

Deutsche Bank (Malaysia) Berhad
(Company No. 312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Interim Financial Statements
for the Financial Period ended 30 September 2016



Consolidated Statements of Financial Position
As at 30 September 2016 - Unaudited

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Assets					
Cash and short term funds		3,939,296	5,856,232	3,939,296	5,856,232
Securities purchased under resale agreements		298,431	530,140	298,431	530,140
Financial assets held-for-trading	12	1,602,307	832,514	1,602,307	832,514
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,761,288	1,332,466	1,761,288	1,332,466
Other assets	15	3,631,508	5,001,317	3,631,508	5,001,317
Tax recoverable		5,632	4,532	5,632	4,532
Statutory deposit with Bank Negara Malaysia		18,000	20,000	18,000	20,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		4,088	4,047	4,088	4,047
Deferred tax assets		13,715	26,543	13,715	26,543
Total assets		11,275,856	13,609,382	11,275,876	13,609,402
Liabilities and shareholders' funds					
Deposits from customers	16	4,856,930	4,817,557	4,856,950	4,817,577
Deposits and placements of banks and other financial institutions	17	828,405	1,856,651	828,405	1,856,651
Other liabilities	18	3,834,637	5,226,784	3,834,637	5,226,784
Total liabilities		9,519,972	11,900,992	9,519,992	11,901,012
Share capital		173,599	173,599	173,599	173,599
Reserves		1,582,285	1,534,791	1,582,285	1,534,791
Shareholders' funds		1,755,884	1,708,390	1,755,884	1,708,390
Total liabilities and shareholders' funds		11,275,856	13,609,382	11,275,876	13,609,402
Commitments and contingencies	25	119,454,137	120,439,647	119,454,137	120,439,647

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2015.

Consolidated Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2016 - Unaudited

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Interest income	19	148,134	141,617	51,820	51,676
Interest expense	20	(54,888)	(52,684)	(16,528)	(20,956)
Net interest income		<u>93,246</u>	<u>88,933</u>	<u>35,292</u>	<u>30,720</u>
Net income from Islamic Banking Operations	26	595	1,244	142	387
Non-interest income	21	212,126	137,148	68,281	44,925
Operating income		<u>305,967</u>	<u>227,325</u>	<u>103,715</u>	<u>76,032</u>
Other operating expenses	22	(108,172)	(99,099)	(38,394)	(32,453)
Operating profit		<u>197,795</u>	<u>128,226</u>	<u>65,321</u>	<u>43,579</u>
Allowance (made)/ written back for impairment on loans, advances and financing	23	(1,973)	(1,191)	502	(1,298)
Profit before tax		<u>195,822</u>	<u>127,035</u>	<u>65,823</u>	<u>42,281</u>
Tax expense		(48,328)	(32,809)	(15,871)	(10,825)
Net profit / Total comprehensive income for the period		<u>147,494</u> =====	<u>94,226</u> =====	<u>49,952</u> =====	<u>31,456</u> =====
Earnings per share (sen)		85.0 sen =====	54.3 sen =====	28.8 sen =====	18.1 sen =====

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2015.

Consolidated Statements Of Changes In Equity
For The Financial Period Ended 30 September 2016

	<-----Attributable to owner of the Bank----->						Total RM'000
	<-----Non-distributable----->			Distributable			
Group and Bank	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	
At 1 January 2016	173,599	357,763	188,280	988,748	1,534,791	-	1,708,390
Net profit/Total comprehensive income for the period	-	-	-	147,494	147,494	-	147,494
Dividend paid	-	-	-	(100,000)	(100,000)	-	(100,000)
At 30 September 2016	173,599	357,763	188,280	1,036,242	1,582,285	-	1,755,884
At 1 January 2015	173,599	357,763	188,280	876,399	1,422,442	117,067	1,713,108
Net profit/Total comprehensive income for the period	-	-	-	94,226	94,226	-	94,226
Dividend paid	-	-	-	-	-	(117,067)	(117,067)
At 30 September 2015	173,599	357,763	188,280	970,625	1,516,668	-	1,690,267

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2015.

