

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

**Unaudited Condensed Interim Financial Statements
for the Financial Period Ended 30 September 2015**

Registered office:
Level 18, Menara IMC
No. 8 Jalan Sultan Ismail
50250 Kuala Lumpur



DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015 - UNAUDITED

	Note	Group		Bank	
		30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short term funds		5,080,997	5,145,807	5,080,997	5,145,807
Securities purchased under resale agreements		308,435	143,222	308,435	143,222
Financial assets held-for-trading	12	1,013,886	1,031,349	1,013,886	1,031,349
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,606,391	1,331,664	1,606,391	1,331,664
Other assets	15	7,488,522	2,665,660	7,488,522	2,665,660
Statutory deposit with Bank Negara Malaysia		20,000	31,000	20,000	31,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		2,139	2,767	2,139	2,767
Deferred tax assets		24,495	22,330	24,495	22,330
Total assets		<u>15,546,456</u>	<u>10,375,390</u>	<u>15,546,476</u>	<u>10,375,410</u>
Liabilities and shareholders' funds					
Deposits from customers	16	4,987,708	4,548,576	4,987,728	4,548,596
Deposits and placements of banks and other financial institutions	17	1,252,984	982,289	1,252,984	982,289
Other liabilities	18	7,609,218	3,129,026	7,609,218	3,129,026
Taxation		6,279	2,391	6,279	2,391
Total liabilities		<u>13,856,189</u>	<u>8,662,282</u>	<u>13,856,209</u>	<u>8,662,302</u>
Share capital		173,599	173,599	173,599	173,599
Reserves		1,516,668	1,422,442	1,516,668	1,422,442
Proposed dividend		-	117,067	-	117,067
Shareholders' funds		<u>1,690,267</u>	<u>1,713,108</u>	<u>1,690,267</u>	<u>1,713,108</u>
Total liabilities and shareholders' funds		<u>15,546,456</u>	<u>10,375,390</u>	<u>15,546,476</u>	<u>10,375,410</u>
Commitments and contingencies	26	133,395,399	140,246,038	133,395,399	140,246,038

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 2014.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - UNAUDITED

	Note	Group and Bank			
		Nine months ended 30 September 2015 RM'000	30 September 2014 RM'000	Three months ended 30 September 2015 RM'000	30 September 2014 RM'000
Interest income	19	141,617	166,356	51,676	58,770
Interest expense	20	(52,684)	(70,746)	(20,956)	(23,555)
Net interest income		<u>88,933</u>	<u>95,610</u>	<u>30,720</u>	<u>35,215</u>
Net income from Islamic Banking Operations	27	1,244	939	387	216
Non-interest income	21	137,148	157,629	44,925	69,090
Operating income		<u>227,325</u>	<u>254,178</u>	<u>76,032</u>	<u>104,521</u>
Other operating expenses	22	(99,099)	(96,177)	(32,453)	(30,882)
Operating profit		<u>128,226</u>	<u>158,001</u>	<u>43,579</u>	<u>73,639</u>
Allowance (made)/written back for impairment on loans, advances and financing	23	(1,191)	762	(1,298)	2,726
Profit before tax		<u>127,035</u>	<u>158,763</u>	<u>42,281</u>	<u>76,365</u>
Tax expense		(32,809)	(41,710)	(10,825)	(19,309)
Net profit / Total comprehensive income for the period		<u>94,226</u> =====	<u>117,053</u> =====	<u>31,456</u> =====	<u>57,056</u> =====
Earnings per share (sen)		54.3 sen =====	67.4 sen =====	18.1 sen =====	32.9 sen =====

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2014.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	<-----Attributable to owner of the Bank----->						
	<-----Non-distributable----->			Distributable			
Group and Bank	Share capital	Share premium	Other reserves	Retained profits	Total reserves	Proposed dividend	Total
At 1 January 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	173,599	357,763	188,280	876,399	1,422,442	117,067	1,713,108
Net profit/Total comprehensive income for the period	-	-	-	94,226	94,226	-	94,226
Dividend paid	-	-	-	-	-	(117,067)	(117,067)
At 30 September 2015	173,599	357,763	188,280	970,625	1,516,668	-	1,690,267
At 1 January 2014	173,599	357,763	188,280	852,092	1,398,135	-	1,571,734
Net profit/Total comprehensive income for the period	-	-	-	117,053	117,053	-	117,053
At 30 September 2014	173,599	357,763	188,280	969,145	1,515,188	-	1,688,787

