

3Q 2016 Financial Results

24 October 2016



**DRIVING
SUSTAINABILITY
AND INCLUSIVENESS**



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- ❖ KEY FINANCIAL HIGHLIGHTS & MARKET PERFORMANCE
- ❖ FINANCIAL REVIEW
- ❖ FOCUS AREA & CONCLUSION
- ❖ APPENDICES



- FINANCIAL HIGHLIGHTS
- 9 MONTHS FINANCIAL TRENDS
- SECURITIES MARKET OVERVIEW
- DERIVATIVES MARKET OVERVIEW
- ISLAMIC CAPITAL MARKET OVERVIEW

Financial Highlights



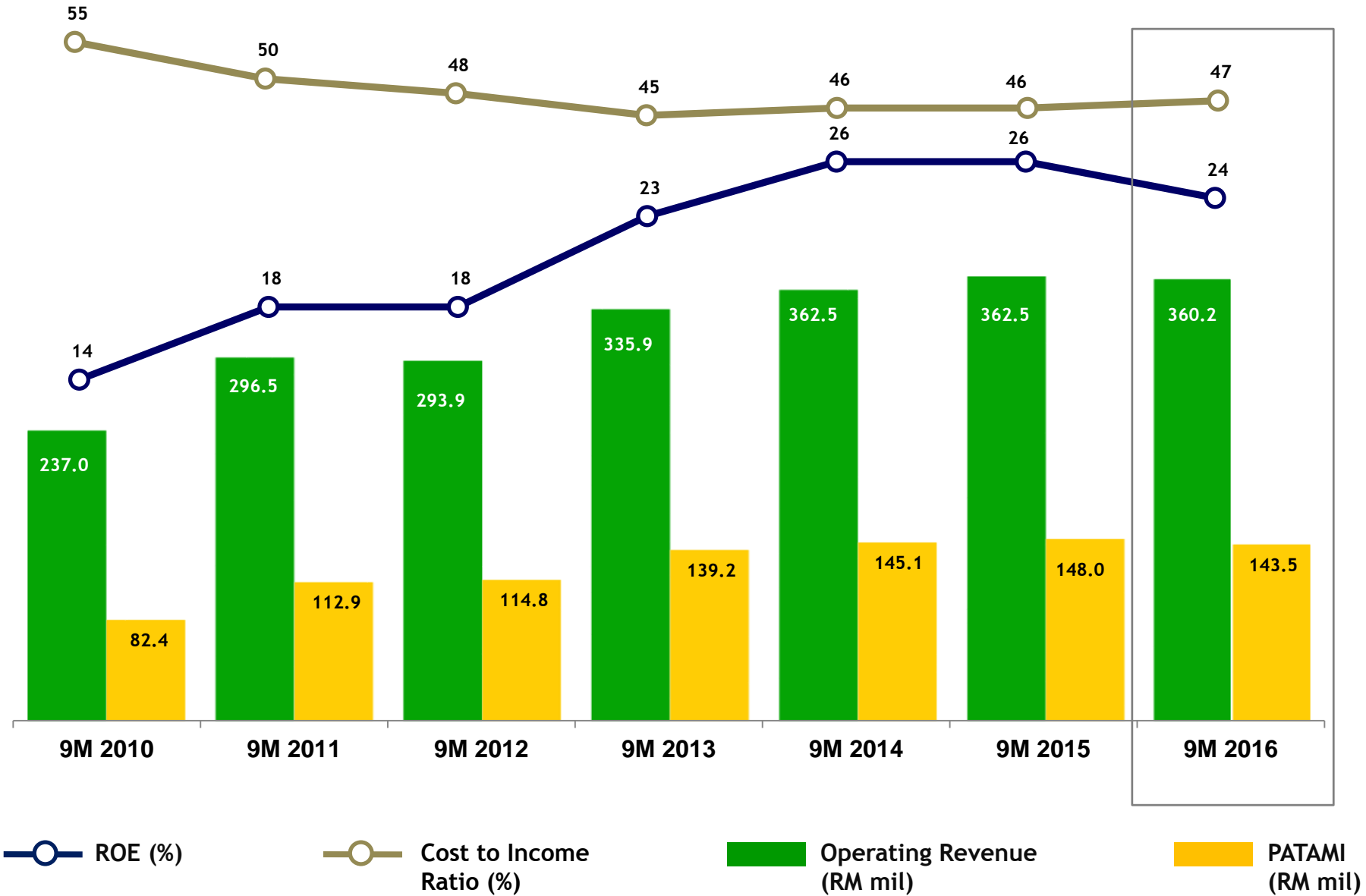
Financial Items	9M 2016	9M 2016 vs. 9M 2015	3Q 2016	3Q 2016 vs. 3Q 2015
Operating Revenue (RM million)	360.2	▼ 0.6%	111.8	▼ 8.4%
Operating Expenses (RM million)	181.4	▲ 3.8%	57.8	▲ 1.5%
PATAMI (RM million)	143.5	▼ 3.1%	44.0	▼ 14.4%
EPS (sen)	26.8	▼ 3.3%	8.2	▼ 14.6%
Cost to Income Ratio (%)	47%	▲ 1 percentage point	48%	▲ 4 percentage points
Annualised ROE (%)	24%	▼ 2 percentage points	22%	▼ 5 percentage points

9M2016 vs. 9M2015:

- Operating revenue declined marginally year-on-year due to lower Securities trading revenue. This drop was partially offset by higher revenue from Derivatives and Islamic Capital Markets.
- Cost to income ratio increased marginally by 1 percentage point to 47%, while ROE declined by 2 percentage points.

9 Months Financial Trends

Marginal decline in 9M16 financial performance due to market conditions

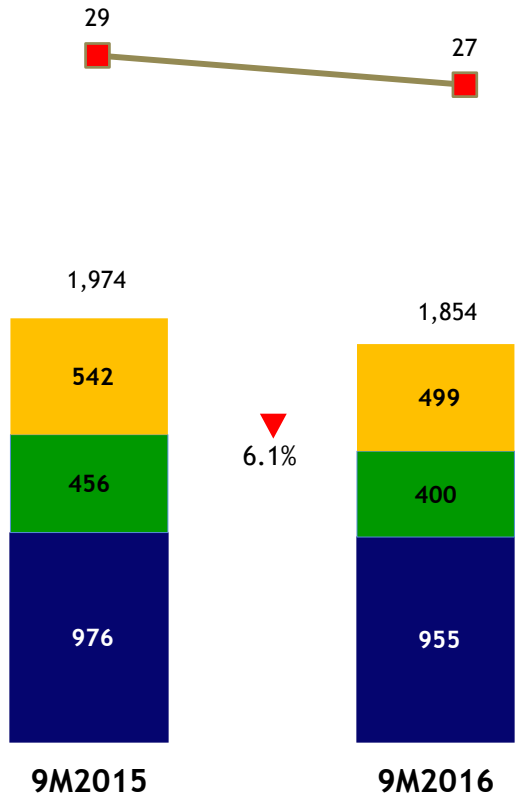


Securities Market Overview

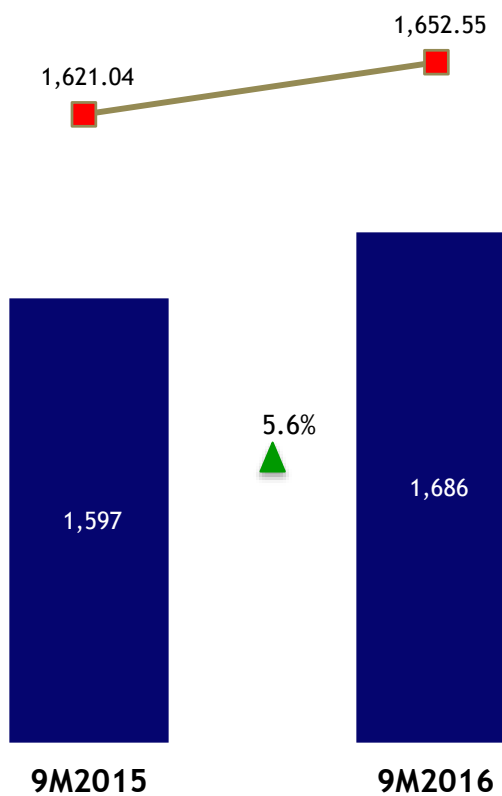
Performance of ADV influenced by market sentiments



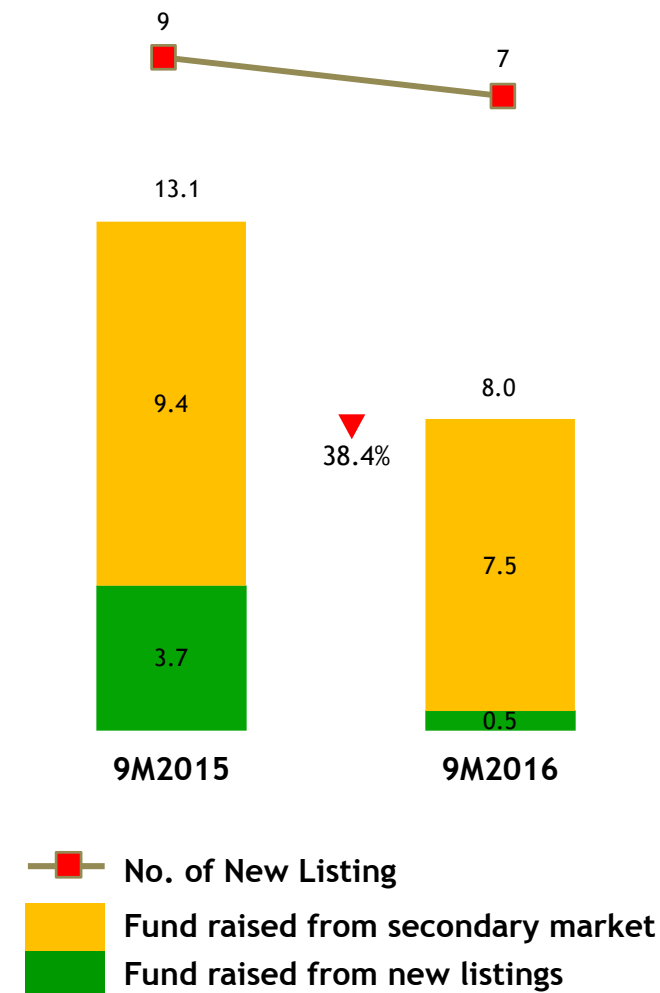
Average Daily Value (“ADV”) (OMT)(RM mil)