Condensed Consolidated Statements Of Cash Flows
For The Financial Period Ended 30 September 2016

	Group and Bank	
	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	195,822	127,035
Adjustments for non-operating and non-cash items	705	729
Operating profit before working capital changes	196,527	127,764
Changes in working capital:		
Net changes in operating assets	404,903	(5,234,339)
Net changes in operating liabilities	(2,381,020)	5,190,019
Income tax paid	(36,600)	(31,086)
Net cash (used in)/ generated from operations	(1,816,190)	52,358
Cash flows from investing activities:		
Purchase of plant and equipment	(746)	(101)
Net cash used in investing activities	(746)	(101)
Cash flows from financing activities:		
Dividend paid	(100,000)	(117,067)
Net cash used in financing activities	(100,000)	(117,067)
Net decrease in cash and cash equivalents	(1,916,936)	(64,810)
Cash and cash equivalents at beginning of the period	5,856,232	5,145,807
Cash and cash equivalents at end of the period	3,939,296	5,080,997
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,939,296	5,080,997

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2015.

Explanatory Notes To The Interim Financial Statements
For The Financial Period Ended 30 September 2016

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 2016 have been prepared under the historical cost convention except for securities purchased under resale agreements, financial assets held-for-trading and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2015.

The unaudited interim financial statements incorporated those activities relating to the Islamic banking business. Islamic banking business refers generally to the acceptance of deposits under the principles of Shariah.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2015, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

- 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 MFRS128, *Investment 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*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- 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)*

1. Basis of preparation (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by 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 2017

- 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*

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

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for for 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 Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations as follows:

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

1. Basis of preparation (continued)

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

(i) 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 adoption of MFRS 9 may have an impact to the classification and measurement of financial assets and financial liabilities of the Group and the Bank.

(ii) 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 adoption of MFRS 15 may have an impact to the current revenue recognition policy of the Group and the Bank.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 15.

2. Audit report

The audit report on the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2015 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

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

4. 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 Group and of the Bank for the financial period ended 30 September 2016.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2016.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2016.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid the final dividend of 57.6 sen per ordinary share totalling RM100,000,000 in respect of the financial year ended 31 December 2015. The dividend was paid on 29 July 2016.

8. Material Events

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2016.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 September 2016 of RM195.8 million compared to RM127.0 million profit for the previous corresponding period. Operating income increased by RM78.7 million (+34.6%) from RM227.3 million to RM306.0 million primarily driven by higher non-interest income of RM212.1 million against RM137.1 million in the previous corresponding period. Net interest income increased by RM4.3 million (+4.8%) from RM88.9 million to RM93.2 million. Operating expenses increased by RM9.1 million (+9.2%) from RM99.1 million to RM108.2 million mainly attributed to higher indirect tax expenses and intercompany charges.

Total assets registered a decrease of RM2.3 billion or 17.2% from RM13.6 billion as at 31 December 2015 to RM11.3 billion as at 30 September 2016. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 19.3% and 19.5%, respectively.

11. Prospects

Growth prospects for the global economy outlook remains weak with uncertainties following events such as UK Referendum on Brexit, sluggish growth with low commodity prices and upcoming US presidential election. In the US, although employment and consumer spending recorded growth, GDP growth is expected to remain below trend due to weak productivity and soft business investment. Whilst in the EURO area, Brexit has added to the pre-existing risk from structural reform and political headwinds. Short term economic environment is however expected to continue with modest growth in 2016 as investment and productivity are projected to improve.

On the local front, overnight policy rate remains unchanged at 3.00%. Domestic demand continue to be the key driver of growth, with growth recorded in private consumption and private investment. Export growth on the other hand is expected to remain weak following subdued demand in the global economic activity. Malaysia growth is expected to be on track with 4.0% - 4.5% forecast for 2016.

The Bank aims to remain competitive while maintaining strict risk, capital and cost discipline. We will continue to be relentless in our focus on product innovation to broaden and strengthen our suite of products, and at the same time leverage on our global expertise to enhance value-added service to our clients.