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 2014.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Group and Bank	
	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	127,035	158,763
Adjustments for non-operating and non-cash items	729	948
Operating profit before working capital changes	127,764	159,711
Changes in working capital:		
Net changes in operating assets	(5,234,339)	3,925,561
Net changes in operating liabilities	5,190,019	(3,796,141)
Income tax paid	(31,086)	(28,617)
Tax refunds received	-	18,639
Net cash generated from operations	52,358	279,153
Cash flows from investing activities:		
Purchase of plant and equipment	(101)	(670)
Net cash used in investing activities	(101)	(670)
Cash flows from financing activities:		
Dividend paid	(117,067)	-
Net cash used in financing activities	(117,067)	-
Net (decrease)/increase in cash and cash equivalents	(64,810)	278,483
Cash and cash equivalents at beginning of the period	5,145,807	2,496,327
Cash and cash equivalents at end of the period	5,080,997	2,774,810
Analysis of cash and cash equivalents:		
Cash and short-term funds	5,080,997	2,774,810

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 2014.

DEUTSCHE BANK (MALAYSIA) BERHAD
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 2015 have been prepared under the historical cost convention except for securities purchased under resale agreements, financial assets held-for-trading and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2014. 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 2014.

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 2014, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. Basis of preparation (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by MASB but have not been adopted by the Group and the Bank:

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

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

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

The Group and the Bank plan to apply the above mentioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for amendments to MFRS 5, 10, 11, 12, 14, 127, 128, 134, and 141 which are not applicable to the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

1. Basis of preparation (continued)

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

(i) MFRS 9, *Financial Instruments*

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

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

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

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

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

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

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 2014 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

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

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank for the financial period ended 30 September 2015.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2015.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 September 2015.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid an interim single tier dividend of approximately 67.4% on 173,599,037 ordinary shares of RM 1.00 each, amounting to approximately RM117,067,000 in respect of financial year ended 31 December 2014. The dividend was paid on 30 January 2015.

8. Material Events

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2015.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 September 2015 of RM127.0 million compared to RM158.8 million in the previous corresponding period. Operating income decreased by RM26.9 million (-10.6%) from RM254.2 million to RM227.3 million primarily driven by lower non-interest income of RM137.1 million against RM157.6 million in the previous corresponding period. Net interest income decreased by RM6.7 million (-7.0%) from RM95.6 million to RM88.9 million. Operating expenses increased by RM2.9 million (+3.0%) from RM96.2 million to RM99.1 million mainly attributed to higher intercompany expenses.

Total assets registered an increase of RM5.1 billion or 49.8% from RM10.4 billion as at 31 December 2014 to RM15.5 billion as at 30 September 2015. The Bank's total common equity tier 1 ratio and total capital ratio as at 30 September 2015 remained strong at 16.7% and 16.9%, respectively.

11. Prospects

Global economic outlook has been on gradual recovery with marked divergence between the regions. In the euro area, the decline in oil prices and positive credit dynamics have helped drive market activities, but the recovery has been mediocre and appeared to be losing momentum into Q4 2015 at the back of uncertainty and projected slow down on global growth. While in the US, recovery remains firm as domestic demand fundamentals record solid footing. The financial markets continue to be dominated by speculation over the timing of the rate hikes, and is expected to remain volatile in the near term as focus narrows on macro data (of US and China especially) and monetary policies.

On the local front, the economic growth is hampered by weak global demand for Malaysia's exports particularly of crude oil and refined energy products. The Malaysian ringgit experienced sharp depreciation as a result and was hovering at 17-year low against the US dollar sometime in September 2015. The downside risks are also compounded by concerns over the state of public finances and high level of household debts, as well as uncertainties over the future path of the impending rate hikes by the Federal Reserves. Nonetheless, the Malaysian economy is expected to close the year with GDP of 4.5% - 5.5%.

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

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

The Bank looks forward to serve the best interest of our clients, employees and communities in which we operate in 2015 and beyond.