Market Capitalisation (RM bil)



Fund Raised from New Listings & Secondary Market (RM bil)



- Velocity (%)
- ADV of Foreign Institutions
- ADV of Retail
- ADV of Domestic Institutions

- FBMKLCI
- Market Capitalisation

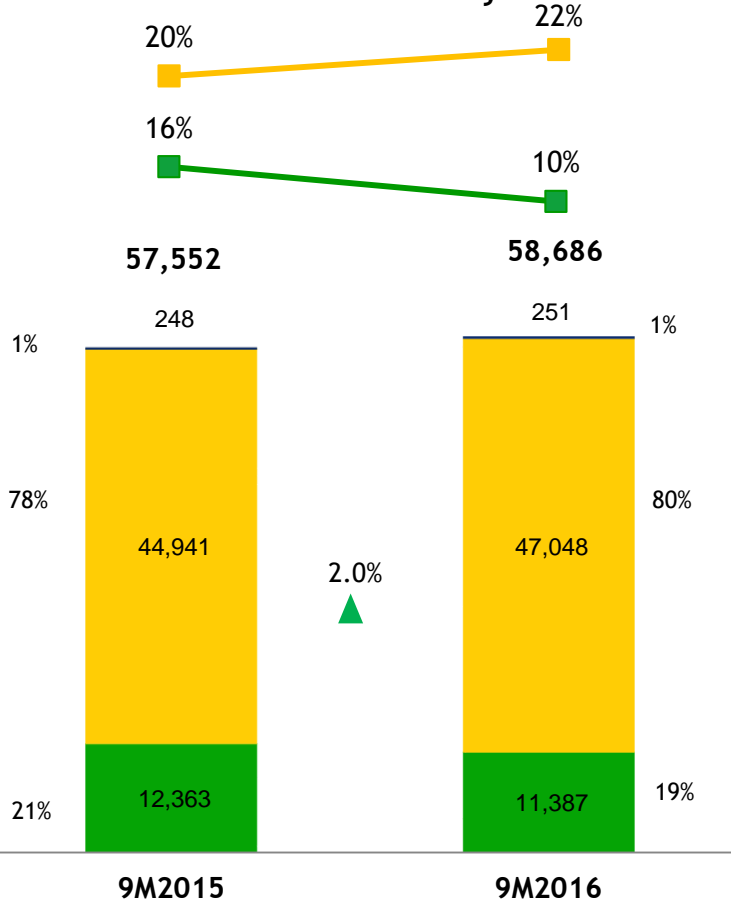
- No. of New Listing
- Fund raised from secondary market
- Fund raised from new listings

Derivatives Market Overview

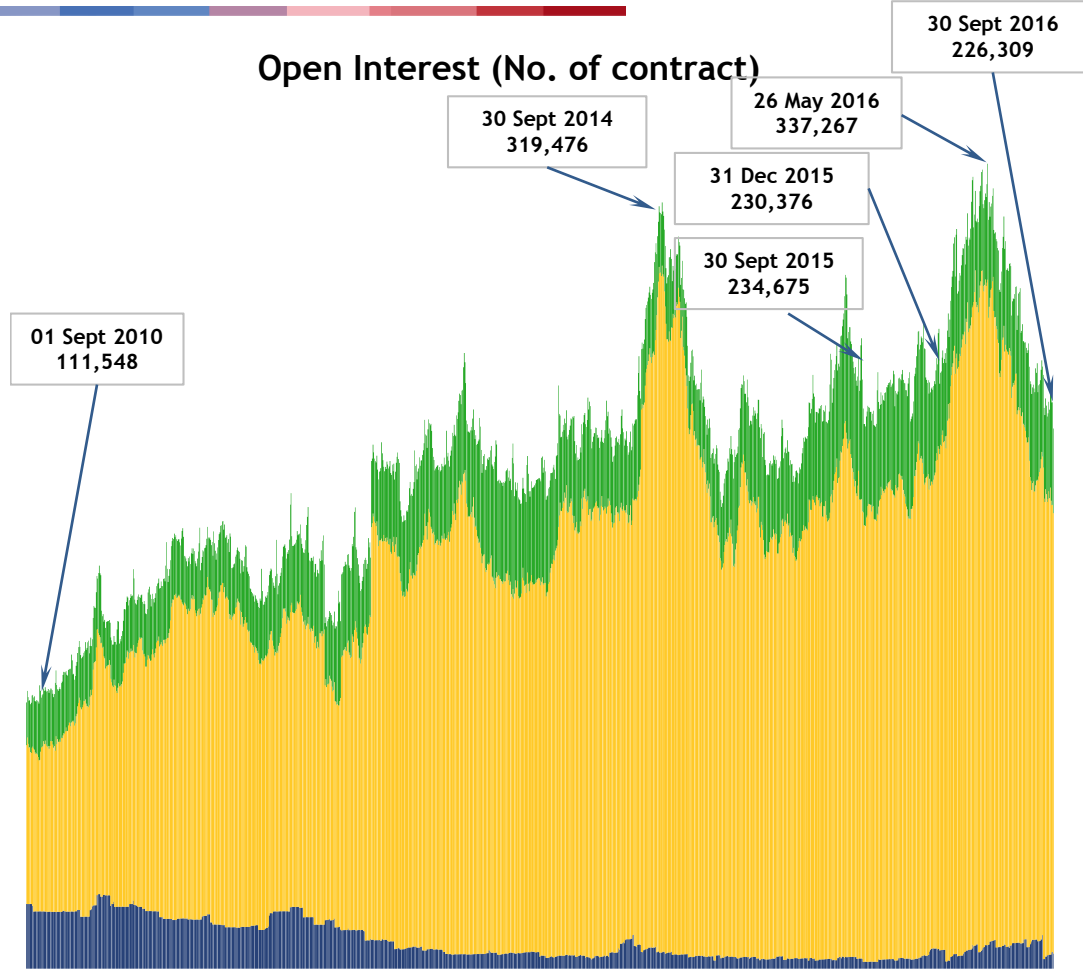
FCPO continues to drive growth in ADC



Average Daily Contracts (“ADC”) & Volatility



Open Interest (No. of contract)



■ FBMKLCI Futures
—■— Volatility of FBMKLCI

■ Crude Palm Oil Futures
—■— Volatility of Crude Palm Oil Prices

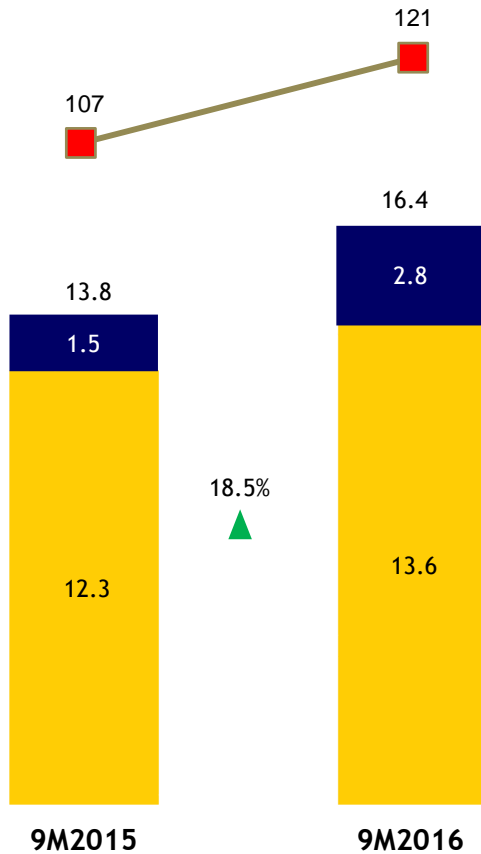
■ Others

Islamic Capital Market Overview

Higher BSAS trades contributed by higher acceptance of the trading platform

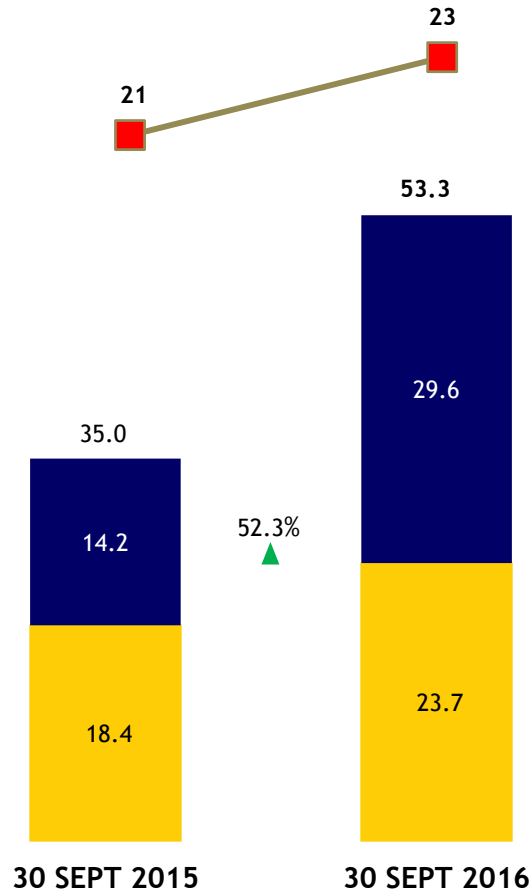


Bursa Suq Al-Sila' ("BSAS")
ADV (RM bil)



