

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

Unaudited Condensed Interim Financial Statements  
for the Financial Period ended 31 March 2019



**Consolidated Statements of Financial Position**  
**As at 31 March 2019 - Unaudited**

|  | Note | Group                      |                               | Bank                       |                               |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  |      | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| <b>Assets</b>  |      |                            |                               |                            |                               |
| Cash and short term funds  | 12.1 | 2,450,864                  | 1,793,561                     | 2,450,864                  | 1,793,561                     |
| Deposits and placements with banks<br>and other financial institutions | 12.2 | 427,996                    | 374,990                       | 427,996                    | 374,990                       |
| Reverse repurchase agreements  |      | -                          | 146,401                       | -                          | 146,401                       |
| Financial securities   | 13   | 2,363,908                  | 3,407,359                     | 2,363,908                  | 3,407,359                     |
| Loans, advances and financing  | 14   | 2,544,273                  | 2,275,345                     | 2,544,273                  | 2,275,345                     |
| Other assets   | 15   | 2,108,056                  | 1,283,639                     | 2,108,056                  | 1,283,639                     |
| Tax recoverable  |      | 7,864                      | 15,188                        | 7,864                      | 15,188                        |
| Statutory deposit with Bank<br>Negara Malaysia                         |      | 10,000                     | 20,000                        | 10,000                     | 20,000                        |
| Investments in subsidiary companies                                    |      | -                          | -                             | 20                         | 20                            |
| Property and equipment   |      | 2,661                      | 2,927                         | 2,661                      | 2,927                         |
| Deferred tax assets  |      | 40,094                     | 35,355                        | 40,094                     | 35,355                        |
| <b>Total assets</b>  |      | <u>9,955,716</u>           | <u>9,354,765</u>              | <u>9,955,736</u>           | <u>9,354,785</u>              |
| <b>Liabilities and shareholders' funds</b>                             |      |                            |                               |                            |                               |
| Deposits from customers  | 16   | 4,410,262                  | 4,226,840                     | 4,410,282                  | 4,226,860                     |
| Deposits and placements of banks and<br>other financial institutions   | 17   | 1,521,118                  | 1,514,300                     | 1,521,118                  | 1,514,300                     |
| Other liabilities  | 18   | 2,076,974                  | 1,740,204                     | 2,076,974                  | 1,740,204                     |
| <b>Total liabilities</b>   |      | <u>8,008,354</u>           | <u>7,481,344</u>              | <u>8,008,374</u>           | <u>7,481,364</u>              |
| Share capital  |      | 531,362                    | 531,362                       | 531,362                    | 531,362                       |
| Reserves   |      | 1,416,000                  | 1,342,059                     | 1,416,000                  | 1,342,059                     |
| Shareholders' funds  |      | <u>1,947,362</u>           | <u>1,873,421</u>              | <u>1,947,362</u>           | <u>1,873,421</u>              |
| <b>Total liabilities and shareholders' funds</b>                       |      | <u>9,955,716</u>           | <u>9,354,765</u>              | <u>9,955,736</u>           | <u>9,354,785</u>              |
| <b>Commitments and contingencies</b>                                   | 25   | <u>109,355,950</u>         | <u>97,386,346</u>             | <u>109,355,950</u>         | <u>97,386,346</u>             |

*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 2018.*

**Consolidated Statements Of Profit Or Loss And Other Comprehensive Income  
For The Financial Period Ended 31 March 2019 - Unaudited**

|   | Note | Group and Bank  |                            |  |                            |
|---|------|---|----------------------------|--|----------------------------|
|   |      | 1 <sup>st</sup> quarter ended<br>31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 | Three months ended<br>31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 |
| Interest income   | 19   | 75,068  | 72,772                     | 75,068   | 72,772                     |
| Interest expense  | 20   | (23,295)  | (21,939)                   | (23,295)   | (21,939)                   |
| Net interest income                                       |      | <u>51,773</u>   | <u>50,833</u>              | <u>51,773</u>                                    | <u>50,833</u>              |
| Net income from Islamic<br>Banking Operations             | 26   | 621   | 912                        | 621  | 912                        |
| Non-interest income                                       | 21   | 79,149  | 83,863                     | 79,149   | 83,863                     |
| Operating income  |      | <u>131,543</u>  | <u>135,608</u>             | <u>131,543</u>                                   | <u>135,608</u>             |
| Other operating expenses                                  | 22   | (33,793)  | (43,830)                   | (33,793)   | (43,830)                   |
| Operating profit  |      | <u>97,750</u>   | <u>91,778</u>              | <u>97,750</u>                                    | <u>91,778</u>              |
| Allowance made for impairment                             | 23   | (47)  | (1,631)                    | (47)   | (1,631)                    |
| <b>Profit before tax</b>                                  |      | <u>97,703</u>   | <u>90,147</u>              | <u>97,703</u>                                    | <u>90,147</u>              |
| Tax expense   |      | (23,793)  | (22,290)                   | (23,793)   | (22,290)                   |
| <b>Net profit for the period</b>                          |      | <u>73,910</u>   | <u>67,857</u>              | <u>73,910</u>                                    | <u>67,857</u>              |
| <b>Other comprehensive income:</b>                        |      |   |                            |  |                            |
| <i>Movement in fair value reserve (debt securities) :</i> |      |   |                            |  |                            |
| Net change in fair value                                  |      | 92  | 104                        | 92   | 104                        |
| Net amount transferred to profit or loss                  |      | (51)  | 39                         | (51)   | 39                         |
| Tax expense on other comprehensive income                 |      | (10)  | (34)                       | (10)   | (34)                       |
| <b>Other comprehensive income for the period</b>          |      | <u>31</u>   | <u>109</u>                 | <u>31</u>  | <u>109</u>                 |
| <b>Total comprehensive income for the period</b>          |      | <u>73,941</u>   | <u>67,966</u>              | <u>73,941</u>                                    | <u>67,966</u>              |
| <b>Earnings per share (sen)</b>                           |      | <u>42.6 sen</u>   | <u>39.1 sen</u>            | <u>42.6 sen</u>                                  | <u>39.1 sen</u>            |

*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 2018.*

Consolidated Statements Of Changes In Equity  
For The Financial Period Ended 31 March 2019

| Group and Bank                            | Note | <-----Attributable to owner of the Bank-----> |                            |                             |                               |                             |                                | Total<br>RM'000 |
|---|------|---|----------------------------|-----------------------------|-------------------------------|-----------------------------|--------------------------------|-----------------|
|   |      | Share<br>capital<br>RM'000                    | Share<br>premium<br>RM'000 | Other<br>reserves<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>reserves<br>RM'000 | Proposed<br>dividend<br>RM'000 |                 |
| At 1 January 2019                         |      | 531,362                                       | -                          | 40,077                      | 1,301,982                     | 1,342,059                   | -                              | 1,873,421       |
| Net profit for the period                 |      | -   | -                          | -                           | 73,910                        | 73,910                      | -                              | 73,910          |
| Other comprehensive income for the period |      | -   | -                          | 31                          | -                             | 31                          | -                              | 31              |
| Total comprehensive income for the period |      | -   | -                          | 31                          | 73,910                        | 73,941                      | -                              | 73,941          |
| At 31 March 2019                          |      | 531,362                                       | -                          | 40,108                      | 1,375,892                     | 1,416,000                   | -                              | 1,947,362       |
| At 1 January 2018                         |      | 531,362                                       | -                          | 13,604                      | 1,282,526                     | 1,296,130                   | -                              | 1,827,492       |
| Net profit for the period                 |      | -   | -                          | -                           | 67,857                        | 67,857                      | -                              | 67,857          |
| Other comprehensive income for the period |      | -   | -                          | 109                         | -                             | 109                         | -                              | 109             |
| Total comprehensive income for the period |      | -   | -                          | 109                         | 67,857                        | 67,966                      | -                              | 67,966          |
| Transfer pursuant to BNM revised policy*  |      | -   | -                          | 24,442                      | (24,442)                      | -                           | -                              | -               |
| At 31 March 2018                          |      | 531,362                                       | -                          | 38,155                      | 1,325,941                     | 1,364,096                   | -                              | 1,895,458       |

\* Bank Negara Malaysia ("BNM") had on 2 February 2018 issued a revised policy document on Financial Reporting which requires all banking institutions to maintain in aggregate, Stage 1 and 2 provisions and regulatory reserve of no less than 1% of all credit exposures, net of Stage 3 provision. During the financial period ended 31 March 2018, the Group and the Bank has transferred RM24,442,000 from its retained profits to other reserves pursuant to the Revised Policy Document.