Company No. 312552-W

12. Financial assets held-for-trading

	Group and Bank	
	30 September 2015	31 December 2014
At fair value	RM'000	RM'000
Malaysian Government Securities	213,356	507,440
Malaysian Investment Issue	82,720	80,359
Bank Negara Malaysia Bills	-	61,954
Treasury Bills	90,668	-
Cagamas bonds	27,142	121,766
Private debt securities	-	9,830
Negotiable instruments of deposit	600,000	250,000
	<u>1,013,886</u>	<u>1,031,349</u>
	=====	=====

13. Financial investments available-for-sale

	Group and Bank	
	30 September 2015	31 December 2014
At cost	RM'000	RM'000
Unquoted securities	1,591	1,591
	=====	=====

14. Loans, advances and financing

	Group and Bank	
	30 September 2015	31 December 2014
At amortised cost	RM'000	RM'000
Overdrafts	164,199	148,515
Term loans - housing loans	18,864	21,127
- other term loans	199,061	139,047
Bills receivable	398,651	230,205
Claims on customers under acceptance credits	837,340	803,267
Staff loans	3,836	3,733
	<u>1,621,951</u>	<u>1,345,894</u>
Unearned interest	(5,242)	(5,119)
	<u>1,616,709</u>	<u>1,340,775</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(10,006)	(8,807)
- Individual assessment	(312)	(304)
	<u>1,606,391</u>	<u>1,331,664</u>
	=====	=====

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
Maturing within one year	1,571,556	1,279,835
More than one to three years	6,939	7,193
More than three to five years	21,292	31,729
More than five years	16,922	22,018
	<u>1,616,709</u>	<u>1,340,775</u>
	=====	=====

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

	Group and Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
Domestic banking institutions	6,118	-
Domestic business enterprises	1,202,238	900,666
Government and statutory bodies	-	188,789
Individuals	22,656	24,860
Foreign entities	385,697	226,460
	<u>1,616,709</u>	<u>1,340,775</u>
	=====	=====

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

	Group and Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan / financing	3,836	3,733
Variable rate		
- Base lending rate plus	76,705	45,456
- Cost-plus	1,533,794	1,289,019
- Other variable rates	2,374	2,567
	<u>1,616,709</u>	<u>1,340,775</u>
	=====	=====

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Malaysia	1,224,894	1,114,316
China	165,937	98,745
Oman	101,407	5,469
India	79,654	73,262
France	204	14,608
Others	44,613	34,375
	1,616,709	1,340,775
	=====	=====

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Manufacturing	260,811	245,321
Construction	29,250	23,595
Purchase of landed property:		
- Residential	21,762	23,987
Wholesale & retail trade and restaurants & hotels	354,901	318,215
Transport, storage and communication	191,643	-
Finance, insurance and business services	757,448	727,316
Purchase of transport vehicles	66	392
Others	828	1,949
	1,616,709	1,340,775
	=====	=====

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Balance at 1 January	3,537	4,614
Classified as impaired during the period/year	446	372
Reclassified as non-impaired during the period/year	(214)	(1,204)
Amount recovered	(641)	(196)
Amount written off	-	(49)
	3,128	3,537
	=====	=====
Gross impaired loans as a percentage of gross loans, advances and financing	0.19%	0.26%
	=====	=====

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	8,807	10,623
Allowance made/(recovered) during the period/year	1,199	(1,816)
At 30 September 2015/31 December 2014	10,006	8,807
	=====	=====

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	304	403
Allowance made during the period/year	34	47
Amount recovered	(26)	(99)
Amount written off	-	(47)
At 30 September 2015/31 December 2014	312	304
	=====	=====

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of landed property - residential	3,128	3,537
	3,128	3,537
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Interest / Income receivable	9,446	6,679
Margin placed with exchange	5,355	5,111
Derivatives	5,322,553	1,980,848
Other debtors, deposits and prepayments	2,151,168	673,022
	7,488,522	2,665,660
	=====	=====

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16. Deposits from customers

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Demand deposits	3,782,282	2,907,568	3,782,302	2,907,588
Savings deposits	4,648	3,867	4,648	3,867
Fixed deposits	493,340	199,580	493,340	199,580
Other deposits	707,438	1,437,561	707,438	1,437,561
	<u>4,987,708</u>	<u>4,548,576</u>	<u>4,987,728</u>	<u>4,548,596</u>
	=====	=====	=====	=====

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

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Due within six months	921,092	1,147,994
More than six months to one year	204,098	235,996
More than one year to three years	687	194,939
More than three years to five years	57	-
More than five years	74,844	58,212
	<u>1,200,778</u>	<u>1,637,141</u>
	=====	=====

