(Company No. 839839 M) (Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS 30 JUNE 2017

(Company No. 839839 M) (Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements the half year ended 30 June 2017 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and BNM/RH/STD 032-5: Financial Reporting issued by Bank Negara Malaysia in 2015.

WANG QIANG Chief Executive Officer

Date: 27 July 2017

(Company No. 839839 M) (Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 Jun 2017 RM'000	31 Dec 2016 RM'000
ASSETS			
Cash and short-term funds	10	828,465	954,456
Deposits and placements with banks and other			
financial institutions	11	191,468	288,047
Financial investments available-for-sale	12	290,945	169,946
Loans, advances and financing	13	3,003,664	2,620,187
Derivative financial assets	14	2,091	2,529
Other assets	15	7,834	7,278
Statutory deposits with Bank Negara Malaysia		13,706	10,580
Plant and equipment		3,788	4,523
Intangible asset		44	304
Deferred tax assets		5,781	5,835
TOTAL ASSETS		4,347,786	4,063,685
LIABILITIES			
Deposits from customers	16	3,097,135	2,782,198
Deposits and placements of banks and other	10	0,02,0200	2,702,170
financial institutions	17	178,460	256,640
Derivative financial liabilities	14	799	2,247
Other liabilities	18	91,684	69,888
Provision for taxation		5,435	3,080
TOTAL LIABILITIES		3,373,513	3,114,053
EQUITY			
Share capital		832,609	832,609
Reserves		141,664	117,023
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		974,273	949,632
TOTAL LIABILITIES AND EQUITY		4,347,786	4,063,685
I VIAL DIADILITIES AND EQUILI			4,003,003
COMMENTER AND CONTRACTION	27	2 021 502	0 107 050
COMMITMENTS AND CONTINGENCIES	27	2,831,582	2,187,259

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2016 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

(Company No. 839839 M) (Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

Net trading income 22 5,647 5,642 12,536 11,6 Other operating income 23 41 15 41 7 Net operating income 23 41 15 41 7 Net operating income 23 41 15 41 7 Other operating income 23 41 15 41 7 Other operating expenses 24 (18,554) (15,499) (36,213) (32,7) Operating profit 20,022 10,468 42,574 22,0 (Allowance for)/write back of impairment on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation 16,501 12,083 33,674 25,9	000 005 <u>19)</u> /86
Interest income19 $39,203$ $26,469$ $75,415$ $54,9$ Interest expense20 $(10,179)$ $(9,796)$ $(21,368)$ $(20,1)$ Net interest income21 $3,864$ $3,637$ $12,163$ $6,5$ Net fee income21 $3,864$ $3,637$ $12,163$ $6,5$ Net trading income22 $5,647$ $5,642$ $12,536$ $11,8$ Other operating income23 41 15 41 75 Net operating income23 41 15 41 75 Other operating expenses24 $(18,554)$ $(15,499)$ $(36,213)$ $(32,2)$ Operating profit $20,022$ $10,468$ $42,574$ $22,022$ (Allowance for)/write back of impairment on loans, advances and financing 25 $(3,521)$ $1,615$ $(8,900)$ $3,9$ Profit before taxation $16,501$ $12,083$ $33,674$ $25,957$ $25,957$ $(3,751)$ $(9,207)$ $(8,1)$ Profit for the period $11,769$ $8,332$ $24,467$ $17,8$ Other comprehensive income for the period, net of tax $11,769$ $8,332$ $24,467$ $17,8$	005 <u>19)</u> '86 042
Interest expense20 $(10,179)$ $(9,796)$ $(21,368)$ $(20,1)$ Net interest income21 $3,864$ $3,637$ $12,163$ $6,9$ Net fee income21 $3,864$ $3,637$ $12,163$ $6,9$ Net trading income22 $5,647$ $5,642$ $12,536$ $11,8$ Other operating income2341 15 41 7 Net operating income2341 15 41 7 Other operating expenses24 $(18,554)$ $(15,499)$ $(36,213)$ $(32,2)$ Operating profit20,022 $10,468$ 42,574 $22,022$ (Allowance for)/write back of impairment on loans, advances and financing25 $(3,521)$ $1,615$ $(8,900)$ $3,9$ Profit before taxation16,501 $12,083$ $33,674$ $25,9$ $5,932$ $24,467$ $17,8$ Profit for the period Other comprehensive income for the period, net of tax11,769 $8,332$ $24,467$ $17,8$	<u>19)</u> '86 942
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Net trading income 22 5,647 5,642 12,536 11,6 Other operating income 23 41 15 41 7 Net operating income 23 41 15 41 7 Net operating income 23 41 15 41 7 Net operating income 38,576 25,967 78,787 54,2 Other operating expenses 24 (18,554) (15,499) (36,213) (32,2 Operating profit 20,022 10,468 42,574 22,0 22,0 (Allowance for)/write back of impairment on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation 16,501 12,083 33,674 25,9 25,9 25,9 25,9 23,00 3,9 Profit for the period 16,501 12,083 33,674 25,9 25,9 3,751) (9,207) (8,1) Profit for the period 11,769 8,332 24,467 17,8 Other comprehensive income for the period, net of tax 11,769 8,332 24,467	
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Net operating income 38,576 25,967 78,787 54,2 Other operating expenses 24 (18,554) (15,499) (36,213) (32,22) Operating profit 20,022 10,468 42,574 22,0 (Allowance for)/write back of impairment on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation 16,501 12,083 33,674 25,9 25,9 10,467 17,8 Profit for the period 11,769 8,332 24,467 17,8	
Other operating expenses 24 (18,554) (15,499) (36,213) (32,23) Operating profit 20,022 10,468 42,574 22,0 (Allowance for)/write back of impairment on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation Tax expense 16,501 12,083 33,674 25,9 Profit for the period Other comprehensive income for the period, net of tax 11,769 8,332 24,467 17,8	20
Operating profit 20,022 10,468 42,574 22,0 (Allowance for)/write back of impairment on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation Tax expense 16,501 12,083 33,674 25,9 Profit for the period Other comprehensive income for the period, net of tax 11,769 8,332 24,467 17,8	59
(Allowance for)/write back of impairment on loans, advances and financing25 $(3,521)$ $1,615$ $(8,900)$ $3,900$ Profit before taxation Tax expense16,50112,08333,67425,900Profit for the period Other comprehensive income for the period, net of tax11,7698,33224,46717,800	54)
on loans, advances and financing 25 (3,521) 1,615 (8,900) 3,9 Profit before taxation 16,501 12,083 33,674 25,9 Tax expense (4,732) (3,751) (9,207) (8,10) Profit for the period 11,769 8,332 24,467 17,80 Other comprehensive income for the period, net of tax 11,769 8,332 24,467 17,80	05
Tax expense(4,732)(3,751)(9,207)(8,1)Profit for the period11,7698,33224,46717,80Other comprehensive income for the period, net of tax11,76911,76911,769	91
Profit for the period11,7698,33224,46717,8Other comprehensive income for the period, net of tax11,7698,33224,46717,8	96
Other comprehensive income for the period, net of tax	38)
	58
- Net changes in fair value 338 (28) 239 2,5	54
- Amount transferred to profit or loss - (11)	-
- Deferred tax adjustment (80) 7 (54) (6	513)
Total other comprehensive income/(expenses)	
	941
Total comprehensive income for the period 12,027 8,311 24,641 19,7	'99
Basic earnings per ordinary share (sen):1.412.522.945	.40