*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 2018.*

**Condensed Consolidated Statements Of Cash Flows  
For The Financial Period Ended 31 March 2019**

|  | Group and Bank             |                            |
|--|----------------------------|----------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 |
| Profit before taxation   | 97,703                     | 90,147                     |
| Adjustments for non-operating and non-cash items                     | 281                        | 198                        |
| <b>Operating profit before working capital changes</b>               | 97,984                     | 90,345                     |
| Changes in working capital:  |                            |                            |
| Net changes in operating assets                                      | 106,548                    | (809,475)                  |
| Net changes in operating liabilities                                 | 527,010                    | 2,299                      |
| Income tax paid  | (21,217)                   | (17,613)                   |
| <b>Net cash generated from / (used in) operations</b>                | 710,325                    | (734,444)                  |
| Cash flows from investing activities:                                |                            |                            |
| Purchase of property and equipment                                   | (16)                       | (6)                        |
| <b>Net cash used in investing activities</b>                         | (16)                       | (6)                        |
| <b>Net increase / (decrease) in cash and cash equivalents</b>        | 710,309                    | (734,450)                  |
| Cash and cash equivalents at beginning of the period                 | 2,168,551                  | 3,749,261                  |
| <b>Cash and cash equivalents at end of the period</b>                | 2,878,860                  | 3,014,811                  |
| Analysis of cash and cash equivalents:                               |                            |                            |
| Cash and short-term funds  | 2,450,864                  | 2,624,821                  |
| Deposits and placements of banks and<br>other financial institutions | 427,996                    | 389,990                    |
| <b>Cash and cash equivalents at end of the period</b>                | 2,878,860                  | 3,014,811                  |

*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 2018.*

## Explanatory Notes To The Interim Financial Statements For The Financial Period Ended 31 March 2019

### 1. Basis of preparation

The unaudited interim financial statements for the financial period ended 31 March 2019 have been prepared under the historical cost convention except for reverse repurchase agreements, financial securities 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 2018. 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 2018.

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 2018, 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"):

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

## 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 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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

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

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

- from the annual period beginning on 1 January 2020 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020; and
- from the annual period beginning on 1 January 2021 for the accounting standard that is effective for annual periods beginning on or after 1 January 2021.

## 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 2018 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 31 March 2019.

## 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 31 March 2019.

## 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 31 March 2019.

## 7. Dividend Paid

No dividend was paid during the financial period ended 31 March 2019. The final dividend recommended by the Directors in respect of the financial year ended 31 December 2018 is 115.7 sen per ordinary share totalling RM200,898,000.

## 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 31 March 2019.

## 10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 31 March 2019 of RM97.7 million compared to RM90.1 million for the previous corresponding period. Operating income decreased by RM4.1 million (-3.0%) from RM135.6 million to RM131.5 million, mainly attributed to lower non-interest income of RM79.1 million against RM83.9 million in the previous corresponding period. Operating expenses decreased by RM10.0 million (-22.9%) from RM43.8 million to RM33.8 million mainly attributed to lower intercompany charges and personnel costs.

Total assets registered an increase of RM0.6 billion or 6.4% from RM9.4 billion as at 31 December 2018 to RM10.0 billion as at 31 March 2019. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 18.9% and 19.4%, respectively.

## 11. Prospects

Global economy remains on steady growth trajectory, supported by rebounding data in the US and China. The US economy appears strong as labour market continues to strengthen and bodes well for consumer spending and domestic demand. Tax cuts and fiscal spending acts as tailwinds and expected to remain supportive. Nevertheless, the notable downside risks to the US includes escalation of trade war, tightening of financial conditions and potential adverse impact from slowing growth in China / Euro region. Whilst in the Eurozone, growth momentum has been slowing especially in manufacturing, dragged on by weak external demand. Downside risks mainly driven by 'No-deal' Brexit, and trade war escalations in the form of auto tariffs by the US. Locally, the Malaysia economy is expected to remain on steady growth path supported by strong domestic demand, despite moderating household expenditure growth whilst the outlook remains positive amidst challenging external environment.

The Bank remains competitive with the solid frameworks around capital and liquidity management, risk controls and enhanced internal processes. We continue to be relentless in our commitment towards client centricity and in driving product innovation to deliver sustainable performance.

The Bank looks forward to contribute to the economic growth and wellbeing of the communities which we operate and to create positive impact for our clients, investors, employees and society at large.

12. Cash and cash equivalents

12.1 Cash and short-term funds

|  | Group and Bank             |                               |
|--|----------------------------|-------------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Cash and balances with banks and other financial institutions  | 233,228                    | 355,351                       |
| Money at call and deposit placements maturing within one month | 2,217,636                  | 1,438,210                     |
|  | -----                      | -----                         |
|  | 2,450,864                  | 1,793,561                     |
|  | =====                      | =====                         |

12.2 Deposits and placements with banks and other financial institutions

|               | Group and Bank             |                               |
|---------------|----------------------------|-------------------------------|
|               | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Licensed bank | 427,996                    | 374,990                       |
|               | =====                      | =====                         |

## 12. Cash and cash equivalents (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for cash and cash equivalents.

| Group and Bank                               | 2019         |                                    |                                |           | 2018         |                                    |                                |            |
|--|--------------|------------------------------------|--------------------------------|-----------|--------------|------------------------------------|--------------------------------|------------|
|  | 12-month ECL | Lifetime ECL not credit - impaired | Lifetime ECL credit - impaired | Total     | 12-month ECL | Lifetime ECL not credit - impaired | Lifetime ECL credit - impaired | Total      |
|  | RM'000       | RM'000                             | RM'000                         | RM'000    | RM'000       | RM'000                             | RM'000                         | RM'000     |
| <b>Cash and cash equivalents</b>             |              |                                    |                                |           |              |                                    |                                |            |
| Balance at 1 January                         | 219          | -                                  | -                              | 219       | 7            | -                                  | -                              | 7          |
| Transfer to 12-month ECL                     | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Transfer to lifetime ECL not credit-impaired | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Transfer to lifetime ECL credit-impaired     | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Net remeasurement of loss allowance          | (196)        | -                                  | -                              | (196)     | 204          | -                                  | -                              | 204        |
| New financial assets originated or purchased | 6            | -                                  | -                              | 6         | 15           | -                                  | -                              | 15         |
| Financial assets that have been derecognised | (15)         | -                                  | -                              | (15)      | (7)          | -                                  | -                              | (7)        |
| Write-offs                                   | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Recoveries of amounts previously written off | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Changes in models/risk parameters            | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| Other movements                              | -            | -                                  | -                              | -         | -            | -                                  | -                              | -          |
| <b>Balance at 31 March/31 December</b>       | <b>14</b>    | <b>-</b>                           | <b>-</b>                       | <b>14</b> | <b>219</b>   | <b>-</b>                           | <b>-</b>                       | <b>219</b> |