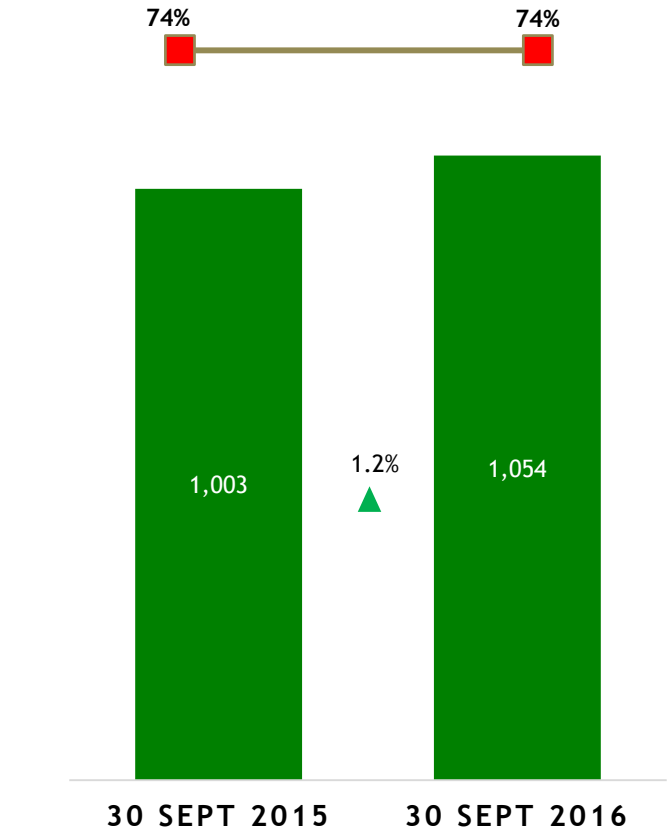
—■— No. of Trading Participants
 Domestic Foreign

Value of Listed Sukuk (USD bil)

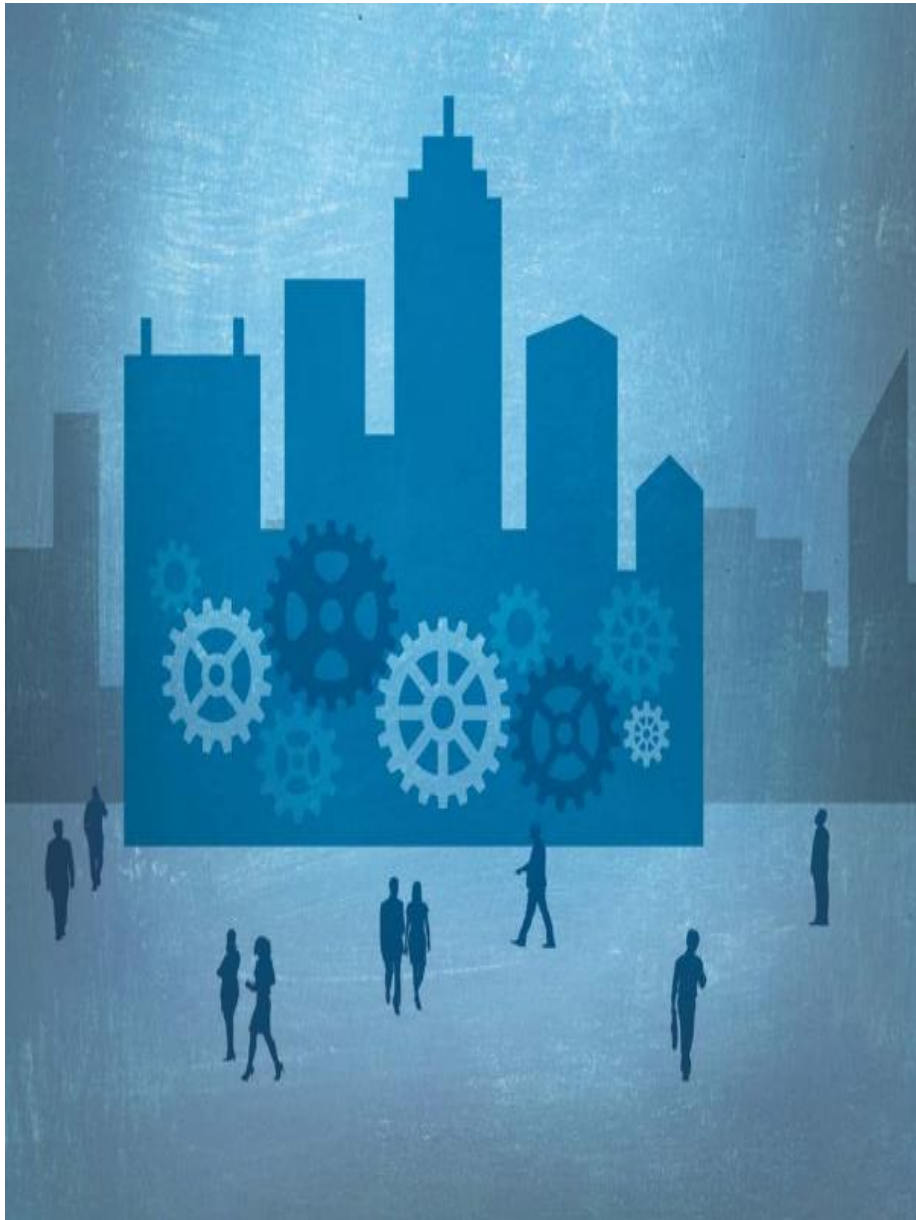


—■— No. of Sukuk
 Domestic Foreign

Market Capitalisation of Shariah
Compliant Stocks (RM bil)



—■— No. of Shariah Compliant Stocks (%)
 Market Capitalisation of Shariah Compliant Stocks



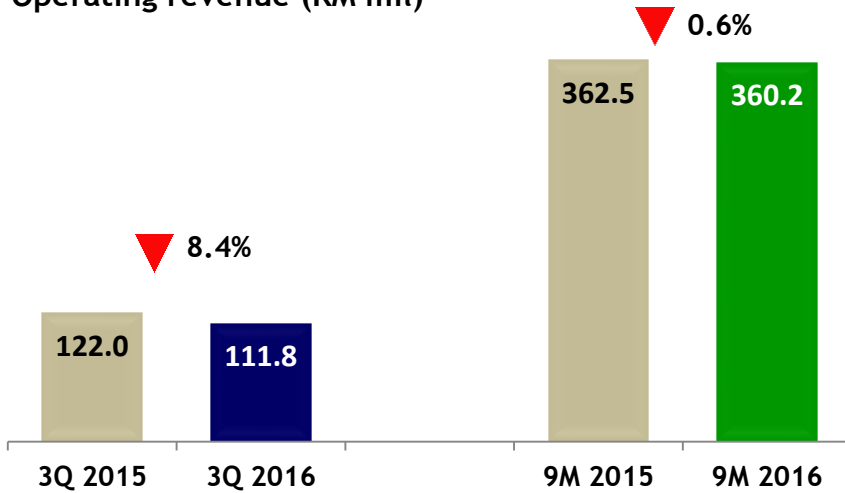
- FINANCIAL SNAPSHOT
- OPERATING REVENUE
- OPERATING EXPENSES

Financial Snapshot

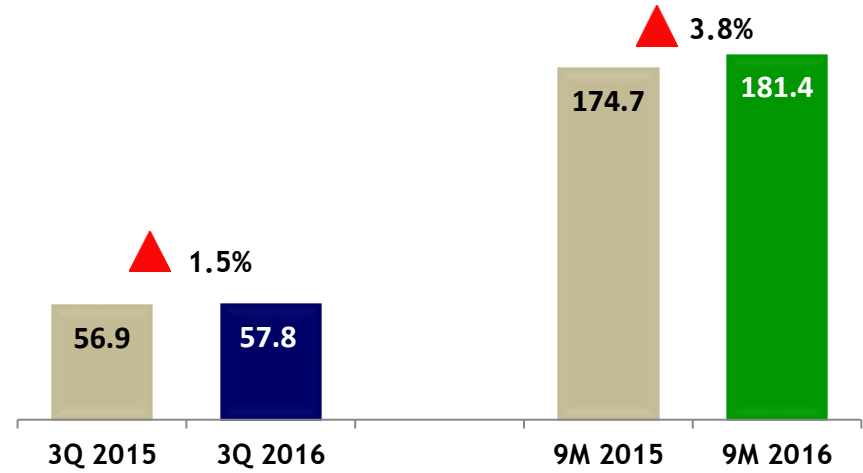
3rd quarter market performance affected 9M16 financial performance