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2016 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

(Company No. 839839 M) (Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

		Non-distr	ibutable Available-		Distributable	
	Share Capital RM'000	Statutory Reserve RM'000	for-sale Reserve RM'000	Regulatory Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2016 Total comprehensive income for the period Other comprehensive income for the period, net of tax Fair value reserve	331,000	40,392	(1,413)	13,162	30,400	413,541
Net changes in fair valueDeferred tax adjustment	-	-	2,554 (613)	-	-	2,554 (613)
Total other comprehensive income for the period Profit for the period	-	-	1,941 -	-	- 17,858	1,941 17,858
Total comprehensive income for the period Transfer to regulatory reserve	-	-	1,941	- 3,246	17,858 (3,246)	19,799
At 30 June 2016	331,000	40,392	528	16,408	45,012	433,340
At 1 January 2017 Total comprehensive income for the period Other comprehensive income for the period, net of tax Fair value reserve	832,609	57,213	(573)	17,644	42,739	949,632
- Net changes in fair value	-	-	239	-	-	239
 Amount transferred to profit or loss Deferred tax adjustment 	-	-	(11) (54)	-	-	(11) (54)
Total other comprehensive income for the period Profit for the period	-	-	174	-	- 24,467	174 24,467
Total comprehensive income for the period	-	-	174	-	24,467	24,641
At 30 June 2017	832,609	57,213	(399)	17,644	67,206	974,273

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2016 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

(Company No. 839839 M) (Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	30 Jun 2017 RM'000	30 Jun 2016 RM'000
Cash flows generated from operating activities			
Profit before taxation		33,674	25,996
Adjustments for:			
Depreciation of plant and equipment		1,019	1,114
Amortisation of intangible asset		260	260
Allowance for/(write back of) impairment on loans, advances and fina	incing	8,900	(3,991)
Net unrealised gains arising from derivative trading		(1,010)	(1,109)
Gain on disposal of financial investments available-for-sale		-	(658)
Accretion of discounts net of amortisation of premiums			
on financial investments available-for-sale		92	(220)
Operating profit before working capital changes		42,935	21,392
Changes in operating assets			
Deposits and placements with banks and other financial institutions		96,579	2,314
Loans, advances and financing		(392,377)	62,054
Other assets		(556)	307
Statutory deposits with Bank Negara Malaysia		(3,126)	1,360
Changes in operating liabilities			
Deposits from customers		314,937	(640,673)
Deposits and placements of banks and other financial institutions		(78,180)	13,723
Other liabilities		21,796	370
Cash generated from/(used in) operations		2,008	(539,153)
Income taxes paid		(6,852)	(5,728)
Net cash used in operating activities		(4,844)	(544,881)
Cash flows (used in)/ from investing activities			
Purchase of plant and equipment		(284)	(1,742)
Net proceeds of financial investments available-for-sale		(120,863)	130,359
Net cash (used in)/from investing activities		(121,147)	128,617
Net decrease in cash and cash equivalents		(125,991)	(416,264)
Cash and cash equivalents at beginning of the financial period		954,456	1,297,823
Cash and cash equivalents at end of the financial period		828,465	881,559
Cash and cash equivalents comprise:			
Cash and short-term funds	10	828,465	881,559

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2016 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

1. General Information

Industrial and Commercial Bank of China (Malaysia) Berhad is principally engaged in the provision of banking and other related financial services.

There were no significant changes in these activities during the financial period.

2. Basis of Preparation

The unaudited condensed interim financial statements for the half year ended 30 June 2017 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2016. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2016.

All other significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2016, except for the adoption of the following MFRSs and amendments to MFRSs.

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 Bank.

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

Clarifications to MFRS 15, Revenue from Contracts with Customers

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS *Standards 2014-2016 Cycle*)

Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 -2016 Cycle)

Amendments to MFRS 140, Investment Property - Transfers of Investment Property

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

MFRS 16, Leases

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Bank plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2018 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140 as they are not applicable to the Bank.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

2. Basis of Preparation (continued)

The initial applications of the other standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank, except as mentioned below:

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 Bank is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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 Bank is currently assessing the financial impact of adopting MFRS 9.

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 Bank is currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

4. Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

5. Unusual Items due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the half year ended 30 June 2017.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the half year ended 30 June 2017.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the half year ended 30 June 2017.

8. Dividend Paid

No dividend was paid during the half year ended 30 June 2017.