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Business enterprises	3,687,560	2,821,758	3,687,580	2,821,778
Individuals	32,530	33,989	32,530	33,989
Foreign customers	158,304	436,763	158,304	436,763
Others	1,109,314	1,256,066	1,109,314	1,256,066
	<u>4,987,708</u>	<u>4,548,576</u>	<u>4,987,728</u>	<u>4,548,596</u>
	=====	=====	=====	=====

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17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Licensed banks	-	50,000
Other financial institutions	1,252,984	932,289
	<u>1,252,984</u>	<u>982,289</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Interest payable	3,782	1,703
Bills payable	95,305	147,653
Derivatives	4,894,691	1,884,656
Employee benefits	16,600	23,376
Other liabilities	2,598,840	1,071,638
	<u>7,609,218</u>	<u>3,129,026</u>
	=====	=====

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19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	40,125	40,324	13,360	14,652
Money at call and deposit placements with financial institutions	44,233	18,609	21,305	6,383
Securities purchased under resale agreement	11,105	69,907	2,809	25,455
Financial assets held for trading	46,154	37,516	14,202	12,280
	<u>141,617</u>	<u>166,356</u>	<u>51,676</u>	<u>58,770</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	34	39	7	15
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,751	7,597	3,710	2,719
Obligations on securities sold under repurchase agreement	398	24,069	-	9,220
Deposits from customers	45,535	39,080	17,246	11,616
	<u>52,684</u>	<u>70,746</u>	<u>20,956</u>	<u>23,555</u>
	=====	=====	=====	=====

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21. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	9,532	7,544	3,785	2,457
Service charges and fees	24,267	19,804	9,045	5,256
Guarantee fees	4,629	5,579	1,069	1,979
	<u>38,428</u>	<u>32,927</u>	<u>13,899</u>	<u>9,692</u>
	-----	-----	-----	-----
Fee expense:				
Commissions	(2,661)	(2,644)	(1,180)	(873)
Service charges and fees	(3,286)	(3,093)	(1,225)	(1,011)
	<u>(5,947)</u>	<u>(5,737)</u>	<u>(2,405)</u>	<u>(1,884)</u>
	-----	-----	-----	-----
Net fee income	<u>32,481</u>	<u>27,190</u>	<u>11,494</u>	<u>7,808</u>
	-----	-----	-----	-----
Net gains from financial instruments:				
Net gain/(loss) arising on financial assets held for trading :				
Net gain/(loss) from sale	3,991	10,772	(5,133)	2,916
Unrealised revaluation gain/(loss)	3,182	4,221	(294)	(104)
Net (loss)/gain arising on trading derivatives:				
Net (loss)/gain on settlement	(496,302)	(53,466)	(284,096)	12,898
Unrealised revaluation gain/(loss)	424,873	(5,701)	286,164	(12,689)
Net gain arising from dealing in foreign exchange :				
Net (loss)/gain on settlement	(233,373)	19,218	(466,401)	15,524
Unrealised gain from foreign exchange translation	385,103	145,432	495,022	37,818
Net gain arising on financial investments available-for-sale :				
Gross dividend income	93	85	48	40
Other income:				
Other operating income, net	17,100	9,878	8,121	4,879
	<u>104,667</u>	<u>130,439</u>	<u>33,431</u>	<u>61,282</u>
	-----	-----	-----	-----
	<u>137,148</u>	<u>157,629</u>	<u>44,925</u>	<u>69,090</u>
	=====	=====	=====	=====

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22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	37,699	36,600	12,604	11,526
-Others	10,478	11,500	2,630	3,644
Establishment costs				
-Rental	2,073	1,921	727	640
-Depreciation	729	948	213	304
-Others	3,271	3,122	989	1,025
Marketing expenses	1,444	1,681	388	545
Administration and general expenses				
-Intercompany expenses	35,940	32,426	12,007	10,198
-Communication	1,274	1,207	469	409
-Others	6,191	6,772	2,426	2,591
	<u>99,099</u>	<u>96,177</u>	<u>32,453</u>	<u>30,882</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 214 (September 2014 -191).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the period	(34)	(39)	(7)	(15)
- written back	26	73	18	8
Collective assessment allowance				
- (made)/recovered during the period	(1,199)	730	(1,310)	2,735
Bad debt written off	-	(2)	-	(2)
Recoveries from bad debt written off	16	-	1	-
	<u>(1,191)</u>	<u>762</u>	<u>(1,298)</u>	<u>2,726</u>
	=====	=====	=====	=====

24. Contingent Liabilities

In prior years, there was a litigation in process against the Bank by two companies, seeking specific damages amounting to RM1 million and general damages for which the amount is not quantifiable.