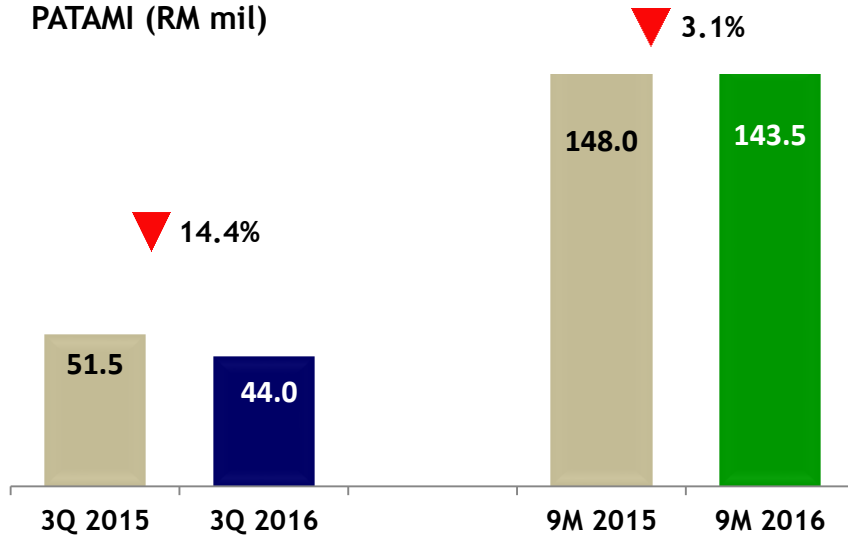
Operating revenue (RM mil)



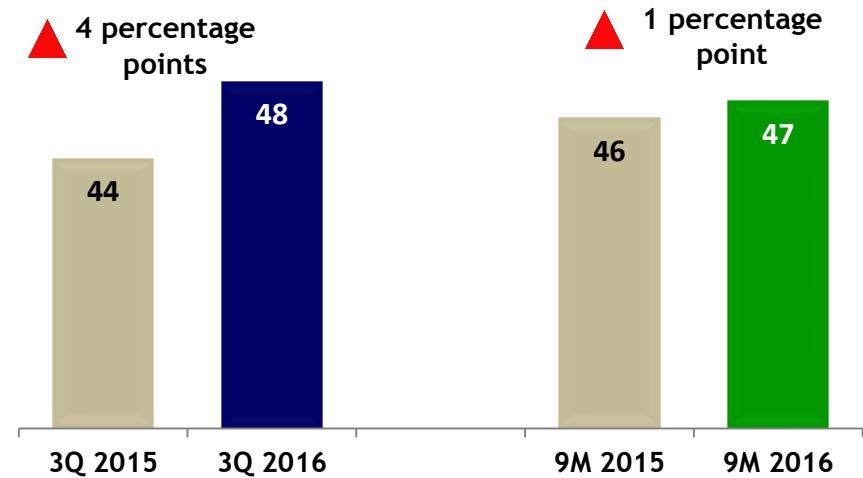
Operating expenses (RM mil)



PATAMI (RM mil)

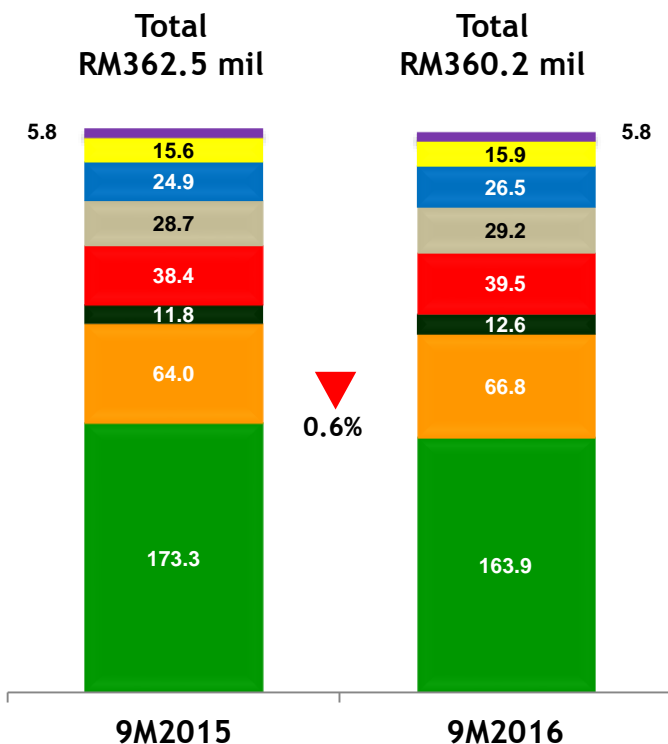


Cost to Income Ratio (%)

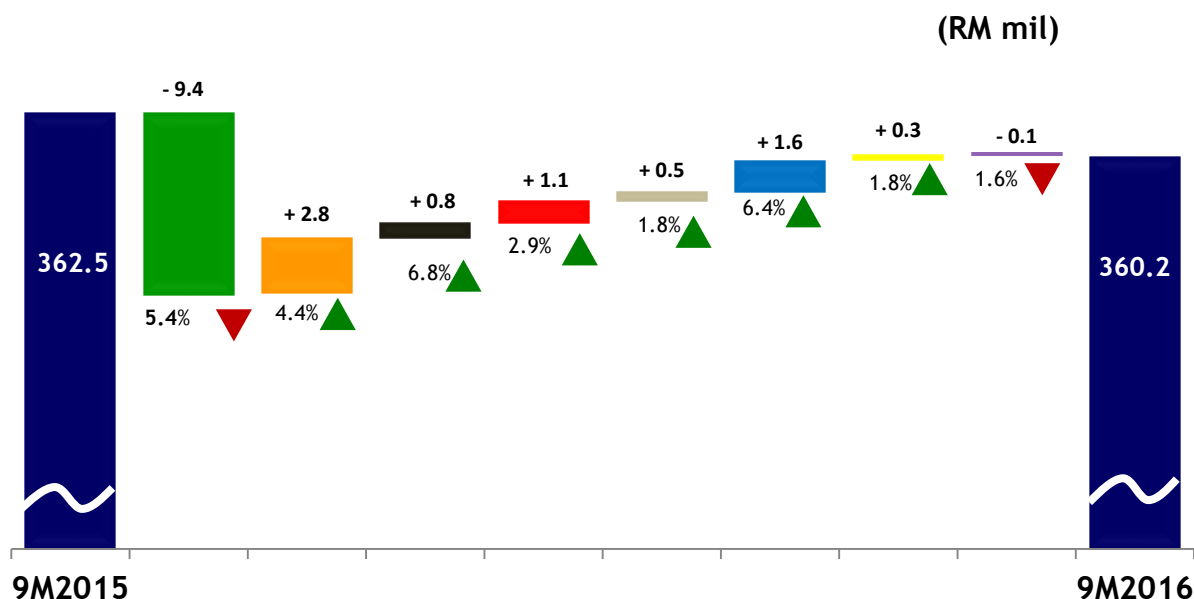


Operating Revenue

Growth in non-trading revenue partially offset the decline in trading revenue



Growth contribution by revenue:



- Securities Trading Revenue
- Derivatives Trading Revenue
- BSAS Trading Revenue
- Listing & Issuer Services
- Depository Services
- Market Data
- Member Services & Connectivity
- Other Operating Revenue*

- Higher Derivatives and Islamic Capital Markets trading revenue cushioned the lower Securities trading revenue.
- Market data revenue increased due to higher number of subscribers.
- Higher listing and issuer services due to higher number of corporate exercises.

Note* - Other operating revenue mainly includes conference & exposition income

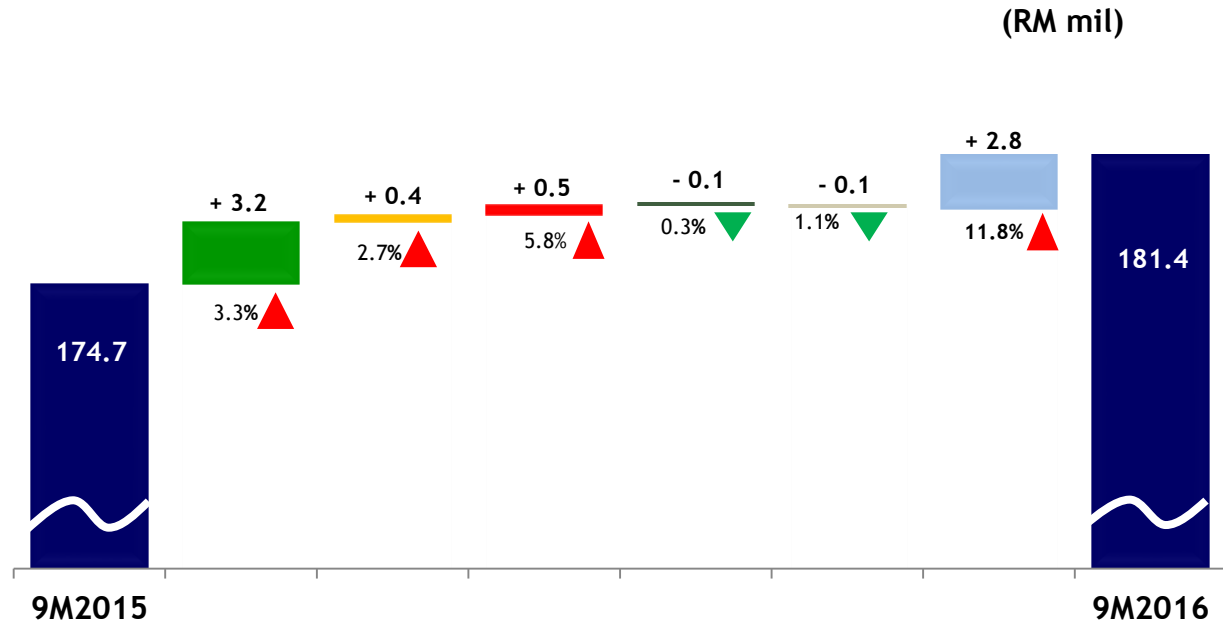
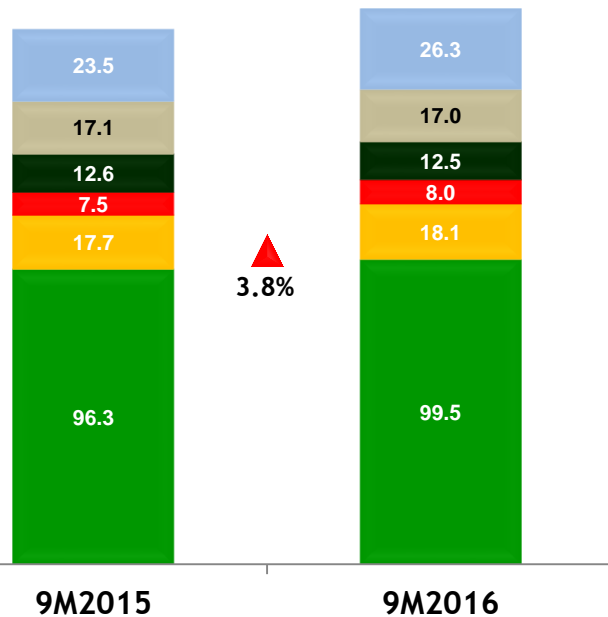
Operating Expenses