The Bank will continue to focus on building our franchise in Markets and Corporate & Investment Banking, with emphasis on client flows in foreign exchange, fixed income, interest rate derivatives, credit derivatives, structured transactions, money markets, repo, capital market instruments, cash management, securities services, trade finance and islamic banking.

The Bank looks forward to serve the best interest of our clients, employees and communities in which we operate in 2016 and beyond.

12. Financial assets held-for-trading

	Group and Bank	
	30 September 2016	31 December 2015
At fair value	RM'000	RM'000
Malaysian Government Securities	666,722	283,324
Malaysian Investment Issue	251,017	222,048
Bank Negara Malaysia Bills	682,483	-
Cagamas bonds	2,085	27,142
Negotiable instruments of deposit	-	300,000
	<u>1,602,307</u>	<u>832,514</u>
	=====	=====

13. Financial investments available-for-sale

	Group and Bank	
	30 September 2016	31 December 2015
At cost	RM'000	RM'000
Unquoted securities	1,591	1,591
	<u>1,591</u>	<u>1,591</u>
	=====	=====

14. Loans, advances and financing

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Overdrafts	113,693	71,394
Term loans - housing loans	15,862	18,110
- other term loans	135,026	196,128
Bills receivable	667,676	240,143
Claims on customers under acceptance credits	852,601	819,245
Staff loans	3,343	3,739
	<u>1,788,201</u>	<u>1,348,759</u>
Unearned interest	(13,666)	(6,710)
	<u>1,774,535</u>	<u>1,342,049</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(13,051)	(9,268)
- Individual assessment	(196)	(315)
	<u>1,761,288</u>	<u>1,332,466</u>
Net loans, advances and financing	=====	=====

The maturity structure of gross loans, advances and financing are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Maturing within one year	1,724,471	1,290,887
More than one to three years	32,025	3,696
More than three to five years	1,498	31,368
More than five years	16,541	16,098
	<u>1,774,535</u>	<u>1,342,049</u>
	=====	=====

Gross loans, advances and financing analysed by type of customer are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Domestic banking institutions	5,426	1,729
Domestic business enterprises	740,308	973,534
Domestic non-bank financial institutions	247,355	-
Government and statutory bodies	109,739	114,888
Individuals	19,204	21,849
Foreign entities	652,503	230,049
	<u>1,774,535</u>	<u>1,342,049</u>
	=====	=====

14. Loans, advances and financing (continued)

Gross loans, advances and financing analysed by interest / profit rate sensitivity are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Fixed rate		
- Other fixed rate loan / financing	3,220	3,739
Variable rate		
- Base lending rate plus	34,128	37,075
- Cost-plus	1,735,163	1,298,911
- Other variable rates	2,024	2,324
	<u>1,774,535</u>	<u>1,342,049</u>
	=====	=====

Gross loans, advances and financing analysed by their geographical distribution are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Malaysia	1,115,953	1,112,000
China	262,077	69,504
Singapore	47,769	48,679
India	237,672	44,144
Holland	47,396	35,182
Vietnam	23,202	10,355
Others	40,466	22,185
	<u>1,774,535</u>	<u>1,342,049</u>
	=====	=====

Gross loans, advances and financing analysed by their economic sector are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Mining and quarrying	2,727	-
Manufacturing	342,239	347,618
Construction	70,054	21,628
Wholesale & retail trade and restaurants & hotels	106,951	248,123
Transport, storage and communication	200,560	189,723
Finance, insurance and business services	923,061	513,108
Education, Health and Others	109,739	-
Household	19,204	21,849
	<u>1,774,535</u>	<u>1,342,049</u>
	=====	=====

14. Loans, advances and financing (continued)

Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Balance at 1 January	2,982	3,537
Classified as impaired during the period/year	453	517
Reclassified as non-impaired during the period/year	(479)	(864)
Amount recovered	(337)	(208)
At 30 September 2016/31 December 2015	<u>2,619</u>	<u>2,982</u>
	=====	=====
Gross impaired loans as a percentage of gross loans, advances and financing	0.15%	0.22%
	=====	=====