9. Significant Events

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

10. Cash and short-term funds

10. (Cash and short-term funds		
		30 Jun 2017	31 Dec 2016
		RM'000	RM'000
C	Cash and balances with banks and other financial institutions	43,817	58,102
	Anney at call and deposit placements maturing within one month	784,648	896,354
		828,465	954,456
1 T	Deposits and placements with banks and other financial institutions		
1. 1	reposits and placements with banks and other infancial institutions	30 Jun 2017	31 Dec 2016
		RM'000	RM'000
г	Pank Nagara Malaysia		60,000
	3ank Negara Malaysia Licensed Malaysian banks	- 191,468	200,000
	Foreign banks	-	28,047
		191,468	288,047
. I	Financial investments available-for-sale		
		30 Jun 2017	31 Dec 2016
	A fair rales	RM'000	RM'000
	At fair value Malaysian Government Securities	89,932	90,071
	Aalaysian Government Investment Issues	89,932 161,004	79,875
	Cagamas bonds	20,024	-
F	rivate debt securities	19,985	
		290,945	169,946
		30 Jun 2017	31 Dec 2016
		RM'000	RM'000
1	The maturity structure of financial investments available-for-sale are as follows:		
	Within one year	-	50,045
	More than one years to three years	24,961	-
	More than three years to five years More than five years	135,526 130,458	119,901
	Note than five years	290,945	169,946
			10,,110
3. T	Loans, advances and financing		
	At amortised cost	30 Jun 2017 RM'000	31 Dec 2016 RM'000
(i) By type	KM 000	KM 000
	Overdrafts	88,821	96,172
	Term loans	EA // E	EA 602
	- Housing loans - Syndicated term loans	54,665 309,502	54,683 181,512
	- Other term loans	1,366,821	1,058,343
	Bills receivable	11,323	1,058,545
	Trust receipt	300	-
	Revolving credit	1,085,895	1,137,905
	Bankers' acceptances	103,931	87,844
	Staff loans	2,804	2,808
	Credit card loans	2,453	2,486
	Cross leave advances and financing	3,026,515	2,636,233
	Gross loans, advances and financing		
	Less: Allowance for impairment	(11 211)	(12.066)
	Less: Allowance for impairment - Collective allowance for impairment	(21,511) (1,340)	
	Less: Allowance for impairment	(21,511) (1,340) 3,003,664	(13,966) (2,080) 2,620,187

13. Loans, advances and financing (continued)

(ii)	By type of customer Domestic banking institution	30 Jun 2017 RM'000 71,001	31 Dec 2016 RM'000 75,217
	Domestic non-bank financial institutions - Others	100,180	100,188
	Domestic business enterprises	59 120	66 950
	- Small medium enterprises - Others	58,129 1,959,069	66,850 1,564,421
	Individuals	46,504	47,378
	Foreign entities	791,632	782,179
		3,026,515	2,636,233
(iii)	By interest rate sensitivity	30 Jun 2017	31 Dec 2016
		RM'000	RM'000
	Fixed rate loans	6,651	5,294
	Variable rate	102 151	112 205
	- Base rate/base lending rate plus - Cost plus	103,151 2,786,399	112,295 2,383,145
	- Other variable rates	130,314	135,499
		3,026,515	2,636,233
(iv)	By sector	30 Jun 2017	31 Dec 2016
		RM'000	RM'000
	Primary agriculture	78,840	79,535
	Manufacturing	795,157	654,048
	Electricity, gas and water Construction	68,855 160 215	179,819
	Real estate	169,215 472,389	149,366 225,859
	Wholesale & retail trade and restaurants & hotels	683,690	547,308
	Transport, storage and communication	42,043	46,708
	Finance, insurance and business services	467,702	505,574
	Education, health and others	171,102	170,962
	Household	77,522	77,054
		3,026,515	2,636,233
(v)	By purpose	30 Jun 2017	31 Dec 2016
(1)	Dy purpose	RM'000	RM'000
	Purchase of landed properties		
	- Non residential	171,386	177,375
	- Residential	56,958	56,939
	Purchase of transport vehicles	39	62
	Construction	42,207	25,847
	Credit card	2,453	2,486
	Personal use Mergers and acquisitions	946 36,300	987 179,819
	Working capital	2,455,624	2,171,481
	Other purpose	260,602	21,237
		3,026,515	2,636,233
(vi)	By geographical distribution	30 Jun 2017 RM'000	31 Dec 2016 RM'000
	Within Malaysia	2,318,650	2,089,875
	Outside Malaysia	707,865	546,358
		3,026,515	2,636,233
		, ,	,,

Concentration by location for loans, advances and financing is based on the location where the credit risk resides.

13. Loans, advances and financing (continued)

Exchange differences

At end of the financial period/year

(vii)	By	residual contractual maturity	30 Jun 2017 RM'000	31 Dec 2016 RM'000
	Ma	turity within one year	1,342,916	1,421,086
		re than one year to three years	554,176	426,522
		re than three years to five years	935,372	652,057
		re than five years	194,051	136,568
	1010		3,026,515	2,636,233
(Im	paired loans, advances and financing		
(vm)	IIIIJ	an eu toans, auvances anu financing		
	(a)	Movement in impaired loans, advances and financing	30 Jun 2017 RM'000	31 Dec 2016 RM'000
		At beginning of the financial period/year	2,080	2,080
		Impaired during the financial period/year	1,341	5
		Reclassified as non-impaired during the financial period/year	(1)	(5)
		Amount written-off during the financial period/year	(2,080)	
		At end of the financial period/year	1,340	2,080
		Less: Individual allowance for impairment	(1,340)	(2,080)
		Net impaired loans, advances and financing		
		As % of gross loans, advances and financing		
		(net of individual allowance for impairment)	0%	0%
	(b)	By sector	30 Jun 2017 RM'000	31 Dec 2016 RM'000
		Wholesale & retail trade and restaurants & hotels	1,335	2,029
		Household	5	51
			1,340	2,080
	(c)	By purpose	30 Jun 2017 RM'000	31 Dec 2016 RM'000
		Working capital	1,335	2,029
		Credit card	5	51
			1,340	2,080
	(d)	By geographical distribution	30 Jun 2017	31 Dec 2016
			RM'000	RM'000
		Within Malaysia	5	2,080
		Outside Malaysia	1,335	
			1,340	2,080
(ix)	Мо	vements in allowance for impairment on loans, advances and financing	30 Jun 2017 RM'000	31 Dec 2016 RM'000
		lective allowance for impairment		
		beginning of the financial period/year	13,966	17,387
		pwance made during the financial period/year	8,581	3,631
		owance written back during the financial period/year	(1,036)	(7,052)
		end of the financial period/year	21,511	13,966
		ividual allowance for impairment	2 000	2 000
		beginning of the financial period/year	2,080	2,080
		owance made during the financial period/year	1,356	5
		owance write back during the financial period/year	(1) (2,080)	(5)
		ount written-off during the financial period/year	(2,080)	-

(15)