9M2016 operating expenses increased 3.8% YoY



Total RM174.7 mil Total RM181.4 mil

Movement of expenses:



- Staff costs
- Depreciation & amortisation
- Marketing & development
- IT maintenance
- Service fees
- Other operating expenses^

- Staff cost increased due to annual increment.
- Higher other operating expenses mainly due to a one-off consultancy fee.

Note^ - Other operating expenses include building maintenance, administrative expenses and CDS expenses.



- Highlights of 9M2016 Initiatives
- Focus Areas
- Moving Forward

SI 1

Create a More Facilitative TRADING ENVIRONMENT

- Extended “Green Lane Policy” to eligible futures brokers & eligible general clearing participants.
- Enabled multi-currency fixed income instruments in web-based Electronic Trading Platform.

SI 2

Facilitate More TRADABLE ALTERNATIVES

- Launched call and put warrants over the Standard & Poor’s 500 Index.
- Launched enhanced 3-Year, 5-Year and 10-Year Malaysian Government Securities Futures contract.
- Launched Bursa Malaysia-*i* - the world's first fully integrated Islamic securities exchange platform.

SI 3

Reshape MARKET STRUCTURE & FRAMEWORK

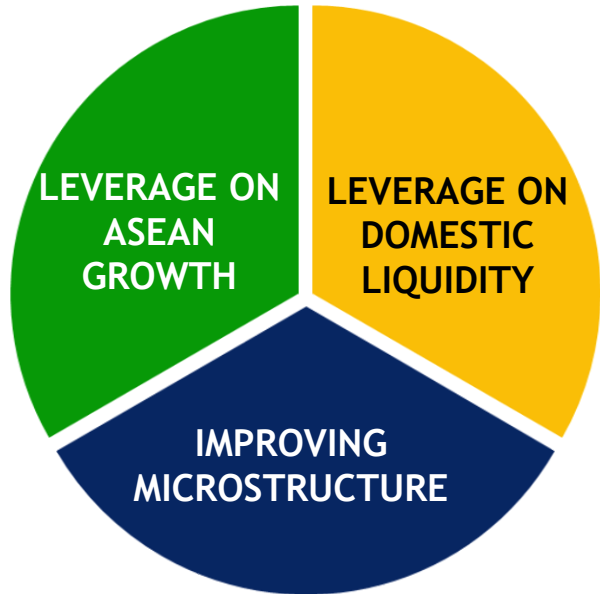
- Amended Listing Requirements to raise the standards of disclosure of Corporate Governance practices.
- Launched the Equities Margining Framework.

SI 4

REGIONAL MARKETPLACE with Global Access (Centre of ASEAN)

- Launched FTSE4GOOD ASEAN 5 Index.
- Signed MoU with Taiwan Stock Exchange to undertake joint study to explore capital market opportunities.
- Signed MoU with Indonesia Stock Exchange to collaborate on Islamic financial market.

Focus 1: Value Extraction



Focus 2: Build for the Future



SI 1

Create a More Facilitative TRADING ENVIRONMENT

SI 2

Facilitate More TRADABLE ALTERNATIVES

SI 3

Reshape MARKET STRUCTURE & FRAMEWORK

SI 4

REGIONAL MARKETPLACE with Global Access (Centre of ASEAN)

SECURITIES MARKET

- The Securities Market performance continues to be influenced by global and local economic and market developments.
- Domestic liquidity continues to provide support to the equity market given Malaysia's resilient and strong economic fundamentals.

DERIVATIVES MARKET

- Derivatives Market activities will continue to be influenced by volatility in commodity prices and the FBM KLCI.

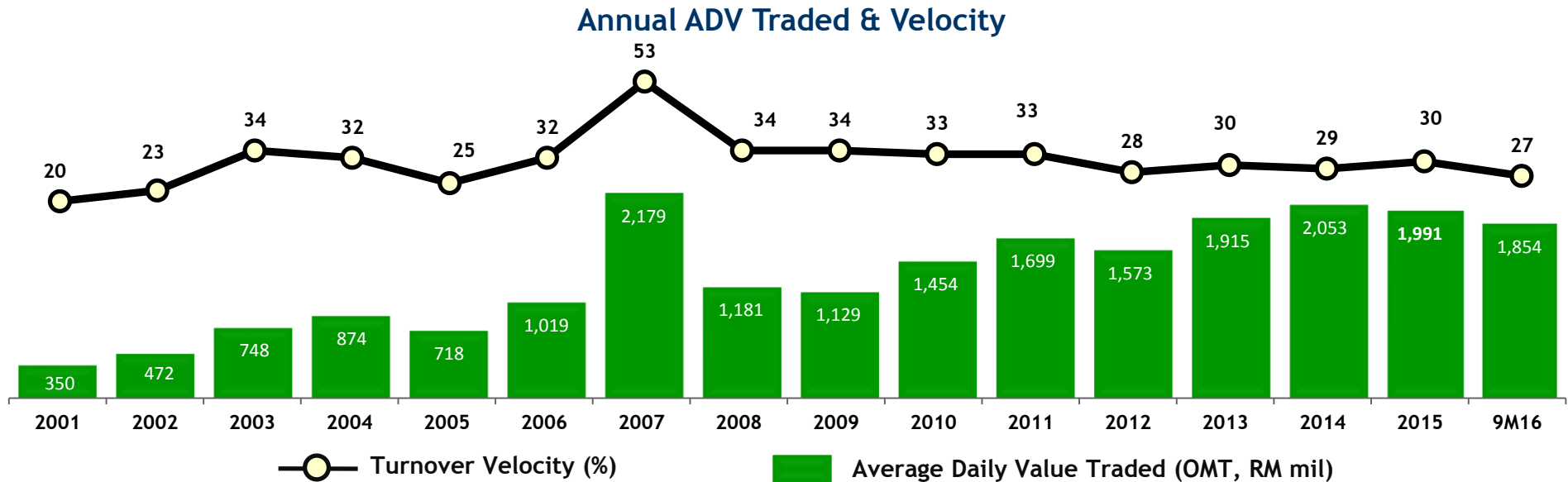
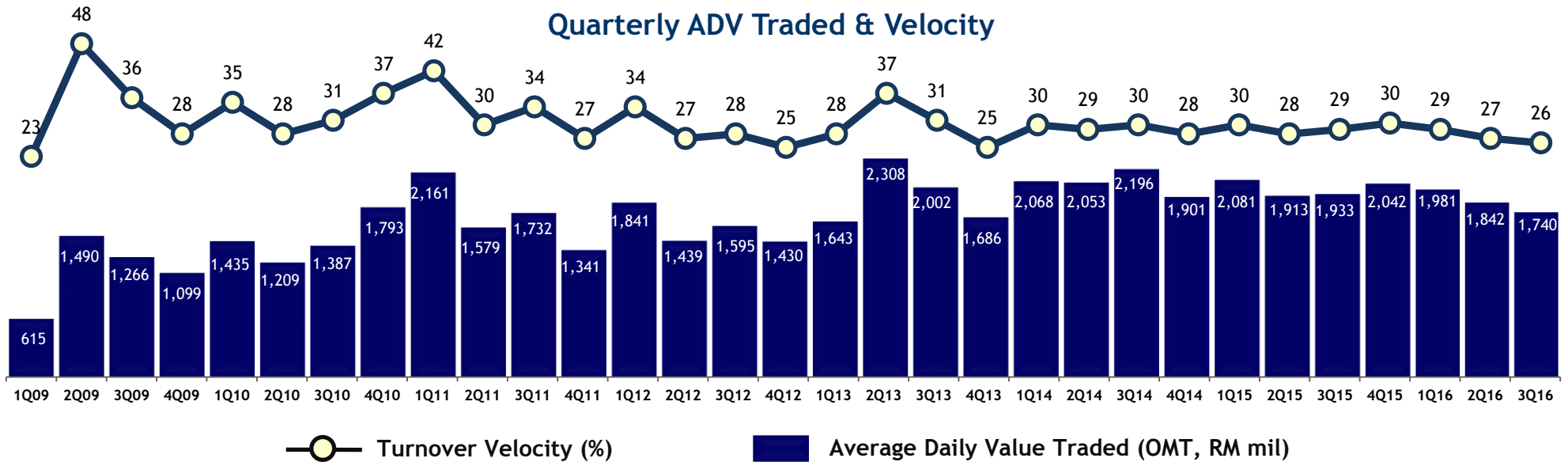
ISLAMIC CAPITAL MARKET

- Transactions on Bursa Suq Al-Sila' are expected to be sustained with the demand for Murabaha contracts to aid liquidity management.
- The introduction of Bursa Malaysia-i, the world's first fully integrated Islamic securities exchange platform, is expected to further attract a wider pool of both domestic and foreign investors.