Movement in the allowance for impaired loans, advances and financing are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	9,268	8,807
Allowance made during the period/year	3,783	461
At 30 September 2016/31 December 2015	<u>13,051</u>	<u>9,268</u>
	=====	=====

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	315	304
Allowance made during the period/year	99	42
Amount recovered	(218)	(31)
At 30 September 2016/31 December 2015	<u>196</u>	<u>315</u>
	=====	=====

Impaired loans, advances and financing analysed by economic sector are as follows:

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Household	2,619	2,982
	<u>2,619</u>	<u>2,982</u>
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Interest / Income receivable	8,476	8,539
Margin placed with exchange	17,898	2,419
Derivatives	2,587,088	3,647,273
Other debtors, deposits and prepayments	1,018,046	1,343,086
	<u>3,631,508</u>	<u>5,001,317</u>
	=====	=====

16. Deposits from customers

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Demand deposits	4,367,687	3,660,188	4,367,707	3,660,208
Savings deposits	3,564	3,789	3,564	3,789
Fixed deposits	138,965	326,352	138,965	326,352
Other deposits	346,714	827,228	346,714	827,228
	<u>4,856,930</u>	<u>4,817,557</u>	<u>4,856,950</u>	<u>4,817,577</u>
	=====	=====	=====	=====

The maturity structure of fixed deposits and other deposits are as follows:-

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Due within six months	385,623	990,951
More than six months to one year	8,373	87,593
More than one year to three years	207	192
More than five years	91,476	74,844
	<u>485,679</u>	<u>1,153,580</u>
	=====	=====

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Business enterprises	4,058,680	3,455,672	4,058,700	3,455,692
Individuals	27,462	33,342	27,462	33,342
Foreign customers	133,211	478,933	133,211	478,933
Others	637,577	849,610	637,577	849,610
	<u>4,856,930</u>	<u>4,817,557</u>	<u>4,856,950</u>	<u>4,817,577</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Other financial institutions	828,405	1,856,651
	<u>828,405</u>	<u>1,856,651</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Interest payable	1,934	3,465
Bills payable	91,316	90,612
Derivatives	2,317,135	3,196,221
Employee benefits	6,783	19,660
Other liabilities	1,417,469	1,916,826
	<u>3,834,637</u>	<u>5,226,784</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	38,470	40,125	12,627	13,360
Money at call and deposit placements with financial institutions	85,701	44,233	32,165	21,305
Securities purchased under resale agreement	4,919	11,105	1,311	2,809
Financial assets held for trading	19,044	46,154	5,717	14,202
	<u>148,134</u>	<u>141,617</u>	<u>51,820</u>	<u>51,676</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	99	34	83	7
	<u>99</u>	<u>34</u>	<u>83</u>	<u>7</u>
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	8,760	6,751	2,801	3,710
Obligations on securities sold under repurchase agreement	57	398	1	-
Deposits from customers	46,071	45,535	13,726	17,246
	<u>54,888</u>	<u>52,684</u>	<u>16,528</u>	<u>20,956</u>
	=====	=====	=====	=====

21. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	12,301	9,532	3,144	3,785
Service charges and fees	27,195	24,267	8,040	9,045
Guarantee fees	4,167	4,629	1,373	1,069
	<u>43,663</u>	<u>38,428</u>	<u>12,557</u>	<u>13,899</u>
Fee expense:				
Commissions	(4,437)	(2,661)	(1,119)	(1,180)
Service charges and fees	(7,383)	(3,286)	(2,215)	(1,225)
	<u>(11,820)</u>	<u>(5,947)</u>	<u>(3,334)</u>	<u>(2,405)</u>
Net fee income	<u>31,843</u>	<u>32,481</u>	<u>9,223</u>	<u>11,494</u>
Net gains from financial instruments:				
Net gain arising on financial assets held for trading :				
Realised gain/(loss)	32,676	3,991	15,759	(5,133)
Unrealised gain/(loss)	373	3,182	(1,209)	(294)
Net gain/(loss) arising on trading derivatives:				
Realised gain/(loss)	220,175	(496,302)	271,432	(284,096)
Unrealised revaluation (loss)/gain	(188,189)	337,469	(266,800)	393,100
Foreign exchange gain/(loss)	97,121	239,134	31,044	(78,315)
Gross dividend income	93	93	48	48
Other income:				
Other operating income, net	18,034	17,100	8,784	8,121
	<u>180,283</u>	<u>104,667</u>	<u>59,058</u>	<u>33,431</u>
	<u>212,126</u>	<u>137,148</u>	<u>68,281</u>	<u>44,925</u>