1,340

-

2,080

14. Derivatives financial assets/liabilities

RM1000 RM1000 RM1000 RM100 Foreign exchange contracts 636,534 840 7 - Currency swaps 72,272 1,251 7 Total recognised derivatives assets/liabilites (Note 27) 709,261 2,201 7 SI Dec 2016 Contract/ Nominul value Assets Liability Foreign exchange contracts 130,294 2,271 2,2 - Currency swaps 23,046 258 - - Currency swaps 23,046 2,529 2,2 Total recognised derivatives assets/liabilities (Note 27) 153,340 2,529 2,2 15. Other assets 30 Jun 2017 31 Dec 2 31 Dec 2 16. Deposits from customers 843 - - (i) By type of deposits 30 Jun 2017 31 Dec 2 - (ii) By type of customer 30 Jun 2017 31 Dec 2 - (iii) By type of customer 30 Jun 2017 31 Dec 2 - (iii) By type of customer 30 Jun 2017 31 Dec 2 - (iiiii) By maturity structure o	Foreign evolutions contracts			
Nominal value RM'000Assets RM'000Liabilit RM'000Foreign exchange contracts 	Foreign evolution contracts			
RM1000 RM1000 RM1000 RM1000 Currency forwards and spots 636,534 840 7 Currency swaps 72,727 1,251 7 Total recognised derivatives assets/liabilites (Note 27) 709,261 2,091 7 State Contract/ Nominal value Assets Liability Assets Liability Foreign exchange contracts 0.0,294 2,271 2,2 2,2 2,2 Currency forwards and spots 130,294 2,2,71 2,2 2,3 3,2 3,2 3,2 3,2 <td< th=""><th>Foreign evolution contracts</th><th>Nominal value</th><th></th><th></th></td<>	Foreign evolution contracts	Nominal value		
Foreign exchange contracts 636,534 840 7 - Currency swaps 709,261 2.091 7 Total recognised derivatives assets/liabilites (Note 27) 709,261 2.091 7 Sil Dec 2016 Contracts - Currency swaps 130,294 2.271 2.2 - Currency forwards and spots 130,294 2.271 2.2 - Currency forwards and spots 130,294 2.529 2.2 - Currency forwards and spots 130,294 2.529 2.2 - Currency swaps 7,843 7.8 4.6 Deposits 7,843 7.2 4.6 Deposits 7,844 7.8 4.6 Deposits from customers 96,2085 517.9 (i) By type of deposits	Foreign evolution contracto			Liabilities
- Currency forwards and spots 636,534 840 7 - Currency swaps 72,727 1,281 7 Total recognised derivatives assets/liabilities (Note 27) 702,201 2,091 7 31 Dec 2016 Contract/ Nominal value Assets Liabilit RM'000 RM'000 RM'000 Foreign exchange contracts 130,294 2,271 2,2 2,2 - Currency swaps 23,046 2,559 2,2 - Currency swaps 23,046 2,529 2,2 - Currency swaps 30 Jun 2017 31 Dec 2 2,6 - Currency swaps 30 Jun 2017 31 Dec 2 2,6 - Currency swaps 30 Jun 2017 31 Dec 2 2,2 - Currency swaps 30 Jun 2017 31 Dec 2 2,2 - Currency swaps 2,246 1,8 1,0 - Currency swaps 30 Jun 2017 31 Dec 2 1,0 2,1 - Currency swaps 30 Jun 2017 31 Dec 2 1,0 1,0 1,0 2,3 1,0 1,0 1,0 2,5 1,0 1,0 1,0 2,5 1,0 1,0	Foreign exchange contracts	RM'000	RM'000	RM'000
- Currency swaps 72,727 1,251 Total recognised derivatives assets/liabilites (Note 27) 709,261 2,091 7 31 Dec 2016 Contracts - Currency forwards and spots 130,294 2,271 2,2 Total recognised derivatives assets/liabilites (Note 27) 153,340 2,529 2,2 15. Other assets 30 Jun 2017 31 Dec 20 31 Dec 20 16. Opposits 130,294 2,571 2,2 2,2 17. Other assets 30 Jun 2017 31 Dec 20 31 Dec 20 18. Other assets 30 Jun 2017 31 Dec 20 31 Dec 20 19. Other assets 30 Jun 2017 31 Dec 20 31 Dec 20 10. Deposits from customers 4,745 4.6 01. By type of deposit 2,246 1.8 02. By type of deposit 30 Jun 2017 31 Dec 20 03. Deposits from customers 30 Jun 2017 31 Dec 20 (i) By type of deposit 30 Jun 2017 31 Dec 20 Money market deposits 7,71,08 803,7 142,565 129,9 31,09,13 3,097,135 2,782,1 </th <td></td> <td></td> <td></td> <td></td>				
Total recognised derivatives assets/flabilities (Nore 27) 709,261 2,091 7 31 Dec 2016 Contract/ Nominal value Assets Liabilit RM'000 RM'000 RM'000 Foreign exchange contracts 130,294 2,271 2.2 2.2 - Currency swaps 23,046 2589 -2 Total recognised derivatives assets/flabilities (Nore 27) 153,340 2,529 2,2 15. Other assets 30 Jun 2017 31 Dec 2 31 Dec 2 31 Dec 2 16. Deposits 30 Jun 2017 31 Dec 2 31 Dec 2 31 Dec 2 31 Dec 2 16. Deposits from customers 433 7 7,834 7,2 16. Deposits from customers 30 Jun 2017 31 Dec 2 31 Dec 2 31 Dec 2 (i) By type of deposits 537,108 8037, 142,565 129,9 3097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 2 31 Dec 2 142,565 129,9 Money market deposits 53,3097,135 2,782,1 3097,135 2,782,1 33,997,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 2 30	- Currency forwards and spots	636,534	840	799
31 Dec 2016 Contract/ Nominal value Assets Liabilit RN'000 RN'000 <td>- Currency swaps</td> <td>72,727</td> <td>1,251</td> <td>-</td>	- Currency swaps	72,727	1,251	-
Contract/ Nominal value RM'000Assets RM'000Liabilit RM'000Foreign exchange contracts - Currency swaps130,2942,2712,2- Currency swaps23,0462,58-Total recognised derivatives assets/liabilities (Note 27)153,3402,5292,215. Other assets30 Jun 201731 Dec 21RM'000RM'00RM'0Interest receivable Deposits4,7454.6Other receivables and prepayments2,843716. Deposits from customers30 Jun 201731 Dec 21(i) By type of deposit808,77Pixed deposits962,985517,9Savings deposits142,565129,9Morey market deposits1,213,4581,282,45(ii) By type of customer30 Jun 201731 Dec 21(iii) By type of customer30 Jun 201731 Dec 22(iii) By type of customer30 Jun 201731 Dec 23(iii) By type of customer30 Jun 201731 Dec 24(iii) By type of customer30 Jun 201731 Dec 24(iii) By type of customer30 Jun 201731 Dec 24(iii) By maturity structure of term deposit29,49427,24(iiii) By maturity structure of term deposit30 Jun 201731 Dec 24Due within six months More than an months to one year219,1832,665,4More than six months29,191,832,655,4More than one year to three years3,190168	Total recognised derivatives assets/liabilites (Note 27)	709,261	2,091	799
Contract/ Nominal value RM'000Assets RM'000Liabilit RM'000Foreign exchange contracts: Currency forwards and spots130,2942,2712,2: Currency swaps23,0462,258Total recognised derivatives assets/liabilites (Note 27)153,3402,5292,215. Other assets30 Jun 201731 Dec 21RM'000RM'000RM'0Interest receivable Deposits4,7454.6Deposits2,2461.8Other receivables and prepayments843716. Deposits from customers30 Jun 201731 Dec 21(i) By type of deposit30 Jun 201731 Dec 22Prixed deposits737,108808.7Fixed deposits962,985517.9Savings deposits142,565129.9More may market deposits1,213,4581,282.5(ii) By type of customer30 Jun 201731 Dec 21(iii) By type of customer30 Jun 201731 Dec 21(iiii) By maturity structure of term deposit29,04427,24Others74373,097,1352,782,1(iiii) By maturity structure of term deposit30 Jun 2017Due within six months29,19,1832,655,4More than six months29,19,1832,655,4More than six months29,19,	-			
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Foreign exchange contracts 130,294 2,271 2,2 - Currency forwards and spots 23,046 258 - - Total recognised derivatives assets/liabilities (Note 27) 153,340 2,329 2,2 15. Other assets 30 Jun 2017 31 Dec 2 RM'000 RM'1 Interest receivable 4,745 4,6 2,246 18 Other receivables and prepayments 2,344 7 7,834 7,2 16. Deposits from customers 30 Jun 2017 31 Dec 2 RM'000 RM'1 Demand deposits 737,108 808,7 Fixed deposits 123,256 129,9 Money market deposits 1,213,458 1,23,25 129,256 129,9 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 2 RM'000 RM'10 43,3 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 2 1,544,534 1,292,364 1,210,5 Derividuals 1,544,534 1,292,364 1,210,5 1,292,364 1,210,5				RM'000
- Currency forwards and spots 130,294 2,271 2,2 - Currency swaps 23,046 258 - Total recognised derivatives assets/liabilites (Note 27) 15. 01 Jun 2017 31 Dec 21 IS. Other assets 30 Jun 2017 31 Dec 21 RM*000 RM*000 Interest receivable 4,745 4.6 6 Deposits 2,246 1.8 Other receivables and prepayments 843 7 I6. Deposits from customers 30 Jun 2017 31 Dec 21 (i) By type of deposit 843 7 Fixed deposits 962,985 517.9 Savings deposits 962,985 517.9 Savings deposits 142,565 129.9 Money market deposits 962,985 517.9 Savings deposits 1,213,458 1,282,32 Other deposits 962,985 517.9 Savings deposits 1,213,458 1,282,32 Other deposits 1,213,458 1,282,32 (ii) By type of customer 30 Jun 2017 31 Dec 21 Business enterprises 1,544,534 1,298,55 <	Foreign exchange contracts	KM 000	Kivi 000	