## 13. Financial securities

|                                    | Group and Bank             |                               |
|------------------------------------|----------------------------|-------------------------------|
|                                    | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| <b>Debt securities at FVTPL</b>    |                            |                               |
| Malaysian Government Securities    | 1,172,413                  | 2,151,445                     |
| Malaysian Investment Issue         | 488,214                    | 252,469                       |
| Treasury Bills                     | -                          | 24,568                        |
| Cagamas bonds                      | 250,003                    | 200,000                       |
| Negotiable instruments of deposits | -                          | 400,000                       |
| Corporate bonds                    | -                          | 5,005                         |
|                                    | -----                      | -----                         |
|                                    | 1,910,630                  | 3,033,487                     |
|                                    | -----                      | -----                         |
| <b>Debt securities at FVOCI</b>    |                            |                               |
| Malaysian Government Securities    | 451,687                    | 272,281                       |
| Negotiable instruments of deposits | -                          | 100,000                       |
|                                    | -----                      | -----                         |
|                                    | 451,687                    | 372,281                       |
|                                    | -----                      | -----                         |
| <b>Equity investments at FVOCI</b> |                            |                               |
| Unquoted shares in Malaysia        | 1,591                      | 1,591                         |
|                                    | -----                      | -----                         |
|                                    | 2,363,908                  | 3,407,359                     |
|                                    | =====                      | =====                         |

## 13. Financial securities (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for debt securities at FVOCI.

| Group and Bank                               | 2019         |                                    |                                |            | 2018         |                                    |                                |            |
|--|--------------|------------------------------------|--------------------------------|------------|--------------|------------------------------------|--------------------------------|------------|
|  | 12-month ECL | Lifetime ECL not credit - impaired | Lifetime ECL credit - impaired | Total      | 12-month ECL | Lifetime ECL not credit - impaired | Lifetime ECL credit - impaired | Total      |
|  | RM'000       | RM'000                             | RM'000                         | RM'000     | RM'000       | RM'000                             | RM'000                         | RM'000     |
| <b>Debt securities at FVOCI</b>              |              |                                    |                                |            |              |                                    |                                |            |
| Balance at 1 January                         | 207          | -                                  | -                              | 207        | 2            | -                                  | -                              | 2          |
| Transfer to 12-month ECL                     | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Transfer to lifetime ECL not credit-impaired | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Transfer to lifetime ECL credit-impaired     | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Net remeasurement of loss allowance          | (28)         | -                                  | -                              | (28)       | -            | -                                  | -                              | -          |
| New financial assets originated or purchased | 118          | -                                  | -                              | 118        | 207          | -                                  | -                              | 207        |
| Financial assets that have been derecognised | (141)        | -                                  | -                              | (141)      | (2)          | -                                  | -                              | (2)        |
| Write-offs                                   | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Recoveries of amounts previously written off | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Changes in models/risk parameters            | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| Other movements                              | -            | -                                  | -                              | -          | -            | -                                  | -                              | -          |
| <b>Balance at 31 March /31 December</b>      | <b>156</b>   | <b>-</b>                           | <b>-</b>                       | <b>156</b> | <b>207</b>   | <b>-</b>                           | <b>-</b>                       | <b>207</b> |

## 14. Loans, advances and financing

|  | Group and Bank             |                               |
|--|----------------------------|-------------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| <i>At amortised cost</i>                     |                            |                               |
| Overdrafts                                   | 177,144                    | 176,310                       |
| Term loans - housing loans                   | 9,609                      | 10,131                        |
| - other term loans                           | 388,690                    | 313,954                       |
| Bills receivable                             | 325,364                    | 386,579                       |
| Trust Receipt                                | 71,058                     | 44,009                        |
| Claims on customers under acceptance credits | 1,600,554                  | 1,365,775                     |
| Staff loans                                  | 825                        | 887                           |
|  | <u>2,573,244</u>           | <u>2,297,645</u>              |
| Unearned interest                            | (21,317)                   | (14,949)                      |
|  | <u>2,551,927</u>           | <u>2,282,696</u>              |
| Gross loans, advances and financing          |                            |                               |
| Allowance for impaired loans and financing   |                            |                               |
| - Expected credit losses                     | (7,654)                    | (7,351)                       |
|  | <u>2,544,273</u>           | <u>2,275,345</u>              |
| Net loans, advances and financing            | <u>2,544,273</u>           | <u>2,275,345</u>              |

## 14. Loans, advances and financing (continued)

The following table shows reconciliations from the opening to the closing balance of the loss allowance for loans, advances and financing.

| Group and Bank  | 2019         |                                    |                                |              | 2018         |                                    |                                |              |
|---|--------------|------------------------------------|--------------------------------|--------------|--------------|------------------------------------|--------------------------------|--------------|
|   | 12-month ECL | Lifetime ECL not credit – impaired | Lifetime ECL credit - impaired | Total        | 12-month ECL | Lifetime ECL not credit – impaired | Lifetime ECL credit - impaired | Total        |
|   | RM'000       | RM'000                             | RM'000                         | RM'000       | RM'000       | RM'000                             | RM'000                         | RM'000       |
| <b>Loans, advances and financing at amortised cost*</b> |              |                                    |                                |              |              |                                    |                                |              |
| Balance at 1 January                                    | 5,146        | 623                                | 1,582                          | 7,351        | 4,652        | 357                                | 675                            | 5,684        |
| Transfer to 12-month ECL                                | 114          | -                                  | (114)                          | -            | 131          | -                                  | (131)                          | -            |
| Transfer to lifetime ECL not credit-impaired            | -            | -                                  | -                              | -            | -            | -                                  | -                              | -            |
| Transfer to lifetime ECL credit-impaired                | (179)        | -                                  | 179                            | -            | (493)        | -                                  | 493                            | -            |
| Net remeasurement of loss allowance                     | (58)         | (34)                               | 61                             | (31)         | 527          | 405                                | 545                            | 1,477        |
| New financial assets originated or purchased            | 1,351        | 5                                  | -                              | 1,356        | 1,164        | 158                                | -                              | 1,322        |
| Financial assets that have been derecognised            | (463)        | (552)                              | (7)                            | (1,022)      | (835)        | (297)                              | -                              | (1,132)      |
| Write-offs  | -            | -                                  | -                              | -            | -            | -                                  | -                              | -            |
| Recoveries of amounts previously written off            | -            | -                                  | -                              | -            | -            | -                                  | -                              | -            |
| Changes in models/risk parameters                       | -            | -                                  | -                              | -            | -            | -                                  | -                              | -            |
| Other movements   | -            | -                                  | -                              | -            | -            | -                                  | -                              | -            |
| <b>Balance at 31 March /31 December</b>                 | <b>5,911</b> | <b>42</b>                          | <b>1,701</b>                   | <b>7,654</b> | <b>5,146</b> | <b>623</b>                         | <b>1,582</b>                   | <b>7,351</b> |

\* The loss allowance in this table includes ECL on loan commitment and financial guarantees.