The Exchange remains cautiously optimistic on its performance for the year, and shall continue with its initiatives in making the Malaysian equity and derivatives markets more attractive and vibrant.

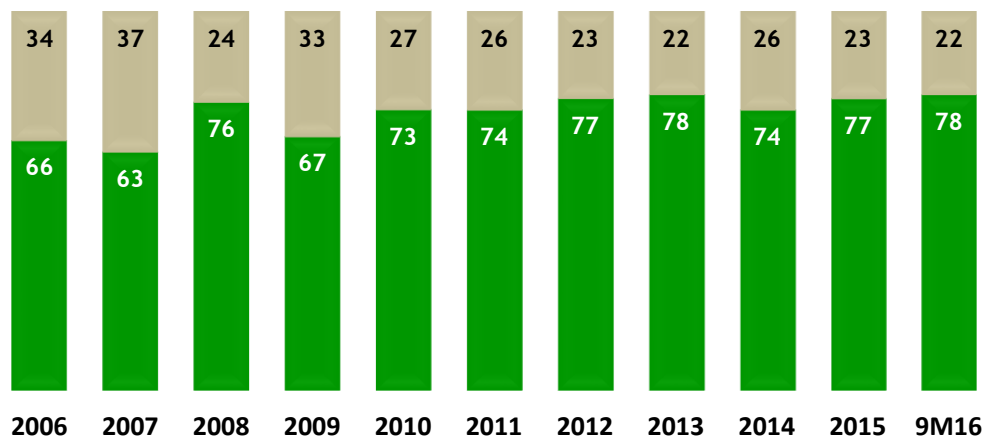
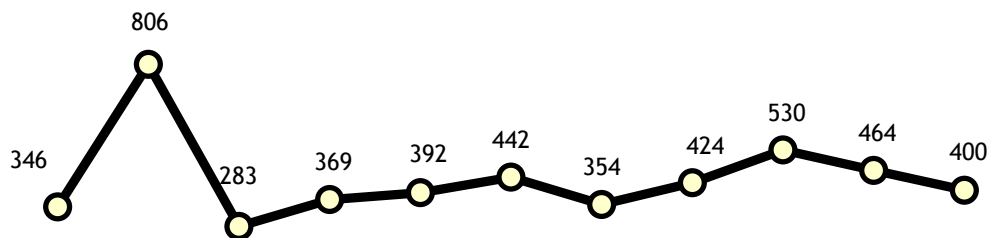
- Securities Market Trading Activity
- Securities Market Trading Participation
- Securities Market Foreign Ownership
- Foreign Inflow/Outflow
- Derivatives Market Activity
- Derivatives Market Demography
- Islamic Capital Market Activity

Securities Market Trading Activity



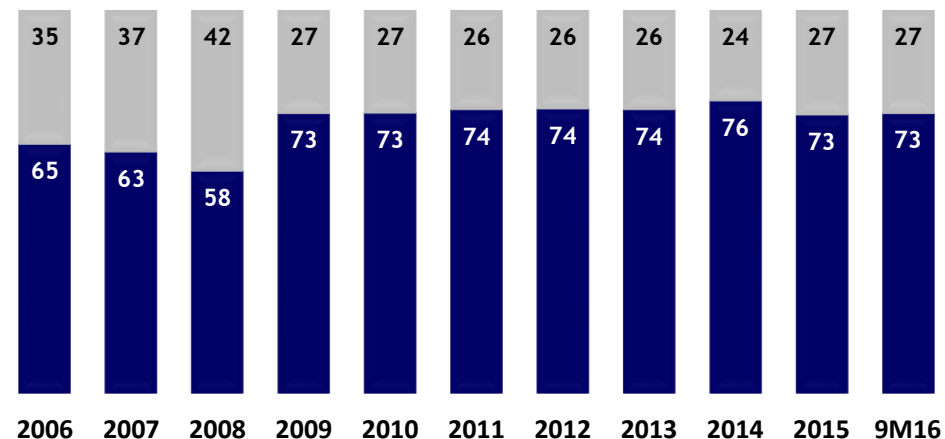
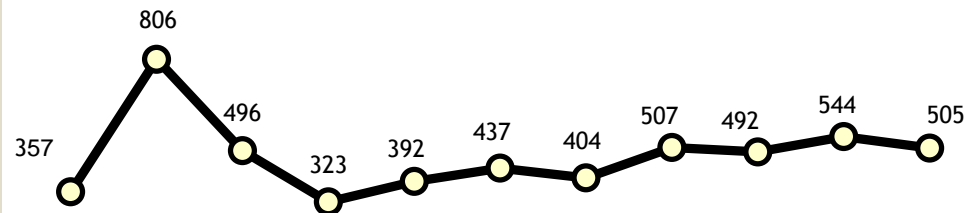
Securities Market Trading Participation

Retail vs Institution



Retail ADV Traded (RM mil)
 Retail (%)
 Institutions (%)

Foreign vs Local

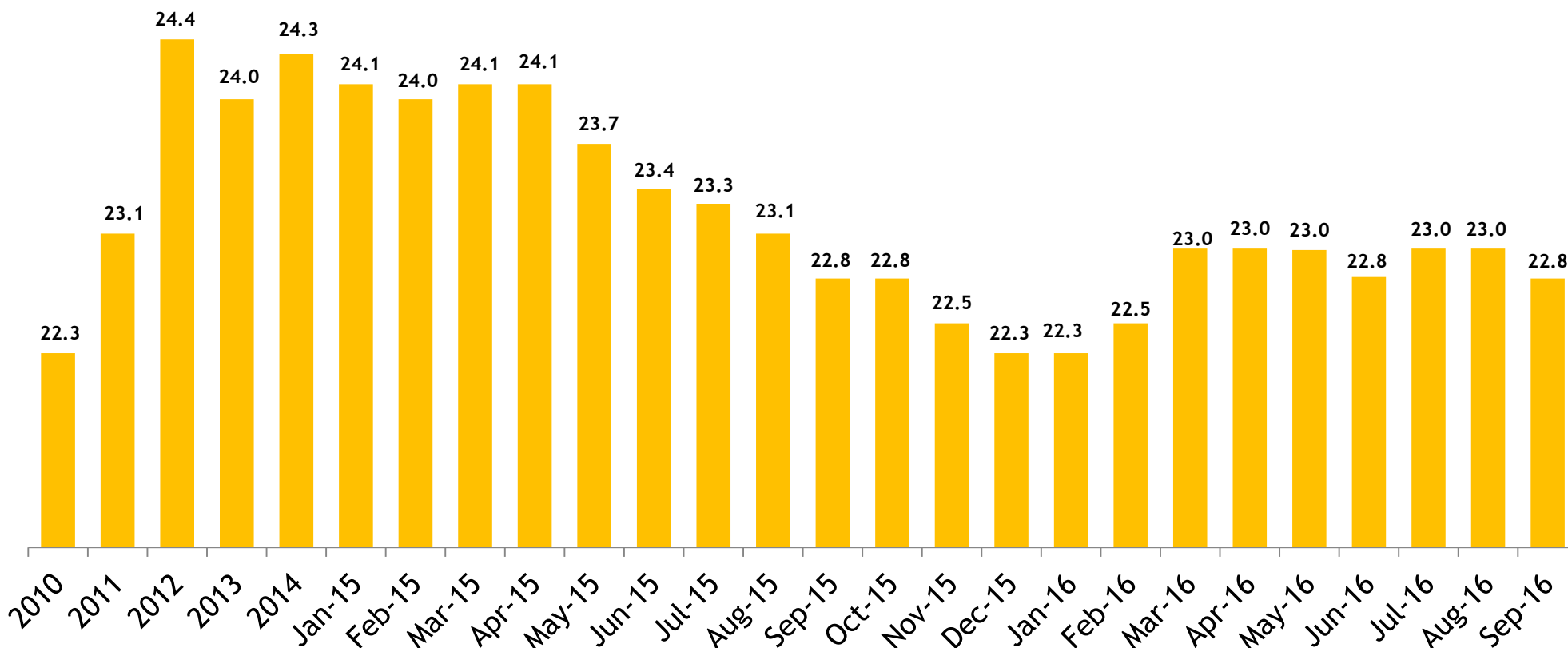


Foreign ADV Traded (RM mil)
 Foreign (%)
 Local (%)