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15. Other assets 30 Jun 2017 RM/000 31 Dec 24 RM/000 Interest receivable Deposits 47,45 4,6 2,246 4,6 2,246 Other receivables and prepayments 843 7,2 16. Deposits from customers 30 Jun 2017 RM/000 31 Dec 24 RM/000 (i) By type of deposit 30 Jun 2017 RM/000 31 Dec 24 RM/000 Demand deposits 737,108 962,985 808,7 962,985 Fixed deposits 737,108 142,565 808,7 962,985 Money market deposits 1,213,458 1,223,2 1,213,458 1,223,2 Other deposits 1,213,458 1,213,458 1,282,2 Other deposits 1,213,458 1,223,2 1,213,458 1,223,2 (ii) By type of customer 30 Jun 2017 RM/000 RM/1 31 Dec 24 RM/000 RM/1 Business enterprises Individuals 1,544,534 259,494 1,282,2 (iii) By maturity structure of term deposit 30 Jun 2017 30 Jun 2017 31 Dec 2 RM/000 31 Dec 2 RM/000 Due within six months 2,919,183 2,665,4 3,190 16.8				
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16. Deposits from customers (i) By type of deposit 30 Jun 2017 RM'000 31 Dec 20 RM'00 Demand deposits 737,108 808.7 Fixed deposits 737,108 808.7 Savings deposits 962,985 517.9 Money market deposits 1,213,458 1,222,65 Other deposits 1,213,458 1,222,64 Other deposits 30 Jun 2017 31 Dec 20 (ii) By type of customer 30 Jun 2017 31 Dec 20 Business enterprises 1,544,534 1,298.5 Individuals 259,494 272.4 Foreign entities 1,223,644 1,210.5 Others 743 7 .00 Jun 2017 31 Dec 20 743 (ii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 More than six months 2,919,183 2,665.4 More than one year to three years 3,190 16.8	Sulei recertuoles una prepagnento			
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(i) By type of deposit 30 Jun 2017 RM'000 31 Dec 21 RM'000 Demand deposits 737,108 808,7 Fixed deposits 962,985 517,9 Savings deposits 142,565 129,9 Money market deposits 1,213,458 1,282,2 Other deposits 1,213,458 1,282,2 Other deposits 2,782,1 31 Dec 21 (ii) By type of customer 30 Jun 2017 31 Dec 21 Business enterprises 1,213,458 1,282,2 Individuals 259,494 278,5 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 30 Jun 2017 (ii) By maturity structure of term deposit 30 Jun 2017 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
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Fixed deposits 962,985 517,9 Savings deposits 142,565 129,9 Money market deposits 1,213,458 1,282,2 Other deposits 41,019 43,3 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'000 RM'000 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 743 7 Others 743 7 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'000 RM'000 Others 743 7 J.907,135 2,782,11 30 Jun 2017 31 Dec 20 Others 743 7 3,097,135 2,782,11 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years	Demand deposits		737.108	808,759
Savings deposits Money market deposits 142,565 129,9 Money market deposits 1,213,458 1,282,2 Other deposits 41,019 43,3 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 20 RM'000 Business enterprises Individuals 1,544,534 1,298,5 Foreign entities 259,494 272,4 Others 743 7 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 (iii) By maturity structure of term deposit 2,919,183 2,782,11 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 More than six months 2,919,183 2,665,4 More than one year to three years 3,190 16,8	-		,	517,921
Money market deposits 1,213,458 1,282,2 Other deposits 41,019 43,3 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'00 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 Business months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
Other deposits 41,019 43,3 (ii) By type of customer 30 Jun 2017 31 Dec 20 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 (iii) By maturity structure of term deposit 30 Jun 2017 Oue within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
iii) By type of customer 3,097,135 2,782,1 (ii) By type of customer 30 Jun 2017 31 Dec 20 RM'000 RM'00 RM'00 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 7 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 More than six months 30 Jun 2017 31 Dec 20 More than six months to one year 174,762 99.8 More than one year to three years 3,190 16.8				
(ii) By type of customer $30 Jun 2017$ $31 Dec 207$ Business enterprises $1,544,534$ $1,298,55$ Individuals $259,494$ $272,44$ Foreign entities $1,292,364$ $1,210,5$ Others 743 7 $3.097,135$ $2,782,11$ (iii) By maturity structure of term deposit $30 Jun 2017$ $31 Dec 20$ RM'000 RM'000 RM'000 Due within six months $2,919,183$ $2,665,4$ More than six months to one year $174,762$ $99,8$ More than one year to three years $3,190$ $16,8$	Other deposits			
RM'000 RM'000 RM'000 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8			3,097,135	2,782,198
RM'000 RM'000 RM'000 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
RM'000 RM'000 RM'000 Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8	(ii) By type of customer		30 Jun 2017	31 Dec 2016
Business enterprises 1,544,534 1,298,5 Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'000 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				RM'000
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Individuals 259,494 272,4 Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 30 Jun 2017 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'000 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8	Business enterprises		1 544 534	1 298 516
Foreign entities 1,292,364 1,210,5 Others 743 7 3,097,135 2,782,1 3 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'000 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8	-			
Others 743 7 3,097,135 2,782,1 (iii) By maturity structure of term deposit 30 Jun 2017 31 Dec 20 RM'000 RM'000 RM'0 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
3,097,135 2,782,1 30 Jun 2017 31 Dec 20 RM'000 RM'000 Due within six months 2,919,183 2,665,4 More than six months to one year 174,762 99,8 More than one year to three years 3,190 16,8				
(iii) By maturity structure of term deposit30 Jun 2017 RM'00031 Dec 20 RM'0Due within six months2,919,1832,665,4More than six months to one year174,76299,8More than one year to three years3,19016,8	Others			733
RM'000RM'000RM'0Due within six months2,919,1832,665,4More than six months to one year174,76299,8More than one year to three years3,19016,8			3,097,135	2,782,198
RM'000RM'000RM'0Due within six months2,919,1832,665,4More than six months to one year174,76299,8More than one year to three years3,19016,8				
Due within six months2,919,1832,665,4More than six months to one year174,76299,8More than one year to three years3,19016,8	(iii) By maturity structure of term deposit		30 Jun 2017	31 Dec 2016
More than six months to one year174,76299,8More than one year to three years3,19016,8			RM'000	RM'000
More than six months to one year174,76299,8More than one year to three years3,19016,8				
More than six months to one year174,76299,8More than one year to three years3,19016,8	Due within six months		2,919,183	2,665,449
More than one year to three years 3,190 16,8				99,891
	-			16,858
3,097,135 2,782,1	while that the year to three years			
			3,097,135	2,782,198
17. Deposits and placements of banks and other financial institutions30 Jun 201731 Dec 2017	7. Deposits and placements of banks and other financial institutions		30 Jun 2017	31 Dec 2016
	· - · · · · · · · · · · · · · · · · · ·			RM'000
Licensed Malaysian banks 59,406 25,2	Licensed Malaysian banks		50 406	25,251
				23,231
				1,499
				216,181
Foreign banks 60,305 13,5	Foreign banks		60,305	13,562
			178,460	256,640
178,460 256,6			<u> </u>	