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	34,778	37,699	10,766	12,604
-Others	10,724	10,478	3,150	2,630
Establishment costs				
-Rental	2,183	2,073	727	727
-Depreciation	705	729	226	213
-Others	4,259	3,271	2,323	989
Marketing expenses	1,547	1,444	567	388
Administration and general expenses				
-Intercompany expenses	37,799	35,940	13,451	12,007
-Communication	1,524	1,274	522	469
-Others	14,653	6,191	6,662	2,426
	<u>108,172</u>	<u>99,099</u>	<u>38,394</u>	<u>32,453</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 225 (September 2015 - 214).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the period	(99)	(34)	(83)	(7)
- written back	218	26	172	18
Collective assessment allowance				
- made during the period	(3,783)	(1,199)	(1,278)	(1,310)
Recoveries from bad debt written off	1,691	16	1,691	1
	<u>(1,973)</u>	<u>(1,191)</u>	<u>502</u>	<u>(1,298)</u>
	=====	=====	=====	=====

24. Capital adequacy

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Components of Tier 1 and Tier 2 capital are as follows:-		
Tier 1 capital		
Paid-up share capital	173,599	173,599
Share premium	357,763	357,763
Statutory reserve	174,722	174,722
Retained profits	888,748	988,748
Less: Deferred tax assets	(26,543)	(26,543)
Total common equity tier 1(CET 1) / Total tier 1 capital	1,568,289	1,668,289
Tier 2 capital		
Collective assessment allowance#	7,360	7,460
Regulatory reserve	13,558	13,558
Total Capital / Capital base	1,589,207	1,689,307
	=====	=====
Common equity tier 1(CET 1) / Tier 1 capital ratio	19.279%	19.323%
Total capital ratio	19.536%	19.567%
	=====	=====

Excludes collective assessment allowance on impaired loan restricted from Tier 2 capital of the Bank of RM5,691,000 (31 December 2015:RM1,808,000)

24. Capital adequacy (continued)

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II – Risk-weighted Assets) reissued on 13 October 2015 and became effective from 1 January 2016. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer (CCyB) are 4.5% for CET1 Capital Ratio, 6.0% for Tier 1 Capital Ratio and 8.0% for Total Capital Ratio.

The capital conservation buffer required to be maintained in the form of CET1 Capital above the minimum regulatory capital adequacy ratios requirement will be phased-in as follow:

Calendar Year	Capital Conservation Buffer
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposure in Malaysia yet but may be applied by regulators in the future.

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

Risk Type		Risk Weighted Assets	
		30 September 2016	31 December 2015
		RM'000	RM'000
1	Credit risk	4,598,498	4,367,429
2	Market risk	2,928,212	3,706,633
3	Operational risk	607,886	559,457
Total		8,134,596	8,633,519

24. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2016 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	3,333,655	3,035,224	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,403,275	2,403,275	1,022,510
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,093,343	1,093,343	1,090,826
	Regulatory Retail	-	-	-
	Residential Mortgages	16,157	16,157	5,655
	Higher Risk Assets	-	-	-
	Other Assets	231,662	231,662	229,245
	Equity Exposure	1,631	1,631	1,861
	Defaulted Exposures	2,423	2,423	2,423
	<i>Total On-Balance Sheet Exposures</i>	7,082,146	6,783,715	2,352,520
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	3,149,297	2,045,568	1,070,007
	Credit Derivatives	46,136	46,136	14,228
	Transaction related contingent Items	358,908	358,208	332,525
	Short Term Self Liquidating trade related contingencies	30,447	30,447	24,992
	Other commitments, such as formal standby facilities and credit lines	815,586	815,586	804,226
	<i>Total for Off-Balance Sheet Exposures</i>	4,400,374	3,295,945	2,245,978
	<i>Total On and Off- Balance Sheet Exposures</i>	11,482,520	10,079,660	4,598,498