From 2006 to 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

Securities Market Foreign Ownership

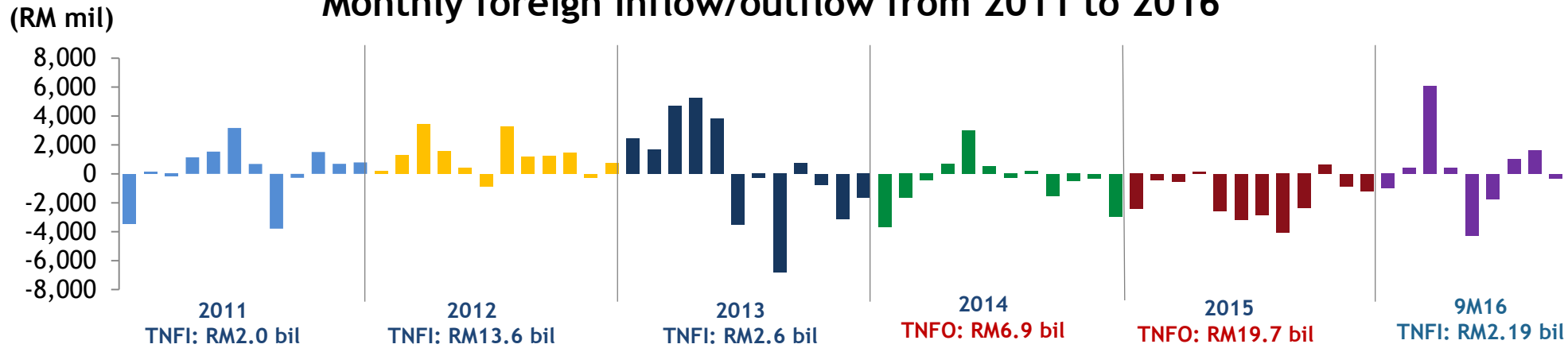
Based on Market Capitalisation (%)



Note: Previously, foreign shareholdings are computed based on the investor's country of incorporation. To be more reflective of the actual foreign shareholdings in the equity market, from January 2016 onward, the foreign shareholdings are computed based on the nationality of investors. On this basis, we have adjusted all the numbers above accordingly.

Foreign Inflow/Outflow

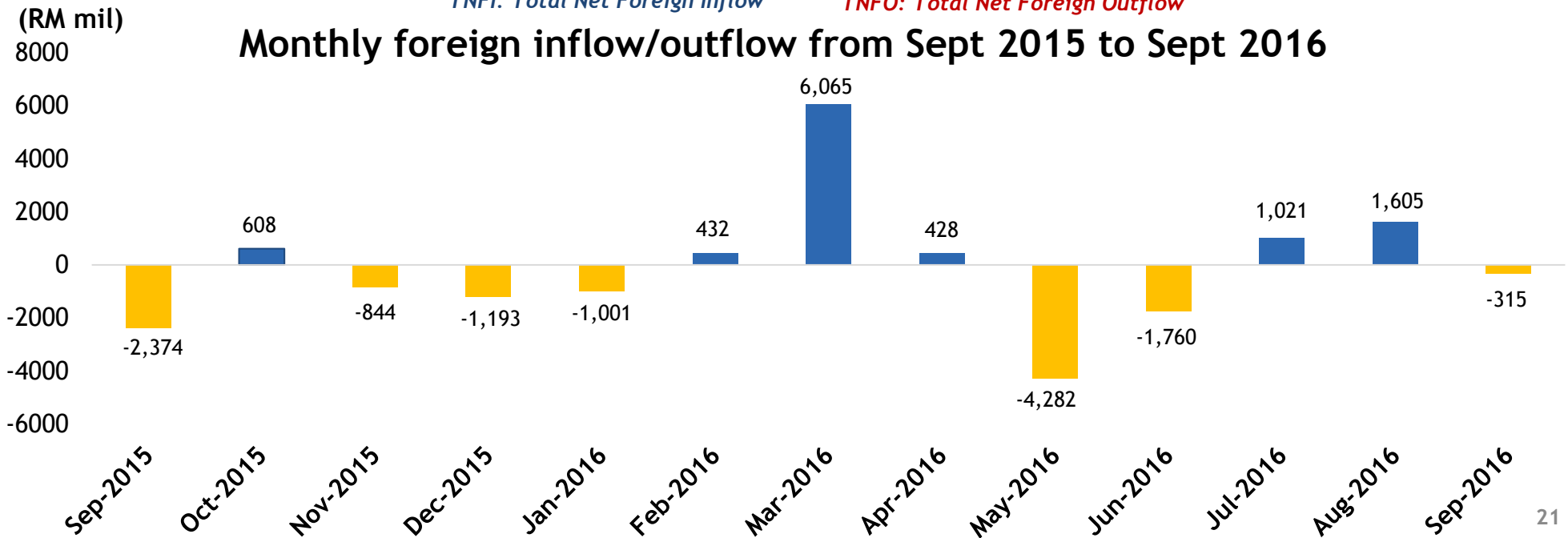
Monthly foreign inflow/outflow from 2011 to 2016