#### 14. Loans, advances and financing (continued)

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

|                               | Group and Bank   |                  |
|-------------------------------|------------------|------------------|
|                               | 31 March         | 31 December      |
|                               | 2019             | 2018             |
|                               | RM'000           | RM'000           |
| Maturing within one year      | 2,380,430        | 2,109,664        |
| More than one to three years  | 162,656          | 163,682          |
| More than three to five years | 1,352            | 1,401            |
| More than five years          | 7,489            | 7,949            |
|                               | <u>2,551,927</u> | <u>2,282,696</u> |
|                               | =====            | =====            |

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

|  | Group and Bank   |                  |
|--|------------------|------------------|
|  | 31 March         | 31 December      |
|  | 2019             | 2018             |
|  | RM'000           | RM'000           |
| Domestic non-bank financial institutions | 423,219          | 463,061          |
| Domestic business enterprises            | 1,650,362        | 1,348,391        |
| Government and statutory bodies          | 143,600          | 73,836           |
| Individuals                              | 10,434           | 11,018           |
| Foreign entities                         | 324,312          | 386,390          |
|  | <u>2,551,927</u> | <u>2,282,696</u> |
|  | =====            | =====            |

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

|                                     | Group and Bank   |                  |
|-------------------------------------|------------------|------------------|
|                                     | 31 March         | 31 December      |
|                                     | 2019             | 2018             |
|                                     | RM'000           | RM'000           |
| Fixed rate                          |                  |                  |
| - Other fixed rate loan / financing | 12,588           | 13,651           |
| Variable rate                       |                  |                  |
| - Base lending rate plus            | 46,954           | 110,976          |
| - Cost-plus                         | 2,491,087        | 2,156,691        |
| - Other variable rates              | 1,298            | 1,378            |
|                                     | <u>2,551,927</u> | <u>2,282,696</u> |
|                                     | =====            | =====            |

## 14. Loans, advances and financing (continued)

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

|          | Group and Bank             |                               |
|----------|----------------------------|-------------------------------|
|          | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Malaysia | 2,227,615                  | 1,896,306                     |
| China    | 289                        | 4,740                         |
| India    | 260,994                    | 288,405                       |
| Turkey   | 32,683                     | 62,759                        |
| Others   | 30,346                     | 30,486                        |
|          | <u>2,551,927</u>           | <u>2,282,696</u>              |
|          | =====                      | =====                         |

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

|   | Group and Bank             |                               |
|---|----------------------------|-------------------------------|
|   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Mining and Quarrying                              | 150,235                    | 150,235                       |
| Manufacturing                                     | 394,356                    | 241,598                       |
| Construction                                      | 158,243                    | 150,416                       |
| Wholesale & retail trade and restaurants & hotels | 224,019                    | 264,299                       |
| Transport, storage and communication              | 559,421                    | 410,549                       |
| Finance, insurance and business services          | 911,619                    | 980,745                       |
| Education, health and others                      | 143,600                    | 73,836                        |
| Household   | 10,434                     | 11,018                        |
|   | <u>2,551,927</u>           | <u>2,282,696</u>              |
|   | =====                      | =====                         |

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

|  | Group and Bank             |                               |
|--|----------------------------|-------------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Balance at 1 January   | 2,965                      | 2,032                         |
| Classified as impaired during the period/ year                                 | 316                        | 1,437                         |
| Reclassified as non-impaired during the period/ year                           | (60)                       | (303)                         |
| Amount recovered   | (203)                      | (201)                         |
|  | <u>3,018</u>               | <u>2,965</u>                  |
|  | =====                      | =====                         |
| At 31 March 2019 / 31 December 2018  |                            |                               |
| Gross impaired loans as a percentage of<br>gross loans, advances and financing | 0.12%                      | 0.13%                         |
|  | =====                      | =====                         |

**14. Loans, advances and financing (continued)**

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

|                      | Group and Bank             |                               |
|----------------------|----------------------------|-------------------------------|
|                      | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Household (Malaysia) | 3,018                      | 2,965                         |
|                      | <u>3,018</u>               | <u>2,965</u>                  |
|                      | =====                      | =====                         |

**15. Other assets**

|   | Group and Bank             |                               |
|---|----------------------------|-------------------------------|
|   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Interest / Income receivable            | 28,976                     | 28,851                        |
| Margin placed with exchange             | 4,306                      | 6,620                         |
| Derivatives                             | 882,618                    | 890,488                       |
| Other debtors, deposits and prepayments | 1,192,156                  | 357,680                       |
|   | <u>2,108,056</u>           | <u>1,283,639</u>              |
|   | =====                      | =====                         |

**16. Deposits from customers**

|                  | Group                      |                               | Bank                       |                               |
|------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
|                  | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Demand deposits  | 4,138,525                  | 3,885,051                     | 4,138,545                  | 3,885,071                     |
| Savings deposits | 146                        | 303                           | 146                        | 303                           |
| Fixed deposits   | 79,570                     | 59,913                        | 79,570                     | 59,913                        |
| Other deposits   | 192,021                    | 281,573                       | 192,021                    | 281,573                       |
|                  | <u>4,410,262</u>           | <u>4,226,840</u>              | <u>4,410,282</u>           | <u>4,226,860</u>              |
|                  | =====                      | =====                         | =====                      | =====                         |

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

|                                   | Group and Bank             |                               |
|-----------------------------------|----------------------------|-------------------------------|
|                                   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Due within six months             | 137,520                    | 185,534                       |
| More than six months to one year  | 15                         | 31,212                        |
| More than one year to three years | 1,000                      | -                             |
| More than five years              | 133,056                    | 124,740                       |
|                                   | <u>271,591</u>             | <u>341,486</u>                |
|                                   | =====                      | =====                         |

**16. Deposits from customers (continued)**

The deposits are sourced from the following types of customers:

|                      | Group                      |                               | Bank                       |                               |
|----------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
|                      | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Business enterprises | 3,690,049                  | 3,600,871                     | 3,690,069                  | 3,600,891                     |
| Individuals          | 395                        | 594                           | 395                        | 594                           |
| Foreign customers    | 112,362                    | 76,942                        | 112,362                    | 76,942                        |
| Others               | 607,456                    | 548,433                       | 607,456                    | 548,433                       |
|                      | <u>4,410,262</u>           | <u>4,226,840</u>              | <u>4,410,282</u>           | <u>4,226,860</u>              |
|                      | =====                      | =====                         | =====                      | =====                         |

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

|                              | Group and Bank             |                               |
|------------------------------|----------------------------|-------------------------------|
|                              | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Other financial institutions | 1,521,118                  | 1,514,300                     |
|                              | <u>1,521,118</u>           | <u>1,514,300</u>              |
|                              | =====                      | =====                         |

**18. Other liabilities**

|                   | Group and Bank             |                               |
|-------------------|----------------------------|-------------------------------|
|                   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Interest payable  | 2,238                      | 2,148                         |
| Bills payable     | 51,346                     | 42,640                        |
| Derivatives       | 860,251                    | 854,986                       |
| Employee benefits | 15,560                     | 18,903                        |
| Other liabilities | 1,147,579                  | 821,527                       |
|                   | <u>2,076,974</u>           | <u>1,740,204</u>              |
|                   | =====                      | =====                         |

## 19. Interest income

|   | Group and Bank                |               |                    |               |
|---|-------------------------------|---------------|--------------------|---------------|
|   | 1 <sup>st</sup> quarter ended |               | Three months ended |               |
|   | 31 March                      | 31 March      | 31 March           | 31 March      |
|   | 2019                          | 2018          | 2019               | 2018          |
|   | RM'000                        | RM'000        | RM'000             | RM'000        |
| Loans, advances and financing                                       | 25,362                        | 24,969        | 25,362             | 24,969        |
| Money at call and deposit placements<br>with financial institutions | 21,098                        | 29,107        | 21,098             | 29,107        |
| Reverse repurchase agreements                                       | 608                           | 1,242         | 608                | 1,242         |
| Financial securities  | 27,953                        | 17,454        | 27,953             | 17,454        |
| Other interest income   | 47                            | -             | 47                 | -             |
|   | <u>75,068</u>                 | <u>72,772</u> | <u>75,068</u>      | <u>72,772</u> |
|   | =====                         | =====         | =====              | =====         |

## 20. Interest expense

|  | Group and Bank                |               |                    |               |
|--|-------------------------------|---------------|--------------------|---------------|
|  | 1 <sup>st</sup> quarter ended |               | Three months ended |               |
|  | 31 March                      | 31 March      | 31 March           | 31 March      |
|  | 2019                          | 2018          | 2019               | 2018          |
|  | RM'000                        | RM'000        | RM'000             | RM'000        |
| Deposits and placements of banks<br>and other financial institutions | 9,067                         | 6,037         | 9,067              | 6,037         |
| Deposits from customers  | 14,170                        | 15,902        | 14,170             | 15,902        |
| Repurchase agreement   | 19                            | -             | 19                 | -             |
| Other interest expense   | 39                            | -             | 39                 | -             |
|  | <u>23,295</u>                 | <u>21,939</u> | <u>23,295</u>      | <u>21,939</u> |
|  | =====                         | =====         | =====              | =====         |