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2016 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk			
	Interest Rate Risk	129,798,426	127,586,516	2,372,892
	Foreign Currency Risk	286,646	828	287,870
	Options	130	14,916	267,450
		130,085,202	127,602,260	2,928,212
3	Operational Risk			607,886
4	Total RWA			8,134,596

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2015 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	678,451	148,311	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	2,026,106	2,026,106	733,076
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,104,133	1,104,133	1,103,181
	Regulatory Retail	830	830	622
	Residential Mortgages	18,037	18,037	6,434
	Higher Risk Assets	-	-	-
	Other Assets	105,883	105,883	103,992
	Equity Exposure	1,631	1,631	1,861
	Defaulted Exposures	2,667	2,667	2,667
	<i>Total On-Balance Sheet Exposures</i>	<i>3,937,738</i>	<i>3,407,598</i>	<i>1,951,833</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	4,385,033	2,563,700	1,413,468
	Credit Derivatives	46,251	46,251	21,206
	Transaction related contingent Items	498,969	496,067	456,566
	Short Term Self Liquidating trade related contingencies	94,240	94,240	81,346
	Other commitments, such as formal standby facilities and credit lines	477,821	477,821	443,010
	<i>Total for Off-Balance Sheet Exposures</i>	<i>5,502,314</i>	<i>3,678,079</i>	<i>2,415,596</i>
	<i>Total On and Off- Balance Sheet Exposures</i>	<i>9,440,052</i>	<i>7,085,677</i>	<i>4,367,429</i>

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2015 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	131,548,434	126,030,607
	Foreign Currency Risk	1,413,543	116,911	1,413,538
	Options	33,151	-	267,000
		132,995,128	126,147,518	3,706,633
3	Operational Risk			559,457
4	Total RWA			8,633,519

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2016 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 3,035,224	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 2,416	RM'000 -	RM'000 3,037,640	RM'000 -
20%	-	-	1,224,476	3,366	14,200	-	-	-	-	-	1,242,042	248,409
35%	-	-	-	-	-	-	16,157	-	-	-	16,157	5,655
50%	-	-	2,526,213	-	353,018	-	-	-	-	-	2,879,231	1,439,614
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	392	11,163	2,659,736	-	2,423	-	229,245	1,611	2,904,570	2,904,570
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	3,035,224	-	3,751,081	14,529	3,026,954	-	18,580	-	231,661	1,631	10,079,660	4,589,498
Risk-Weighted Assets by Exposures	-	-	1,508,394	11,836	2,839,084	-	8,078	-	229,245	1,861	4,598,498	
Average Risk Weight	0.0%	0.0%	40.2%	81.5%	93.8%	0.0%	43.5%	0.0%	99.0%	114.1%	45.6%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2015 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 154,813	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,891	RM'000 -	RM'000 156,704	RM'000 -
20%	-	-	1,588,645	3,703	35,064	-	-	-	-	-	1,627,412	325,482
35%	-	-	-	-	-	-	17,229	-	-	-	17,229	6,030
50%	-	-	2,217,831	-	278,239	-	808	-	-	-	2,496,878	1,248,439
75%	-	-	-	-	-	830	-	-	-	-	830	622
100%	-	-	6,604	9,932	2,661,798	-	2,667	-	103,992	1,611	2,786,604	2,786,606
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	154,813	-	3,813,080	13,635	2,975,101	830	20,704	-	105,883	1,631	7,085,677	4,367,429
Risk-Weighted Assets by Exposures	-	-	1,433,248	10,672	2,807,933	622	9,101	-	103,992	1,861	4,367,429	
Average Risk Weight	0.0%	0.0%	37.6%	78.3%	94.4%	74.9%	44.0%	0.0%	98.2%	114.1%	61.6%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