TNFI: Total Net Foreign Inflow

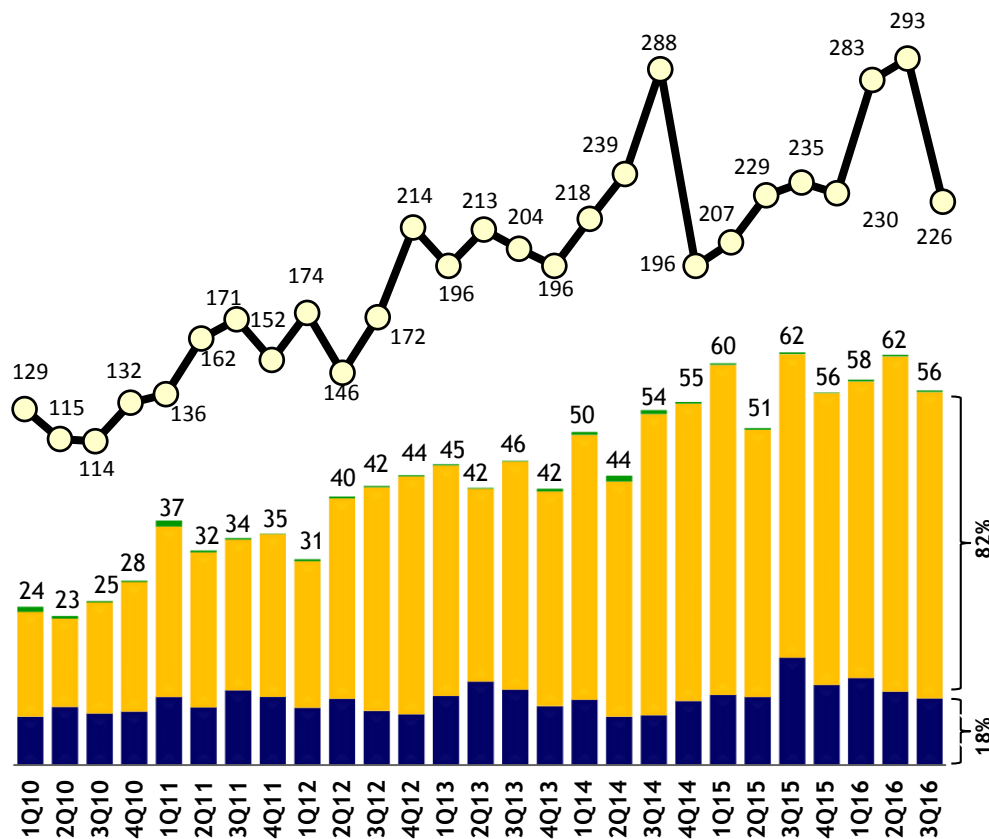
TNFO: Total Net Foreign Outflow

Monthly foreign inflow/outflow from Sept 2015 to Sept 2016

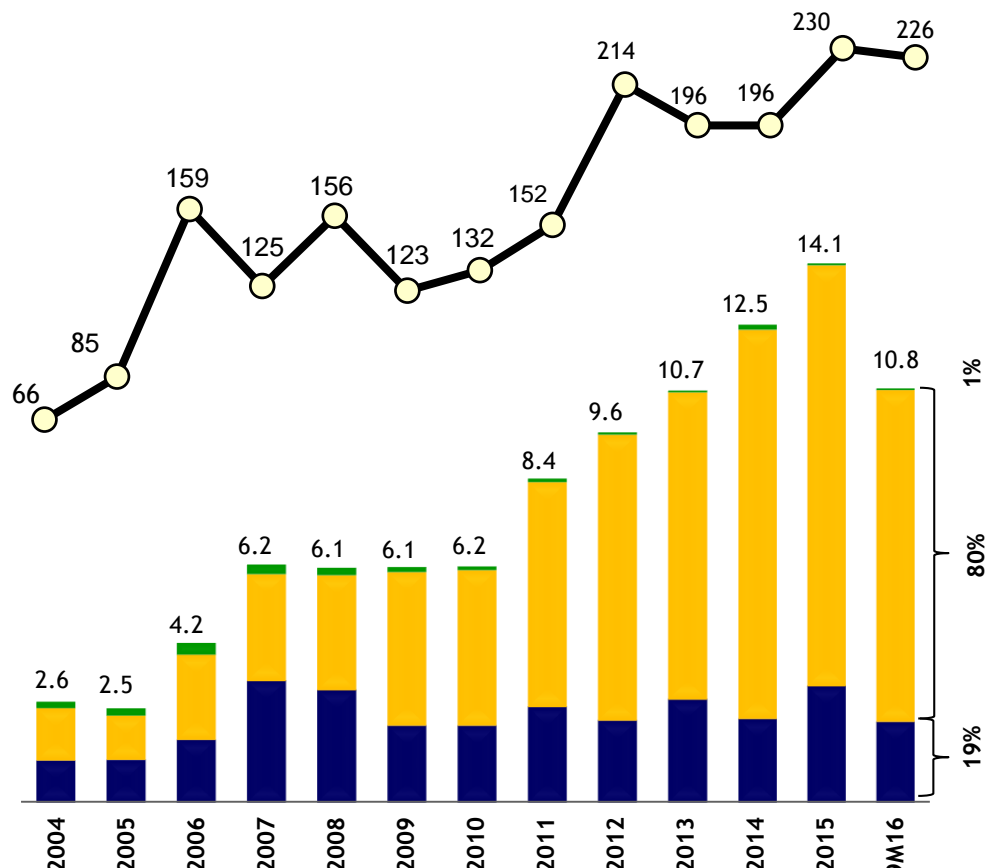


Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

■ Others

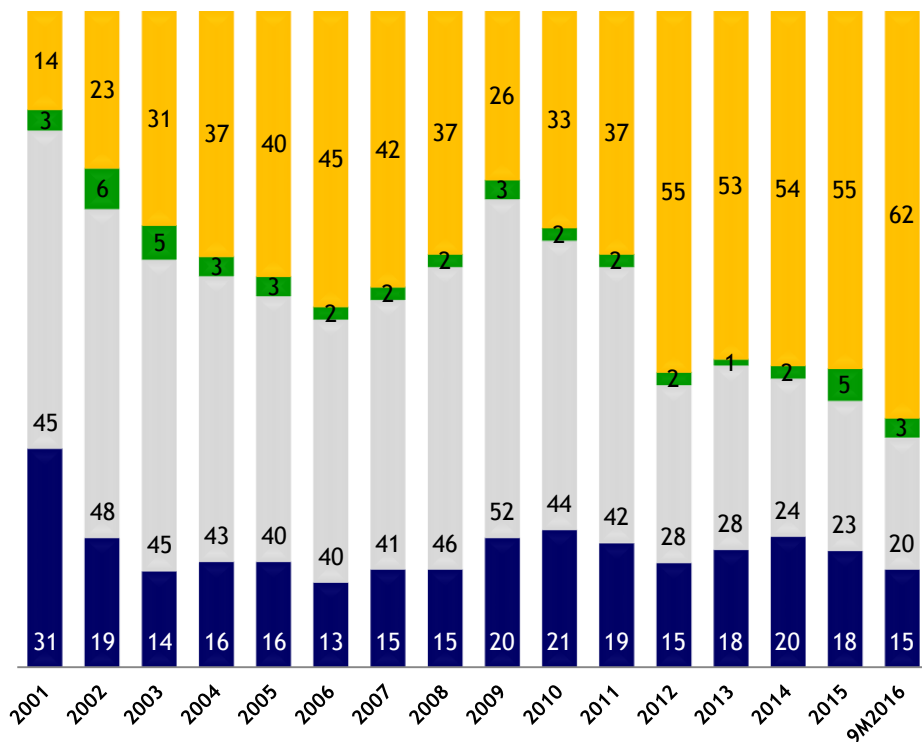
■ Crude Palm Oil Futures

■ FMBKLCI Futures

Derivatives Market Demography

FKLI

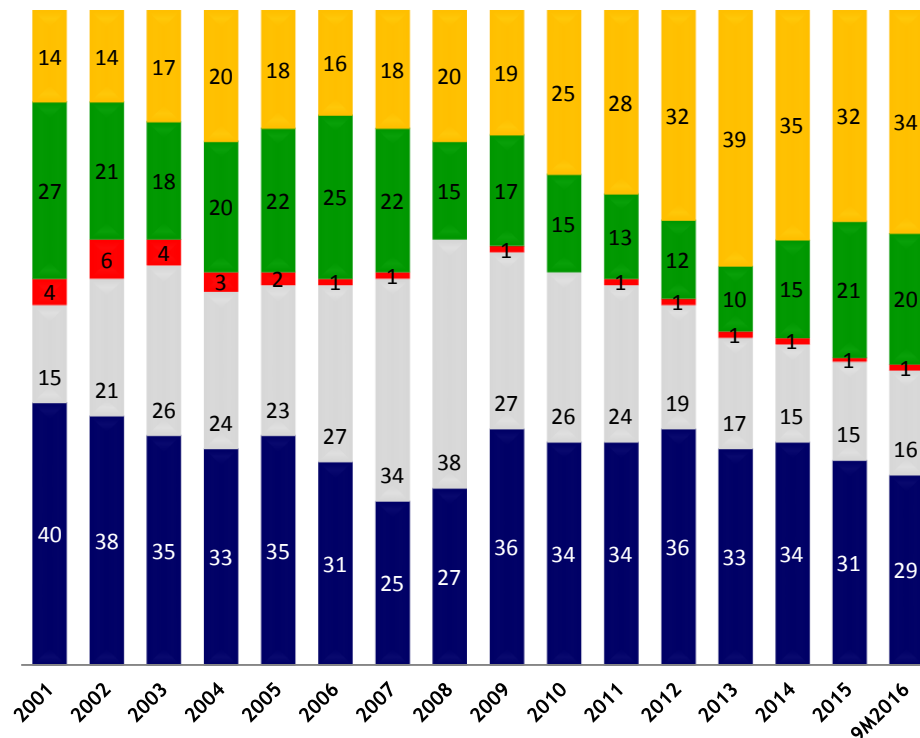
(%)



■ Foreign Institutions ■ Domestic Retail
■ Domestic Institutions ■ Local

FCPO

(%)

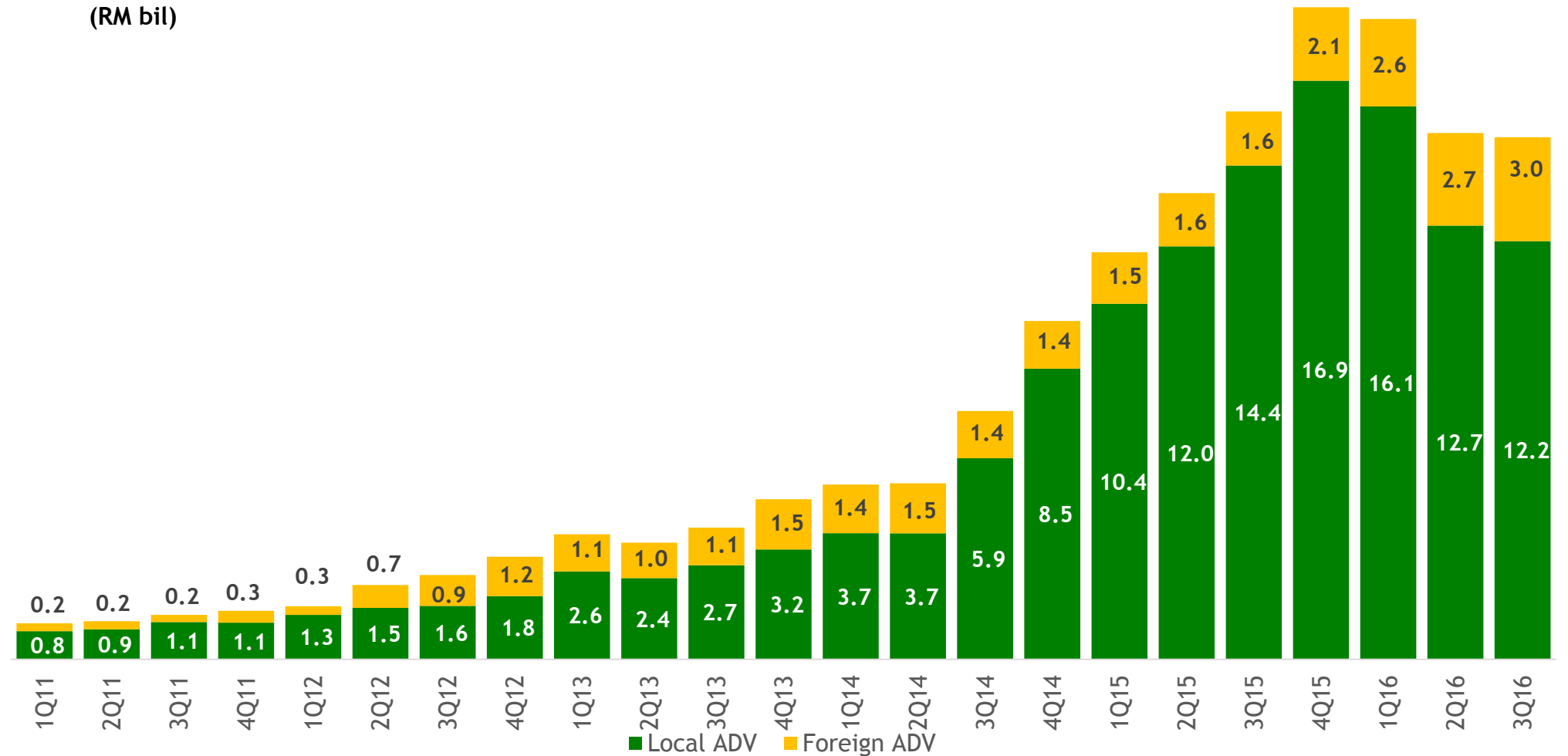


■ Foreign Institutions ■ Foreign Retail ■ Local
■ Domestic Institutions ■ Domestic Retail

Islamic Capital Market Activity

BSAS Average Daily Value

(RM bil)



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