## 21. Non-interest income

|  | Group and Bank                |                |                    |                |
|--|-------------------------------|----------------|--------------------|----------------|
|  | 1 <sup>st</sup> quarter ended |                | Three months ended |                |
|  | 31 March                      | 31 March       | 31 March           | 31 March       |
|  | 2019                          | 2018           | 2019               | 2018           |
|  | RM'000                        | RM'000         | RM'000             | RM'000         |
| Fee income:                                  |                               |                |                    |                |
| Commissions                                  | 2,143                         | 2,492          | 2,143              | 2,492          |
| Service charges and fees                     | 7,650                         | 6,805          | 7,650              | 6,805          |
| Guarantee fees                               | 867                           | 1,052          | 867                | 1,052          |
|  | <u>10,660</u>                 | <u>10,349</u>  | <u>10,660</u>      | <u>10,349</u>  |
| Fee expense:                                 |                               |                |                    |                |
| Commissions                                  | (1,406)                       | (1,090)        | (1,406)            | (1,090)        |
| Service charges and fees                     | (3,308)                       | (2,591)        | (3,308)            | (2,591)        |
|  | <u>(4,714)</u>                | <u>(3,681)</u> | <u>(4,714)</u>     | <u>(3,681)</u> |
| Net fee income                               | <u>5,946</u>                  | <u>6,668</u>   | <u>5,946</u>       | <u>6,668</u>   |
| Net gains from financial instruments:        |                               |                |                    |                |
| Net gain arising from financial securities:  |                               |                |                    |                |
| Realised gain                                | 16,408                        | 12,699         | 16,408             | 12,699         |
| Unrealised gain                              | 4,026                         | 2,071          | 4,026              | 2,071          |
| Net loss arising from derivatives:           |                               |                |                    |                |
| Realised loss                                | (13,596)                      | (18,928)       | (13,596)           | (18,928)       |
| Unrealised revaluation loss                  | (15,442)                      | (8,455)        | (15,442)           | (8,455)        |
| Foreign exchange gain                        | 75,844                        | 86,226         | 75,844             | 86,226         |
| Loss from disposal of property and equipment | -                             | (6)            | -                  | (6)            |
| Other income:                                |                               |                |                    |                |
| Other operating income, net                  | 5,963                         | 3,588          | 5,963              | 3,588          |
|  | <u>73,203</u>                 | <u>77,195</u>  | <u>73,203</u>      | <u>77,195</u>  |
|  | <u>79,149</u>                 | <u>83,863</u>  | <u>79,149</u>      | <u>83,863</u>  |
|  | =====                         | =====          | =====              | =====          |

## 22. Other operating expenses

|                                     | Group and Bank                |               |                    |               |
|-------------------------------------|-------------------------------|---------------|--------------------|---------------|
|                                     | 1 <sup>st</sup> quarter ended |               | Three months ended |               |
|                                     | 31 March                      | 31 March      | 31 March           | 31 March      |
|                                     | 2019                          | 2018          | 2019               | 2018          |
|                                     | RM'000                        | RM'000        | RM'000             | RM'000        |
| Personnel costs                     |                               |               |                    |               |
| - Salaries, allowances and bonuses  | 11,139                        | 12,032        | 11,139             | 12,032        |
| - Others                            | 2,936                         | 5,184         | 2,936              | 5,184         |
| Establishment costs                 |                               |               |                    |               |
| - Rental                            | 452                           | 490           | 452                | 490           |
| - Depreciation                      | 281                           | 198           | 281                | 198           |
| - Others                            | 1,224                         | 1,250         | 1,224              | 1,250         |
| Marketing expenses                  | 712                           | 671           | 712                | 671           |
| Administration and general expenses |                               |               |                    |               |
| - Intercompany expenses             | 13,914                        | 19,595        | 13,914             | 19,595        |
| - Communication                     | 433                           | 633           | 433                | 633           |
| - Others                            | 2,702                         | 3,777         | 2,702              | 3,777         |
|                                     | <u>33,793</u>                 | <u>43,830</u> | <u>33,793</u>      | <u>43,830</u> |
|                                     | =====                         | =====         | =====              | =====         |

The number of employees of the Group and the Bank at the end of the period was 195 (March 2018 – 232).

## 23. Allowance for impairment

|   | Group and Bank                |                |                    |                |
|---|-------------------------------|----------------|--------------------|----------------|
|   | 1 <sup>st</sup> quarter ended |                | Three months ended |                |
|   | 31 March                      | 31 March       | 31 March           | 31 March       |
|   | 2019                          | 2018           | 2019               | 2018           |
|   | RM'000                        | RM'000         | RM'000             | RM'000         |
| Expected credit losses                  |                               |                |                    |                |
| Write back / (allowance) for impairment |                               |                |                    |                |
| - loans, advances and financing         | (303)                         | (1,572)        | (303)              | (1,572)        |
| - cash and cash equivalent              | 205                           | (20)           | 205                | (20)           |
| - debt securities at FVOCI              | 51                            | (39)           | 51                 | (39)           |
|   | <u>(47)</u>                   | <u>(1,631)</u> | <u>(47)</u>        | <u>(1,631)</u> |
|   | =====                         | =====          | =====              | =====          |

24. Capital adequacy

|  | Group and Bank             |                               |
|--|----------------------------|-------------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Components of Tier 1 and Tier 2 capital are as follows:- |                            |                               |
| Tier 1 capital   |                            |                               |
| Paid-up share capital                                    | 531,362                    | 531,362                       |
| Other disclosed reserves                                 | (11)                       | 36                            |
| Retained profits   | 1,301,982                  | 1,301,982                     |
| Less: Deferred tax assets                                | (35,355)                   | (35,355)                      |
| Total common equity tier 1 / Total tier 1 capital        | 1,797,978                  | 1,798,025                     |
| Tier 2 capital   |                            |                               |
| Expected credit losses ("ECL")*                          | 5,953                      | 5,769                         |
| Regulatory reserve                                       | 40,000                     | 40,000                        |
| Total capital base                                       | 1,843,931                  | 1,843,794                     |
| Common equity tier 1 / Tier 1 capital ratio              | 18.869%                    | 19.186%                       |
| Total capital ratio                                      | 19.351%                    | 19.674%                       |

\* Refers to ECL for Stage 1 and Stage 2.

## 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 2 February 2018. 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 is at 2.5%.

