier 1 capital</b>		
Paid-up share capital	122,375	122,375
Share premium	42,625	42,625
Retained earnings	659,605	659,605
Reserves	122,375	122,375
	946,980	946,980
Less: Deferred tax assets	(1,982)	(1,982)
Total Tier 1 capital	944,998	944,998
<b>Tier 2 capital</b>		
Collective impairment provisions, representing total Tier 2 capital	9,891	9,891
Regulatory Reserve	5,910	5,910
Total capital	960,799	960,799
Less: Investment in subsidiaries	(30)	(30)
Capital base	960,769	960,769
Core capital ratio	37.87%	40.30%
Risk-weighted capital ratio	38.50%	40.98%

Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

(Company No. 308035 U)

**29. Capital adequacy (contd.)**

	31 January 2016		31 October 2016	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
Credit risk	3,265,544	2,246,181	3,609,695	2,122,519
Market risk	-	79,894	-	47,445
Operational risk	-	169,452	-	174,742
	<u>3,265,544</u>	<u>2,495,527</u>	<u>3,609,695</u>	<u>2,344,706</u>

With effect from 1 January 2008, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

**30. Derivative financial instruments**

	Nominal value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
At 31 January 2017			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	1,320,475	15,247	18,228
Cross currency interest rate swaps	135,669	35,515	35,127
Interest rate swaps	74,921	42	15
	<u>1,531,065</u>	<u>50,804</u>	<u>53,370</u>
At 31 October 2016			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	1,216,077	6,556	15,141
Cross currency interest rate swaps	315,438	42,705	42,070
Interest rate swaps	80,427	373	343
	<u>1,611,942</u>	<u>49,634</u>	<u>57,554</u>

(Company No. 308035 U)

**31. Commitments and contingencies**

<b>Group and Bank 31 January 2017</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivate Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
<u>Credit-related exposures</u>				
Direct credit substitutes	-		-	-
Transaction-related contingent items	76,338		38,169	18,366
Short term self liquidating trade-related contingencies	28,335		5,667	5,549
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,147		574	574
- not exceeding one year	97,511		19,502	19,502
Unutilised uncommitted credit lines	1,289,263		-	-
	1,492,594		63,912	43,991
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	1,378,507	50,762	33,932	11,809
- exceeding one year	77,637	-	4,957	2,478
Interest rate related contracts:				
- less than one year	16,921	-	45	23
- one year to less than five years	58,000	42	602	602
	1,531,065	50,804	39,536	14,912
<b>Total</b>	<b>3,023,659</b>	<b>50,804</b>	<b>103,448</b>	<b>58,903</b>

(Company No. 308035 U)

**31. Commitments and contingencies (contd.)**

<b>Group and Bank 31 October 2016</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivate Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
<u>Credit-related exposures</u>				
Direct credit substitutes	-		-	-
Transaction-related contingent items	80,980		40,490	21,577
Short term self liquidating trade-related contingencies	30,938		6,188	6,063
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,144		572	572
- not exceeding one year	109,092		21,818	21,818
Unutilised uncommitted credit lines	1,221,766		-	-
	1,443,920		69,068	50,030
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	1,436,957	49,261	25,895	9,319
- exceeding one year	94,558	-	8,510	4,255
Interest rate related contracts:				
- less than one year	8,460	-	9	9
- one year to less than five years	71,967	373	747	660
	1,611,942	49,634	35,161	14,243
<b>Total</b>	<b>3,055,862</b>	<b>49,634</b>	<b>104,229</b>	<b>64,273</b>