18. Other liabilities	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Interest payable	6,547	8,139
Other payables and accruals	85,137	61,749
	91,684	69,888

19. Interest income	2nd quarter	r ended	Year-To-Da	te ended
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	30 Jun 2017 RM'000	30 Jun 2016 RM'000
Loans, advances and financing:	31,029	22,528	58,756	45,842
Money at call and deposit placements with				
financial institutions	6,631	3,262	13,795	7,445
Investment securities available-for-sale	1,536	659	2,854	1,576
Others	7	20	10	42
	39,203	26,469	75,415	54,905

20. Interest expense

Deposits and placements of banks and				
other financial institutions	(668)	(1,442)	(2,205)	(2,659)
Deposits from customers	(9,510)	(8,351)	(19,161)	(17,453)
Others	(1)	(3)	(2)	(7)
	(10,179)	(9,796)	(21,368)	(20,119)
Net interest income	29,024	16,673	54,047	34,786

All items of interest income and expenses were recognised from assets and liabilities that were not at fair value through profit or loss.

21. Fee income	2nd quarter	r ended	Year-To-Date ended		
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	30 Jun 2017 RM'000	30 Jun 2016 RM'000	
Fee income:					
- Commission	5	8	9	21	
- Service charges and fees	543	608	1,211	1,262	
- Loan processing fees	838	127	1,346	700	
- Syndication fees	-	983	3,277	983	
- Guarantee fees	1,074	915	2,013	1,911	
- Commitment fees	698	142	916	296	
- Other loans related fees income	29	4	33	7	
- Other fees income	771	881	3,554	1,804	
	3,958	3,668	12,359	6,984	
Fee expense:					
- Brokerage fees	(6)	(7)	(16)	(13)	
- Other fees expense	(88)	(24)	(180)	(29)	
	(94)	(31)	(196)	(42)	
Net fee income	3,864	3,637	12,163	6,942	

22. Net trading income	2nd quarter ended		Year-To-Date ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	8,678	853	14,589	18,283
Net (losses)/gain arising from derivative trading	(1,248)	6,537	(2,734)	(7,408)
Net unrealised revaluation losses in foreign				
exchange	(393)	(96)	(329)	(173)
Net unrealised (losses)/gains arising from derivative				
trading	(1,390)	(1,652)	1,010	1,109
	5,647	5,642	12,536	11,811