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    |                            |
|-----------|------------------|-------------------------|----------------------------|
|           |                  | 31 March 2019<br>RM'000 | 31 December 2018<br>RM'000 |
| 1         | Credit risk      | 5,540,350               | 4,945,990                  |
| 2         | Market risk      | 3,174,188               | 3,645,457                  |
| 3         | Operational risk | 814,450                 | 780,229                    |
| Total     |                  | 9,528,988               | 9,371,676                  |

## 24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 March 2019 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   | 1,971,763         | 1,971,763         | -                    |
|           | Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | 2,802,737         | 2,802,737         | 1,104,146            |
|           | Insurance Companies, Securities Firms and Fund Managers  | -                 | -                 | -                    |
|           | Corporates   | 1,935,284         | 1,935,284         | 1,934,816            |
|           | Regulatory Retail  | -                 | -                 | -                    |
|           | Residential Mortgages  | 7,356             | 7,356             | 2,575                |
|           | Higher Risk Assets   | -                 | -                 | -                    |
|           | Other Assets   | 400,074           | 400,074           | 398,465              |
|           | Equity Exposure  | 1,631             | 1,631             | 1,861                |
|           | Defaulted Exposures  | 1,317             | 1,317             | 1,317                |
|           | <i>Total On-Balance Sheet Exposures</i>  | <i>7,120,162</i>  | <i>7,120,162</i>  | <i>3,443,180</i>     |
|           | <u>Off-Balance Sheet Exposures</u>   |                   |                   |                      |
|           | OTC Derivatives  | 2,200,569         | 1,858,600         | 965,150              |
|           | Credit Derivatives   | -                 | -                 | -                    |
|           | Transaction related contingent Items   | 300,056           | 299,121           | 288,086              |
|           | Short Term Self Liquidating trade related contingencies  | 55,519            | 55,519            | 51,068               |
|           | Other commitments, such as formal standby facilities and credit lines                          | 795,231           | 795,231           | 792,866              |
|           | <i>Total for Off-Balance Sheet Exposures</i>   | <i>3,351,375</i>  | <i>3,008,471</i>  | <i>2,097,170</i>     |
|           | <i>Total On and Off- Balance Sheet Exposures</i>   | <i>10,471,537</i> | <i>10,128,633</i> | <i>5,540,350</i>     |

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 March 2019 are as follows (continued):

| RISK TYPE |                       | Gross Exposures |             | Risk Weighted Assets |
|-----------|-----------------------|-----------------|-------------|----------------------|
|           |                       | RM'000          |             | RM'000               |
| 2         | Market Risk           |                 |             |                      |
|           | Interest Rate Risk    | 113,107,299     | 111,185,807 | 2,374,885            |
|           | Foreign Currency Risk | 403,063         | 209,495     | 403,065              |
|           | Options               | 8,395           | -           | 396,238              |
|           |                       |                 |             | 3,174,188            |
| 3         | Operational Risk      |                 |             | 814,450              |
| 4         | Total RWA             |                 |             | 9,528,988            |

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

## 24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2018 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   | 1,561,311        | 1,561,311        | -                    |
|           | Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | 1,713,445        | 1,713,445        | 754,070              |
|           | Insurance Companies, Securities Firms and Fund Managers  | -                | -                | -                    |
|           | Corporates   | 1,587,283        | 1,587,283        | 1,586,232            |
|           | Regulatory Retail  | -                | -                | -                    |
|           | Residential Mortgages  | 7,979            | 7,979            | 2,793                |
|           | Higher Risk Assets   | -                | -                | -                    |
|           | Other Assets   | 367,399          | 367,399          | 366,406              |
|           | Equity Exposure  | 1,631            | 1,631            | 1,861                |
|           | Defaulted Exposures  | 1,383            | 1,383            | 1,383                |
|           | <i>Total On-Balance Sheet Exposures</i>  | <i>5,240,431</i> | <i>5,240,431</i> | <i>2,712,745</i>     |
|           | <u>Off-Balance Sheet Exposures</u>   |                  |                  |                      |
|           | OTC Derivatives  | 2,281,057        | 1,831,518        | 950,198              |
|           | Credit Derivatives   | -                | -                | -                    |
|           | Transaction related contingent Items   | 299,646          | 299,211          | 285,918              |
|           | Short Term Self Liquidating trade related contingencies  | 37,040           | 37,040           | 34,438               |
|           | Other commitments, such as formal standby facilities and credit lines                          | 964,888          | 964,888          | 962,691              |
|           | <i>Total for Off-Balance Sheet Exposures</i>   | <i>3,582,631</i> | <i>3,132,657</i> | <i>2,233,245</i>     |
|           | <i>Total On and Off- Balance Sheet Exposures</i>   | <i>8,823,062</i> | <i>8,373,088</i> | <i>4,945,990</i>     |

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category for at 31 December 2018 are as follows (continued):

| RISK TYPE |                       | Gross Exposures |            | Risk Weighted Assets |
|-----------|-----------------------|-----------------|------------|----------------------|
|           |                       | RM'000          |            | RM'000               |
| 2         | Market Risk           |                 |            |                      |
|           | Interest Rate Risk    | 100,000,698     | 96,794,643 | 2,647,457            |
|           | Foreign Currency Risk | 336,131         | 600,895    | 602,775              |
|           | Options               | 868             | 363        | 395,225              |
|           |                       |                 |            | 3,645,457            |
| 3         | Operational Risk      |                 |            | 780,229              |
| 4         | Total RWA             |                 |            | 9,371,676            |

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 2019 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<br>2,023,503                              | RM'000<br>-            | RM'000<br>-          | RM'000<br>-   | RM'000<br>- | RM'000<br>-       | RM'000<br>-           | RM'000<br>-        | RM'000<br>1,608 | RM'000<br>-      | RM'000<br>2,025,111                                      | RM'000<br>-                |
| 20%                               | -  | -                      | 1,737,727            | 2,165   | 2,956       | -                 | -                     | -                  | -               | -                | 1,742,848  | 348,570                    |
| 35%                               | -  | -                      | -                    | -   | -           | -                 | 7,356                 | -                  | -               | -                | 7,356  | 2,575                      |
| 50%                               | -  | -                      | 2,293,594            | -   | 35,089      | -                 | -                     | -                  | -               | -                | 2,328,683  | 1,164,340                  |
| 75%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -               | -                | -  | -                          |
| 100%                              | -  | -                      | 23                   | 21,554  | 3,601,645   | -                 | 1,317                 | -                  | 398,465         | 1,611            | 4,024,615  | 4,024,615                  |
| 1250%                             | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -               | 20               | 20   | 250                        |
| Total Exposures                   | 2,023,503  | -                      | 4,031,344            | 23,719  | 3,639,690   | -                 | 8,673                 | -                  | 400,073         | 1,631            | 10,128,633   | 5,540,350                  |
| Risk-Weighted Assets by Exposures | -  | -                      | 1,494,366            | 21,987  | 3,619,779   | -                 | 3,892                 | -                  | 398,465         | 1,861            | 5,540,350  |                            |
| Average Risk Weight               | 0.0%   | 0.0%                   | 37.1%                | 92.7%   | 99.5%       | 0.0%              | 44.9%                 | 0.0%               | 99.6%           | 114.1%           | 54.7%  |                            |
| Deduction from Capital Base       | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -               | -                | -  | -                          |

## 24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2018 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<br>1,608,027                              | RM'000<br>-            | RM'000<br>-          | RM'000<br>-   | RM'000<br>- | RM'000<br>-       | RM'000<br>-           | RM'000<br>-        | RM'000<br>993 | RM'000<br>-      | RM'000<br>1,609,020                                      | RM'000<br>-                |
| 20%                               | -  | -                      | 1,097,898            | 2,165   | 3,789       | -                 | -                     | -                  | -             | -                | 1,103,852  | 220,770                    |
| 35%                               | -  | -                      | -                    | -   | -           | -                 | 7,979                 | -                  | -             | -                | 7,979  | 2,793                      |
| 50%                               | -  | -                      | 1,825,494            | -   | 34,587      | -                 | -                     | -                  | -             | -                | 1,860,081  | 930,041                    |
| 75%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -             | -                | -  | -                          |
| 100%                              | -  | -                      | 680                  | 18,234  | 3,403,822   | -                 | 1,383                 | -                  | 366,406       | 1,611            | 3,792,136  | 3,792,136                  |
| 1250%                             | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -             | 20               | 20   | 250                        |
| Total Exposures                   | 1,608,027  | -                      | 2,924,072            | 20,399  | 3,442,198   | -                 | 9,362                 | -                  | 367,399       | 1,631            | 8,373,088  | 4,945,990                  |
| Risk-Weighted Assets by Exposures | -  | -                      | 1,133,007            | 18,667  | 3,421,873   | -                 | 4,176                 | -                  | 366,406       | 1,861            | 4,945,990  |                            |
| Average Risk Weight               | 0.0%   | 0.0%                   | 38.7%                | 91.5%   | 99.4%       | 0.0%              | 44.6%                 | 0.0%               | 99.7%         | 114.1%           | 59.1%  |                            |
| 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:

| 31 March 2019<br>Group and Bank   | Principal Amount   | Credit Equivalent<br>Amount | Risk<br>Weighted<br>Assets |
|---|--------------------|-----------------------------|----------------------------|
|   | RM'000             | RM'000                      | RM'000                     |
| Direct Credit Substitutes   | -                  | -                           | -                          |
| Transaction Related Contingent Items  | 600,111            | 300,056                     | 288,086                    |
| Short Term Self Liquidating Trade<br>Related Contingencies  | 277,595            | 55,519                      | 51,068                     |
| Foreign exchange related contracts  |                    |                             |                            |
| One year or less  | 13,579,489         | 317,170                     | 254,102                    |
| Over one year to five years   | 1,608,804          | 144,711                     | 144,711                    |
| Over five years   | 346,831            | 37,788                      | 20,712                     |
| Interest/Profit rate related contracts  |                    |                             |                            |
| One year or less  | 1,009,893          | 173,650                     | 172,839                    |
| Over one year to five years   | 428,842            | 9,096                       | 6,377                      |
| Over five years   | 27,063             | 2,165                       | 433                        |
| 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<br>credit derivative contracts subject to<br>valid bilateral netting agreements   | 88,440,534         | 1,515,989                   | 365,976                    |
| Other commitments, such as formal<br>standby facilities and credit lines, with<br>an original maturity of over one year   | 626,245            | 313,122                     | 313,122                    |
| Other commitments, such as formal<br>standby facilities and credit lines, with<br>an original maturity of up to one year  | 2,410,543          | 482,109                     | 479,744                    |
| Any commitments that are<br>unconditionally cancelled at any time<br>by the bank without prior notice or<br>that effectively provide for automatic<br>cancellation due to deterioration in a<br>borrower's creditworthiness | -                  | -                           | -                          |
| <b>Total</b>  | <b>109,355,950</b> | <b>3,351,375</b>            | <b>2,097,170</b>           |

## 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 2018<br>Group and Bank  | Principal Amount  | Credit Equivalent<br>Amount | Risk<br>Weighted<br>Assets |
|---|-------------------|-----------------------------|----------------------------|
|   | RM'000            | RM'000                      | RM'000                     |
| Direct Credit Substitutes   | -                 | -                           | -                          |
| Transaction Related Contingent Items  | 599,291           | 299,646                     | 285,918                    |
| Short Term Self Liquidating Trade<br>Related Contingencies  | 185,199           | 37,040                      | 34,438                     |
| Foreign exchange related contracts  |                   |                             |                            |
| One year or less  | 12,088,276        | 279,886                     | 221,626                    |
| Over one year to five years   | 1,918,247         | 148,283                     | 148,283                    |
| Over five years   | 350,131           | 38,118                      | 21,042                     |
| Interest/Profit rate related contracts  |                   |                             |                            |
| One year or less  | 868,592           | 201,431                     | 200,199                    |
| Over one year to five years   | 584,874           | 10,363                      | 7,337                      |
| Over five years   | 27,063            | 2,165                       | 433                        |
| 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<br>credit derivative contracts subject to<br>valid bilateral netting agreements   | 77,054,912        | 1,600,811                   | 351,278                    |
| Other commitments, such as formal<br>standby facilities and credit lines, with<br>an original maturity of over one year   | 743,120           | 371,560                     | 371,560                    |
| Other commitments, such as formal<br>standby facilities and credit lines, with<br>an original maturity of up to one year  | 2,966,641         | 593,328                     | 591,131                    |
| Any commitments that are<br>unconditionally cancelled at any time<br>by the bank without prior notice or<br>that effectively provide for automatic<br>cancellation due to deterioration in a<br>borrower's creditworthiness | -                 | -                           | -                          |
| <b>Total</b>  | <b>97,386,346</b> | <b>3,582,631</b>            | <b>2,233,245</b>           |

## 26. The operations of Islamic Banking

Statement of Financial Position  
As at 31 March 2019 – Unaudited

|  | Note | Bank                       |                               |
|--|------|----------------------------|-------------------------------|
|  |      | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| <b>Assets</b>  |      |                            |                               |
| Cash and short term funds                              | (a)  | 96,527                     | 94,593                        |
| Other assets   |      | 25                         | 8                             |
| <b>Total assets</b>                                    |      | <u>96,552</u><br>=====     | <u>94,601</u><br>=====        |
| <b>Liabilities and shareholders' funds</b>             |      |                            |                               |
| Deposits from customer                                 | (b)  | 48,019                     | 54,449                        |
| Other liabilities                                      | (c)  | 12,274                     | 3,711                         |
| Tax payable  |      | 148                        | 798                           |
| <b>Total liabilities</b>                               |      | <u>60,441</u><br>-----     | <u>58,958</u><br>-----        |
| Capital funds  |      | 25,000                     | 25,000                        |
| Retained profits                                       |      | 11,111                     | 10,643                        |
| <b>Islamic banking funds</b>                           |      | <u>36,111</u><br>-----     | <u>35,643</u><br>-----        |
| <b>Total liabilities and Islamic<br/>banking funds</b> |      | <u>96,552</u><br>=====     | <u>94,601</u><br>=====        |
| <b>Commitments and contingencies</b>                   |      | -<br>=====                 | -<br>=====                    |

## 26. The operations of Islamic Banking (continued)

**Statement Of Profit Or Loss And Other Comprehensive Income  
For The Financial Period Ended 31 March 2019 - Unaudited**

|   | Bank  |                            |  |                            |
|---|---|----------------------------|--|----------------------------|
|   | 1 <sup>st</sup> quarter ended<br>31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 | Three months ended<br>31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 |
| Income derived from investment of Islamic banking funds     | 621   | 912                        | 621  | 912                        |
| Total net income  | 621   | 912                        | 621  | 912                        |
| Other operating expenses                                    | (5)   | (5)                        | (5)  | (5)                        |
| <b>Profit before taxation</b>                               | 616   | 907                        | 616  | 907                        |
| Taxation  | (148)   | (218)                      | (148)  | (218)                      |
| <b>Profit and total comprehensive income for the period</b> | 468   | 689                        | 468  | 689                        |

**Statement Of Changes In Islamic Banking Funds  
For The Financial Period Ended 31 March 2019**

|  | Capital funds<br>RM'000 | Retained profits<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|----------------------------|-----------------|
| <b>Bank</b>  |                         |                            |                 |
| At 1 January 2019                                    | 25,000                  | 10,643                     | 35,643          |
| Profit and total comprehensive income for the period | -                       | 468                        | 468             |
| At 31 March 2019                                     | 25,000                  | 11,111                     | 36,111          |
| At 1 January 2018                                    | 25,000                  | 8,116                      | 33,116          |
| Profit and total comprehensive income for the period | -                       | 689                        | 689             |
| At 31 March 2018                                     | 25,000                  | 8,805                      | 33,805          |