The Bank was awarded a judgement in its favour and the two companies then appealed against the judgement. The appeal was heard in April 2013 and in June 2013. The appeal court allowed the appeal against the Bank with damages to be separately assessed. The Bank applied for leave to appeal to the Federal Court and the said leave was granted in January 2014. The appeal was heard by the Federal Court on 25 February 2015 and 6 October 2015. The Federal Court allowed the appeal with costs in Bank's favour.

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25. Capital adequacy

	Group and Bank	
	30 September 2015	31 December 2014
	RM'000	RM'000
Components of Tier 1 and Tier 2 capital are as follows:-		
Tier 1 capital		
Paid-up share capital	173,599	173,599
Share premium	357,763	357,763
Statutory reserve	174,722	174,722
Retained profits	876,399	876,399
Less: Deferred tax assets	(22,330)	(22,330)
Total common equity tier 1/Total tier 1 capital	1,560,153	1,560,153
Tier 2 capital		
Collective assessment allowance#	7,840	6,414
Regulatory reserve	13,558	13,558
Total Capital / Capital base	1,581,551	1,580,125
	=====	=====
Common equity tier 1/Tier 1 capital ratio	16.676%	16.155%
Total capital ratio	16.904%	16.361%
	=====	=====

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

Excludes collective assessment allowance on impaired loan restricted from Tier 2 capital of the Bank of RM2,166,000 (31 December 2014:RM2,393,000)

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

RISK TYPE		Risk Weighted Assets	
		30 September 2015	31 December 2014
		RM'000	RM'000
1	Credit risk	5,275,686	4,504,483
2	Market risk	3,576,854	4,650,706
3	Operational risk	503,416	502,402
Total		9,355,956	9,657,591

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2015 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	464,603	156,168	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,915,178	2,915,178	1,142,952	91,436
	Corporates	1,107,305	1,107,305	1,112,362	88,989
	Regulatory Retail	894	894	670	54
	Residential Mortgages	18,677	18,677	6,635	531
	Other Assets	105,009	105,009	102,384	8,191
	Equity Exposure	1,631	1,631	1,861	149
	Defaulted Exposures	2,816	2,816	2,816	225
	Total On-Balance Sheet Exposures	4,616,113	4,307,678	2,369,680	189,575
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	6,918,100	4,315,042	2,844,708	227,576
	Credit Derivatives	142,623	142,623	61,298	4,904
	Total for Off-Balance Sheet Exposures	7,060,723	4,457,665	2,906,006	232,480
	Total On and Off- Balance Sheet Exposures	11,676,836	8,765,343	5,275,686	422,055

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2015 are as follows (continued):

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	146,182,063	140,025,888		1,791,633	143,330
	Foreign Currency Risk	1,515,958	146,363		1,516,183	121,295
	Options	10,919	15,845		269,038	21,523
		147,708,940	140,188,096		3,576,854	286,148
4	Operational Risk				503,416	40,273
5	Total RWA and Capital Requirements				9,355,956	748,476

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2014 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	252,996	109,774	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	1,088,492	1,088,492	443,731	35,498
	Corporates	1,081,970	1,081,970	1,080,006	86,400
	Regulatory Retail	777	777	583	47
	Residential Mortgages	20,612	20,612	7,382	591
	Other Assets	98,299	98,299	95,521	7,642
	Equity Exposure	1,631	1,631	1,861	149
	Defaulted Exposures	3,233	3,233	3,233	259
	Total On-Balance Sheet Exposures	2,548,010	2,404,788	1,632,317	130,586
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	5,014,870	4,332,749	2,848,537	227,883
	Credit Derivatives	75,774	75,774	23,629	1,890
	Total for Off-Balance Sheet Exposures	5,090,644	4,408,523	2,872,166	229,773
	Total On and Off- Balance Sheet Exposures	7,638,654	6,813,311	4,504,483	360,359

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2014 are as follows (continued):

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	151,177,076	145,748,689		2,447,518	195,801
	Foreign Currency Risk	1,930,148	280,156		1,930,350	154,428
	Options	10,079	-		272,838	21,827
		153,117,303	146,028,845	-	4,650,706	372,056
4	Operational Risk				502,402	40,192
5	Total RWA and Capital Requirements				9,657,591	772,607