25. Commitments and contingencies

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows:

30 September 2016 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	717,816	358,908	332,525
Short Term Self Liquidating Trade Related Contingencies	152,234	30,447	24,992
Foreign exchange related contracts			
One year or less	13,924,971	885,331	470,234
Over one year to five years	1,590,051	108,806	108,806
Over five years	310,475	34,153	17,076
Interest/Profit rate related contracts			
One year or less	818,000	1,337	1,041
Over one year to five years	1,193,362	62,075	48,555
Over five years	33,663	3,366	673
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	97,833,339	2,100,365	437,850
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	798,468	399,234	399,234
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,081,758	416,352	404,992
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	119,454,137	4,400,374	2,245,978

25. Commitments and contingencies (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows (continued):

31 December 2015 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	997,938	498,969	456,566
Short Term Self Liquidating Trade Related Contingencies	471,201	94,240	81,346
Foreign exchange related contracts			
One year or less	9,732,796	289,204	273,484
Over one year to five years	6,915,014	1,116,077	510,014
Over five years	311,586	34,312	17,237
Interest/Profit rate related contracts			
One year or less	1,136,150	2,952	2,202
Over one year to five years	872,040	31,010	18,646
Over five years	33,663	3,703	741
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	97,580,200	2,954,026	612,350
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29	15	15
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,389,030	477,806	442,995
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	120,439,647	5,502,314	2,415,596

26. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 - UNAUDITED

	Note	Bank 30 September 2016 RM'000	31 December 2015 RM'000
Assets			
Cash and short term funds	(a)	79,220	67,923
Financial assets-held-for-trading	(b)	-	50,275
Other assets		713	1,251
Total assets		<u>79,933</u>	<u>119,449</u>
Liabilities and shareholders' funds			
Deposits from customer	(c)	22,503	77,464
Deposits and placements of banks and other financial institutions	(d)	221	254
Other liabilities	(e)	24,086	9,191
Taxation		1,962	1,822
Total liabilities		<u>48,772</u>	<u>88,731</u>
Capital funds		25,000	25,000
Retained profits		6,161	5,718
Islamic banking funds		<u>31,161</u>	<u>30,718</u>
Total liabilities and Islamic banking funds		<u>79,933</u>	<u>119,449</u>
Commitments and contingencies			
		-	-

26. The operations of Islamic Banking (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 - UNAUDITED

	Bank			
	Nine months ended 30 September 2016 RM'000	30 September 2015 RM'000	Three months ended 30 September 2016 RM'000	30 September 2015 RM'000
Income derived from investment of Islamic banking funds	595	1,244	142	387
Total net income	<u>595</u>	<u>1,244</u>	<u>142</u>	<u>387</u>
Other operating expenses	(12)	(11)	(4)	(4)
Profit before taxation	<u>583</u>	<u>1,233</u>	<u>138</u>	<u>383</u>
Taxation	(140)	(308)	(33)	(96)
Profit and total comprehensive income for the period	<u>443</u> =====	<u>925</u> =====	<u>105</u> =====	<u>287</u> =====

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Capital funds RM'000	Retained profits RM'000	Total RM'000
Bank			
At 1 January 2016	25,000	5,718	30,718
Profit and total comprehensive income for the period	-	443	443
At 30 September 2016	<u>25,000</u>	<u>6,161</u>	<u>31,161</u>
At 1 January 2015	25,000	4,757	29,757
Profit and total comprehensive income for the period	-	925	925
At 30 September 2015	<u>25,000</u> =====	<u>5,682</u> =====	<u>30,682</u> =====

26. The operations of Islamic Banking (continued)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Bank 30 September 2016 RM'000	30 September 2015 RM'000
Cash flows from operating activities		
Profit before taxation	583	1,233
Operating profit before working capital changes	583	1,233
Changes in working capital:		
Net changes in operating assets	50,813	(1,958)
Net changes in operating liabilities	(40,099)	(2,101)
Net cash generated from/ (used in) operations	11,297	(2,826)
Net increase/ (decrease) in cash and cash equivalents	11,297	(2,826)
Cash and cash equivalents at beginning of period	67,923	74,200
Cash and cash equivalents at end of period	79,220	71,374
Analysis of cash and cash equivalents:		
Cash and short term funds	79,220	71,374

26. The operations of Islamic Banking (continued)

Shariah Committee

The Shariah Committee was established under BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

The Shariah Committee comprises of Dr Sheikh Hussain Hamed Sayed Hassan, Dr Muhammad Qaseem and Encik Mohd Hilmi bin Ramli.