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
23. Other operating income				
Gain on disposal:				
- Financial investments available-for-sale	-	-	-	658
Others	41	15	41	62
	41	15	41	720

24. Other operating expenses	2nd quarter	2nd quarter ended		Year-To-Date ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016	
	RM'000	RM'000	RM'000	RM'000	
Personnel costs:					
- Salaries, allowances and bonuses	11,448	8,245	22,802	17,948	
- Pension fund contributions	730	782	1,452	1,482	
- Other staff costs	1,939	1,473	3,068	2,562	
Promotion and marketing related expenses:					
- Advertising and promotion	76	446	283	1,307	
- Others	112	173	225	361	
Establishment costs:					
- Depreciation of plant and equipment	511	550	1,019	1,114	
- Amortisation of intangible asset	130	129	260	260	
- Rental	1,352	1,448	2,751	2,860	
- Others	486	484	903	938	
Administrative expenses:					
- Auditors' remuneration					
 statutory audit fees 	79	37	147	73	
• audit related services	24	32	48	54	
- Professional fees	167	317	291	447	
- License fee	77	77	154	154	
- Membership fee	33	66	63	97	
- Others	1,390	1,240	2,747	2,597	
	18,554	15,499	36,213	32,254	
	· · · · · ·				

25. Allowance for/(write back of) impairment on loans, advances and financing

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
- made during the financial period	2,648	1,101	8,581	1,463
- written back during the financial period	(482)	(2,716)	(1,036)	(5,454)
Individual allowance for impairment				
- made during the financial period	1,356	5	1,356	-
- written back during the financial period	(1)	(5)	(1)	-
	3,521	(1,615)	8,900	(3,991)

26. Credit exposure to connected parties

The credit exposures of the Bank to connected parties, as defined by BNM's "Guidelines on Credit Transactions and Exposures with Connected Parties" are as follows:

	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Aggregate value of outstanding credit exposures to connected parties	119,061	185,166
As a percentage of total credit exposures	2.34%	3.85%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0%	0%

27. Commitments and contingencies

The commitments and contingencies constitute the following:

	6	30 Jun 2017				
	Principal Amount RM'000	Positive Value of Derivative Contracts ^ RM'000	Credit Equivalent Amount * RM'000	Risk- Weighted Assets * RM'000		
Credit-related exposures						
Direct credit substitues	77,283	-	77,283	15,457		
Transaction-related contingent items	879,051	-	439,525	300,555		
Short term self-liquidating trade-related contingencies	38,099	-	7,620	7,349		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- Exceeding one year	121,096	-	60,548	49,390		
- Not exceeding one year	969,859	-	193,972	163,532		
Unutilised credit card lines	36,933	-	7,387	5,540		
Derivative financial contracts						
Foreign exchange related contracts:						
- Less than one year	709,261	2,091	11,800	5,775		
Total	2,831,582	2,091	798,135	547,598		
—		Note 14				

A The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates) of the underlying instruments. The tables above show the Bank's derivative financial instruments as at the respective reporting dates. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per Bank Negara Malaysia ("BNM") guidelines. The credit conversion factors and risk-weighting rules were based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

	31 Dec 2016			
		Positive Value	Credit	Risk-
	Principal	of Derivative	Equivalent	Weighted
	Amount	Contracts ^	Amount *	Assets *
	RM'000	RM'000	RM'000	RM'000
Credit-related exposures				
Direct credit substitues	80,746	-	80,746	16,149
Transaction-related contingent items	1,032,166	-	516,083	347,834
Short term self liquidating trade-related contingencies	24,428	-	4,886	4,877
Other commitments, such as formal standby facilities				
and credit lines, with an original maturity of:				
- Exceeding one year	115,112	-	57,556	45,241
- Not exceeding one year	748,759	-	149,752	119,112
Unutilised credit card lines	32,708	-	6,542	4,906
Derivative financial contracts				
Foreign exchange related contracts:				
- Less than one year	153,340	2,529	4,020	1,834
Total	2,187,259	2,529	819,585	539,953
-		Note 14		

A The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates) of the underlying instruments. The tables above show the Bank's derivative financial instruments as at the respective reporting dates. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per Bank Negara Malaysia ("BNM") guidelines. The credit conversion factors and risk-weighting rules were based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

28. Capital adequacy

The total risk-weighted assets of the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit risk;
- (ii) Standardised Approach for Market risk;
- (iii) Basic Indicator Approach for Operational risk.

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

Common Equity Tier 1 ("CET1") Capital	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Paid-up share capital	832,609	832,609
Retained earnings	42,739	42,739
Statutory reserve	57,213	57,213
Regulatory reserve	17,644	17,644
Unrealised losses on financial investments available-for-sale	(399)	(573)
	949,806	949,632
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Intangible asset	(44)	(304)
- Deferred tax assets	(5,781)	(5,835)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(23,469)	(23,783)
Total CET1 Capital	926,337	925,849
Tier 2 capital		
Collective impairment allowance	21,511	13,966
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	39,155	31,610
Total Capital	965,492	957,459
CET1 capital ratio Tier 1 capital ratio Total capital ratio	29.472% 29.472% 30.718%	37.828% 37.828% 39.120%

Breakdown of gross risk-weighted assets ("RWA") in the various categories of risk-weights:

	30 Jun 2017		31 Dec 2016	
	Principal Risk-		Principal	Risk-
		Weighted		Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	5,159,559	2,924,403	4,888,870	2,253,430
Total RWA for market risk	-	7,660	-	4,797
Total RWA for operational risk	-	211,030		189,282
	5,159,559	3,143,093	4,888,870	2,447,509

28. Capital adequacy (continued)

(a) The breakdown of RWA by exposures in each major risk category under standardised approach for the Bank are as follows:

		30 Jun 2017			
Risk Type				Risk-	
		Gross	Net	Weighted	Capital
		Exposures	Exposures	Assets	Requirements
		RM'000	RM'000	RM'000	RM'000
Credit Risk					
On-Balance Sheet Exposures					
Sovereigns/Central Banks		355,748	355,748	-	-
Banks, Development Financial Institutions					
and MDBs		992,723	992,723	219,234	17,539
Corporates		2,868,617	2,868,617	2,069,983	165,599
Regulatory Retail		68,135	68,135	54,674	4,374
Residential Mortgages		57,430	57,430	21,249	1,700
Other Assets	_	18,771	18,771	11,665	933
Total On-Balance Sheet Exposures	-	4,361,424	4,361,424	2,376,805	190,145
Off-Balance Sheet Exposures					
Credit-related off-balance sheet exposures		786,335	786,335	541,823	43,346
OTC derivatives		11,800	11,800	5,775	462
Total Off-Balance Sheet Exposures	_	798,135	798,135	547,598	43,808
Total On and Off-Balance Sheet Exposures	=	5,159,559	5,159,559	2,924,403	233,953
Large exposure risk requirement		-	-	-	-
Market Risk	Long position	Short position			
Foreign currency risk	<u>7,660</u>	<u>position</u> 460	7,660	7,660	613
Operational Risk	-	-	-	211,030	16,882
Total RWA and Capital Requirements				3,143,093	251,448

<u>Note:</u> MDBs - Multilateral Development Banks OTC - Over the counter

28. Capital adequacy (continued)

		31 Dec 2016				
Risk Type				Risk-		
		Gross	Net	Weighted	Capital	
		Exposures	Exposures	Assets	Requirements	
		RM'000	RM'000	RM'000	RM'000	
Credit Risk						
On-Balance Sheet Exposures						
Sovereigns/Central Banks		535,538	535,538	-	-	
Banks, Development Financial Institutions						
and MDBs		956,305	956,305	215,169	17,214	
Corporates		2,431,858	2,431,858	1,408,703	112,696	
Regulatory Retail		69,649	69,649	56,238	4,499	
Residential Mortgages		57,429	57,429	21,263	1,701	
Other Assets	_	18,506	18,506	12,104	968	
Total On-Balance Sheet Exposures	_	4,069,285	4,069,285	1,713,477	137,078	
Off-Balance Sheet Exposures						
Credit-related off-balance sheet exposures		815,565	815,565	538,119	43,050	
OTC derivatives	_	4,020	4,020	1,834	147	
Total Off-Balance Sheet Exposures	_	819,585	819,585	539,953	43,197	
					6	
Total On and Off-Balance Sheet Exposures	=	4,888,870	4,888,870	2,253,430	180,275	
Large exposure risk requirement		-	-	-	-	
Market Risk	Long	Short				
	position	position				
Foreign currency risk	4,797	1	4,797	4,797	384	
Operational Risk	-	-	-	189,282	15,143	
Total RWA and Capital Requirements				2,447,509	195,802	

Note:

MDBs - Multilateral Development Banks OTC - Over the counter

29. Performance review

The Bank recorded a profit before taxation of RM33.7 million for the half year ended 30 June 2017, an increase of RM7.7 million or 29.5.% compared against previous corresponding period in 2016. Net operating income increased by RM24.5 million or 45.2% mainly due to increase in net interest income by RM19.2 million (from RM34.8 million to RM54.0 million) and higher net fee income by RM5.2 million (from RM6.9 million to RM12.2 million), as a result of positive loan growth and contribution from loan related fee income.

Other operating expenses increased by RM4.0 million or 12.3% mainly due to higher personnel cost from RM22 million to RM27.3 million. However, it was partially offset by lower promotion and marketing related expenses which reduced by RM1.2 million. Allowances for losses on loans and financing increased to RM8.9 million, as a results of higher collective impairment which is in line with loans growth of 21.8 % from the previous corresponding period in 2016.

Total assets as at 30 June 2017 were RM4.3 billion, RM0.3 billion or 7.0% up against 31 December 2016. Of which, gross loans, advances and financing stood at RM 3.0 billion, which is RM0.4 billion higher than RM2.6 billion recorded at the start of 2017. The growth was correspondingly funded by the increase in deposits from customers by RM0.3 billion.

30. Business prospects

The World Bank and International Monetary Fund forecasted the global economy to grow at 2.7% and 3.4%, respectively, in 2017. Growth is projected to gain strength in both advanced economies and emerging market and developing economies (EMDEs). Global trade growth has firmed and is expected to outpace GDP growth after two years of marked weakness. The pickup in global trade partly reflects a bottoming out of global investment, which is relatively import-intensive. Global financing conditions remain benign. The projected recovery in EMDEs is largely driven by expectations of diminishing obstacles to activity in commodity exporters. Nevetheless, among the factors to weigh on global growth include the volatility in global financial markets, capital flows, currencies and commodity prices. The spill-over effects of geo-political tensions and significant international events such as BREXIT could also disrupt the revitalization of the growth momentum.

As a trade-oriented nation, Malaysia has fairly diversified its economy with service sector accounted for 55% and manufacturing sector contributed 23% of the nation's GDP in 2016. Considering the fundamentals are to remain intact and better-than-expected GDP growth of 5.6% in the first quarter of 2017, Malaysia's economy is expected to grow within the range of 4.5% to 5.0% in 2017, as compared to 4.2% growth registered in 2016. Growth would continue to be driven by domestic demand with support from net exports, albeit at a more subdued pace due to both domestic and external headwinds. While the external factors, such as pace of recovery in the major export markets, the stability of the commodity prices, currencies and capital flows, would remain as the key factors in driving the growth momentum of Malaysia, the measures to be taken domestically are crucial in capitalizing the growth prospects. Among the essential domestic measures include prioritizing the implementation of the strategic initiatives under the Government's Economic Transformation Program that could effectively diversifying the economy with value-added multiplier effects, gradual rationalization of macro-financial risks posed by system-wide leverage and inflationary pressures, continuous fiscal consolidation as well as promoting regional collaborations in trade and investment.

On another note, the banking system in Malaysia remained sound as evidenced by its healthy asset quality and strong capitalization. Stiffer competitions for acquiring customer deposits and quality lending deals are, however, expected to put pressure on the banking system's net interest margin. Additionally, given the expectation of slower loan growth and a potential increase in credit costs, banks' earnings are projected to soften this year.

The Bank will remain prudent and focused on its long term strategic objectives, aims at playing greater role in providing banking service solutions that suit clients' evolving needs and promoting cross border trade and investment activities by capitalizing on the ICBC Group's established business network and service channels globally. Notwithstanding the challenging operating environment, the Bank will continue to uphold commitment to grow the profitability and manage the balance sheet in a sustainable manner.