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2015 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	167,872	-	-	-	-	-	-	-	2,624	-	170,496	-
20%	-	-	1,793,281	-	28,930	-	-	-	-	-	1,822,211	364,442
35%	-	-	-	-	-	-	17,928	-	-	-	17,928	6,275
50%	-	-	3,613,105	-	85,636	-	749	-	-	-	3,699,490	1,849,745
75%	-	-	-	-	-	894	-	-	-	-	894	670
100%	-	-	-	16,560	2,930,933	-	2,816	-	102,384	1,611	3,054,304	3,054,304
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	167,872	-	5,406,386	16,560	3,045,499	894	21,493	-	105,008	1,631	8,765,343	5,275,686
Risk-Weighted Assets by Exposures	-	-	2,165,209	16,560	2,979,536	670	9,466	-	102,384	1,861	5,275,686	
Average Risk Weight	-	-	40.0%	100.0%	97.8%	74.9%	44.0%	-	97.5%	114.1%	60.2%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2014 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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	109,774	-	-	-	-	-	-	-	2,778	-	112,552	-	
20%	-	-	1,180,945	-	28,467	-	-	-	-	-	1,209,412	241,882	
35%	-	-	-	-	-	-	19,495	-	-	-	19,495	6,823	
50%	-	-	2,356,472	-	74,631	-	1,117	-	-	-	2,432,220	1,216,110	
75%	-	-	-	-	-	777	-	-	-	-	777	583	
100%	-	5,520	-	8,710	2,924,240	-	3,233	-	95,521	1,611	3,038,835	3,038,835	
1250%	-	-	-	-	-	-	-	-	-	20	20	250	
Total Exposures	109,774	5,520	3,537,417	8,710	3,027,338	777	23,845	-	98,299	1,631	6,813,311	4,504,483	
Risk-Weighted Assets by Exposures	-	5,520	1,414,425	8,710	2,967,248	583	10,615	-	95,521	1,861	4,504,483		
Average Risk Weight	-	100.0%	40.0%	100.0%	98.0%	75.0%	44.5%	-	97.2%	114.1%	66.1%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

26. Commitments and contingencies

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

30 September 2015 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	936,827	468,413	423,912
Short Term Self Liquidating Trade Related Contingencies	375,979	75,196	61,920
Foreign exchange related contracts			
One year or less	21,721,497	629,259	449,978
Over one year to five years	6,928,971	1,370,876	722,333
Over five years	311,586	34,371	17,295
Interest/Profit rate related contracts			
One year or less	7,571,401	24,148	8,548
Over one year to five years	8,636,579	194,169	87,431
Over five years	2,856,061	352,497	134,175
Equity related contracts			
One year or less	41,876	3,350	1,675
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	155,162	6,204	2,925
Over one year to five years	1,738,661	130,359	57,196
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	80,107,362	3,369,184	574,528
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29	15	15
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,013,408	402,682	364,075
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	133,395,399	7,060,723	2,906,006

26. 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 2014 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	1,329,612	664,806	588,751
Short Term Self Liquidating Trade Related Contingencies	240,302	48,060	35,940
Foreign exchange related contracts			
One year or less	13,418,768	382,891	256,376
Over one year to five years	6,636,804	599,083	561,653
Over five years	378,907	46,042	22,922
Interest/Profit rate related contracts			
One year or less	2,278,851	12,084	4,485
Over one year to five years	8,612,779	219,661	98,834
Over five years	2,475,868	246,811	100,639
Equity related contracts			
One year or less	66,755	6,675	3,338
Over one year to five years	115,265	11,527	5,763
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	178,944	5,505	2,338
Over one year to five years	877,502	50,352	17,356
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	100,458,502	2,161,702	574,330
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29	15	15
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,177,150	635,430	599,426
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	140,246,038	5,090,644	2,872,166

27. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015 - UNAUDITED

	Note	Bank	
		30 September 2015 RM'000	31 December 2014 RM'000
Assets			
Cash and short term funds	(a)	71,374	74,200
Financial assets-held-for-trading	(b)	52,286	50,117
Other assets		1,429	1,640
Total assets		<u>125,089</u> =====	<u>125,957</u> =====
Liabilities and shareholders' funds			
Deposits from customer	(c)	82,518	81,393
Deposits and placements of banks and other financial institutions	(d)	396	414
Other liabilities	(e)	9,683	12,891
Taxation		1,810	1,502
Total liabilities		<u>94,407</u> -----	<u>96,200</u> -----
Capital funds		25,000	25,000
Retained profits		5,682	4,757
Islamic banking funds		<u>30,682</u> -----	<u>29,757</u> -----
Total liabilities and Islamic banking funds		<u>125,089</u> =====	<u>125,957</u> =====
Commitments and contingencies		- =====	- =====