Whilst the Shariah Governance Framework requires 5 Shariah Committee members, the Bank has sought and received approval from BNM to operate on 3 Shariah Committee members.

Basis of measurement

The financial statements of the Islamic banking business have been prepared on the basis consistent with that of the Group and of the Bank as disclosed in Note 1 to the financial statements of the Group and of the Bank.

(a) Cash and short term funds

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Cash and balances with banks and other financial institutions	79,220 =====	67,923 =====

(b) Financial assets held-for-trading

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Malaysian Investment Issue	-	50,275
	<u>-</u> =====	<u>50,275</u> =====

(c) Deposits from customer

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Non-Mudharabah		
Demand deposits	22,503	27,464
Other deposits	-	50,000
	<u>22,503</u> =====	<u>77,464</u> =====

26. The operations of Islamic Banking (continued)

(d) Deposits and placements of banks and other financial institutions

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Licensed bank	221	254
	=====	=====

(e) Other liabilities

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Bills payable	652	81
Others	23,434	9,110
	<u>24,086</u>	<u>9,191</u>
	=====	=====

(f) Capital adequacy

The capital adequacy ratios of the Islamic banking business of the Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Components of Tier I and Tier II Capital:

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	5,718	5,718
Total common equity tier 1/ Total tier 1 capital	<u>30,718</u>	<u>30,718</u>
Total Tier 2 capital	-	-
Capital base	<u>30,718</u>	<u>30,718</u>
	=====	=====
Common equity tier 1/ Tier 1 capital ratio	691.166%	707.543%
Total capital ratio	691.166%	707.543%
	=====	=====

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

Risk Type		Risk Weighted Assets	
		30 September 2016 RM'000	31 December 2015 RM'000
1	Credit risk	610	1,104
2	Market risk	1,220	206
3	Operational risk	2,614	3,033
Total		4,444	4,343

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2016 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	78,713	78,713	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,220	1,220	610
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	<i>79,933</i>	<i>79,933</i>	<i>610</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	<i>-</i>	<i>-</i>	<i>-</i>
	Total On and Off- Balance Sheet Exposures	79,933	79,933	610

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2016 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	-	-
	Foreign Currency Risk	1,220	-	1,220
	Options	-	-	-
		1,220	-	1,220
3	Operational Risk			2,614
4	Total RWA			4,444

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2015 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	67,968	67,968	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	206	206	103
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	1,000	1,000	1,000
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	69,174	69,174	1,103
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	-	-	-
	Total On and Off- Balance Sheet Exposures	69,174	69,174	1,103

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2015 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	54,841	-
	Foreign Currency Risk	206	-	206
	Options	-	-	-
		55,047	-	206
3	Operational Risk			3,033
4	Total RWA			4,342

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2016 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 78,713	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 78,713	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	1,220	-	-	-	-	-	-	-	1,220	610
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	78,713	-	1,220	-	-	-	-	-	-	-	79,933	610
Risk-Weighted Assets by Exposures	-	-	610	-	-	-	-	-	-	-	610	
Average Risk Weight	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

26. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2015 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 67,968	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 67,968	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	206	-	-	-	-	-	-	-	206	104
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	1,000	-	1,000	1,000
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	67,968	-	206	-	-	-	-	-	1,000	-	69,174	1,104
Risk-Weighted Assets by Exposures	0%	-	104	-	-	-	-	-	1,000	-	1,104	
Average Risk Weight	-	-	50.0%	-	-	-	-	-	100.0%	-	1.6%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	