## 26. The operations of Islamic Banking (continued)

Statement Of Cash Flows  
For The Financial Period Ended 31 March 2019

|  | Bank                       |                            |
|--|----------------------------|----------------------------|
|  | 31 March<br>2019<br>RM'000 | 31 March<br>2018<br>RM'000 |
| Cash flows from operating activities                   |                            |                            |
| Profit before taxation                                 | 616                        | 907                        |
| <b>Operating profit before working capital changes</b> | 616                        | 907                        |
| Changes in working capital:                            |                            |                            |
| Net changes in operating assets                        | (17)                       | 12                         |
| Net changes in operating liabilities                   | 2,133                      | (21,432)                   |
| Income taxes paid                                      | (798)                      | (2,579)                    |
| <b>Net cash generated/ (used in) operations</b>        | 1,934                      | (23,092)                   |
| Net increase/(decrease) in cash and cash equivalents   | 1,934                      | (23,092)                   |
| Cash and cash equivalents at beginning of period       | 94,593                     | 115,686                    |
| <b>Cash and cash equivalents at end of period</b>      | 96,527                     | 92,594                     |
| Analysis of cash and cash equivalents:                 |                            |                            |
| Cash and short term funds                              | 96,527                     | 92,594                     |

## 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 Hussein 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                       |                               |
|---|----------------------------|-------------------------------|
|   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Cash and balances with banks and other financial institutions | 96,527<br>=====            | 94,593<br>=====               |

**(b) Deposits from customer**

|                                | Bank                       |                               |
|--------------------------------|----------------------------|-------------------------------|
|                                | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Non-Mudharabah Demand deposits | 48,019<br>=====            | 54,449<br>=====               |

**(c) Other liabilities**

|               | Bank                       |                               |
|---------------|----------------------------|-------------------------------|
|               | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Bills payable | 28                         | 12                            |
| Others        | 12,246                     | 3,699                         |
|               | <u>12,274</u><br>=====     | <u>3,711</u><br>=====         |

## 26. The operations of Islamic Banking (continued)

## (d) 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                       |                               |
|---|----------------------------|-------------------------------|
|   | 31 March<br>2019<br>RM'000 | 31 December<br>2018<br>RM'000 |
| Components of Tier I and Tier II capital are as follows:- |                            |                               |
| Tier 1 capital  |                            |                               |
| Capital funds   | 25,000                     | 25,000                        |
| Retained profits  | 10,643                     | 10,643                        |
| Total common equity tier 1/ Total tier 1 capital          | 35,643                     | 35,643                        |
| Total Tier 2 capital                                      | -                          | -                             |
| Capital base  | 35,643                     | 35,643                        |
| Common equity tier 1 / Tier 1 capital ratio               | 428.215%                   | 498.808%                      |
| Total capital ratio                                       | 428.215%                   | 498.808%                      |

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

| Risk Type |                  | Risk Weighted Assets    |                            |
|-----------|------------------|-------------------------|----------------------------|
|           |                  | 31 March 2019<br>RM'000 | 31 December 2018<br>RM'000 |
| 1         | Credit risk      | 1,264                   | 938                        |
| 2         | Market risk      | 2,527                   | 1,875                      |
| 3         | Operational risk | 4,533                   | 4,333                      |
| Total     |                  | 8,324                   | 7,146                      |

## 26. The operations of Islamic Banking (continued)

## (d) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 March 2019 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   | 94,025          | 94,025        | -                    |
|           | Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | 2,527           | 2,527         | 1,264                |
|           | 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>  | 96,552          | 96,552        | 1,264                |
|           | <u>Off-Balance Sheet Exposures</u>   |                 |               |                      |
|           | OTC Derivatives  | -               | -             | -                    |
|           | Credit Derivatives   | -               | -             | -                    |
|           | <i>Total for Off-Balance Sheet Exposures</i>   | -               | -             | -                    |
|           | <b>Total On and Off- Balance Sheet Exposures</b>   | <b>96,552</b>   | <b>96,552</b> | <b>1,264</b>         |

26. The operations of Islamic Banking (continued)

(d) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 March 2019 are as follows (continued):

| RISK TYPE |                       | Gross Exposures |                | Risk Weighted Assets |
|-----------|-----------------------|-----------------|----------------|----------------------|
|           |                       | RM'000          |                | RM'000               |
|           |                       | Long Position   | Short Position |                      |
| 2         | Market Risk           |                 |                |                      |
|           | Interest Rate Risk    | -               | -              | -                    |
|           | Foreign Currency Risk | 2,527           | -              | 2,527                |
|           | Options               | -               | -              | -                    |
|           |                       |                 |                | 2,527                |
| 3         | Operational Risk      |                 |                | 4,533                |
| 4         | Total RWA             |                 |                | 8,324                |

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

## 26. The operations of Islamic Banking (continued)

## (d) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2018 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   | 92,726          | 92,726        | -                    |
|           | Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs") | 1,875           | 1,875         | 938                  |
|           | 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>  | 94,601          | 94,601        | 938                  |
|           | <u>Off-Balance Sheet Exposures</u>   |                 |               |                      |
|           | OTC Derivatives  | -               | -             | -                    |
|           | Credit Derivatives   | -               | -             | -                    |
|           | <i>Total for Off-Balance Sheet Exposures</i>   | -               | -             | -                    |
|           | <i>Total On and Off- Balance Sheet Exposures</i>   | 94,601          | 94,601        | 938                  |

## 26. The operations of Islamic Banking (continued)

## (d) Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 31 December 2018 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 | 1,875              | -              | 1,875                |
|           | Options               | -                  | -              | -                    |
|           |                       |                    |                | 1,875                |
| 3         | Operational Risk      |                    |                | 4,333                |
| 4         | Total RWA             |                    |                | 7,146                |

For interest rate risk, the gross exposures represent the sum of notional and mark-to-market value.

For foreign currency risk, the gross exposures represent net open position.

For options, the gross exposures represent net market value of option portfolio.

26. The operations of Islamic Banking (continued)

(d) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 2019 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<br>94,025                                 | RM'000<br>-            | RM'000<br>-          | RM'000<br>-   | RM'000<br>- | RM'000<br>-       | RM'000<br>-           | RM'000<br>-        | RM'000<br>-  | RM'000<br>-      | RM'000<br>94,025   | RM'000<br>-                |
| 20%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 35%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 50%                               | -  | -                      | 2,527                | -   | -           | -                 | -                     | -                  | -            | -                | 2,527  | 1,264                      |
| 75%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 100%                              | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 150%                              | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| Total Exposures                   | 94,025   | -                      | 2,527                | -   | -           | -                 | -                     | -                  | -            | -                | 96,552   | 1,264                      |
| Risk-Weighted Assets by Exposures | -  | -                      | 1,264                | -   | -           | -                 | -                     | -                  | -            | -                | 1,264  |                            |
| Average Risk Weight               | 0.0%   | 0.0%                   | 50.0%                | 0.0%  | 0.0%        | 0.0%              | 0.0%                  | 0.0%               | 0.0%         | 0.0%             | 1.3%   |                            |
| Deduction from Capital Base       | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |

## 26. The operations of Islamic Banking (continued)

## (d) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2018 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<br>92,726                                 | RM'000<br>-            | RM'000<br>-          | RM'000<br>-   | RM'000<br>- | RM'000<br>-       | RM'000<br>-           | RM'000<br>-        | RM'000<br>-  | RM'000<br>-      | RM'000<br>92,726   | RM'000<br>-                |
| 20%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 35%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 50%                               | -  | -                      | 1,875                | -   | -           | -                 | -                     | -                  | -            | -                | 1,875  | 938                        |
| 75%                               | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 100%                              | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| 150%                              | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |
| Total Exposures                   | 92,726   | -                      | 1,875                | -   | -           | -                 | -                     | -                  | -            | -                | 94,601   | 938                        |
| Risk-Weighted Assets by Exposures | -  | -                      | 938                  | -   | -           | -                 | -                     | -                  | -            | -                | 938  |                            |
| Average Risk Weight               | 0.0%   | 0.0%                   | 50.0%                | 0.0%  | 0.0%        | 0.0%              | 0.0%                  | 0.0%               | 0.0%         | 0.0%             | 1.0%   |                            |
| Deduction from Capital Base       | -  | -                      | -                    | -   | -           | -                 | -                     | -                  | -            | -                | -  | -                          |