27. The operations of Islamic Banking (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - UNAUDITED

	Bank			
	Nine months ended 30 September 2015 RM'000	Nine months ended 30 September 2014 RM'000	Three months ended 30 September 2015 RM'000	Three months ended 30 September 2014 RM'000
Income derived from investment of Islamic banking funds	1,244	939	387	216
Total net income	1,244	939	387	216
Other operating expenses	(11)	(11)	(4)	(4)
Profit before taxation	1,233	928	383	212
Taxation	(308)	(232)	(96)	(53)
Profit and total comprehensive income for the period	925	696	287	159

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Capital funds RM'000	Retained profits RM'000	Total RM'000
Bank			
At 1 January 2015	25,000	4,757	29,757
Profit and total comprehensive income for the period	-	925	925
At 30 September 2015	25,000	5,682	30,682
At 1 January 2014	25,000	4,232	29,232
Profit and total comprehensive income for the period	-	696	696
At 30 September 2014	25,000	4,928	29,928

27. The operations of Islamic Banking (continued)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	Bank	
	30 September 2015 RM'000	30 September 2014 RM'000
Cash flows from operating activities		
Profit before taxation	1,233	928
Operating profit before working capital changes	1,233	928
Changes in working capital:		
Net changes in operating assets	(1,958)	30,996
Net changes in operating liabilities	(2,101)	18,416
Net cash (used in)/generated from operations	(2,826)	50,340
Net (decrease)/increase in cash and cash equivalents	(2,826)	50,340
Cash and cash equivalents at beginning of period	74,200	6,859
Cash and cash equivalents at end of period	71,374	57,199
Analysis of cash and cash equivalents:		
Cash and short term funds	71,374	57,199

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27. 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 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	
	30 September 2015 RM'000	31 December 2014 RM'000
Cash and balances with banks and other financial institutions	71,374 =====	74,200 =====

(b) Financial assets held-for-trading

	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Malaysian Investment Issue	52,286 =====	50,117 =====

(c) Deposits from customer

	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Non-Mudharabah		
Demand deposits	32,518	31,393
Other deposits	50,000	50,000
	<u>82,518</u> =====	<u>81,393</u> =====

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27. The operations of Islamic Banking (continued)

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

	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Licensed bank	396 =====	414 =====

(e) Other liabilities

	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Bills payable	13	553
Others	9,670	12,338
	<u>9,683</u> =====	<u>12,891</u> =====

(f) Capital adequacy

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

Components of Tier I and Tier II Capital:

	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	4,757	4,757
Total common equity tier 1/ Total tier 1 capital	<u>29,757</u>	<u>29,757</u>
Total Tier 2 capital	-	-
Capital base	<u>29,757</u> =====	<u>29,757</u> =====
Common equity tier 1/ Tier 1 capital ratio	805.978%	559.684%
Total capital ratio	805.978% =====	559.684% =====

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27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

RISK TYPE		Risk Weighted Assets	
		30 September 2015	31 December 2014
		RM'000	RM'000
1	Credit risk	789	1,487
2	Market risk	547	199
3	Operational risk	2,356	3,631
Total		3,692	5,317

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2015 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	71,904	71,904	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	220	220	110	9
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Other Assets	679	679	679	54
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	72,803	72,803	789	63
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	72,803	72,803	789	63

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2015 are as follows (continued):

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	69,931	-		327	26
	Foreign Currency Risk	220	-		220	18
	Options	-	-		-	-
		70,151	-		547	44
4	Operational Risk				2,356	188
5	Total RWA and Capital Requirements				3,692	295

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2014 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	74,254	74,254	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	199	199	100	8
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Other Assets	1,387	1,387	1,387	111
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	75,840	75,840	1,487	119
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	75,840	75,840	1,487	119

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2014 are as follows (continued):

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	74,000	-		-	-
	Foreign Currency Risk	199	-		199	16
	Options	-	-		-	-
		74,199	-		199	16
4	Operational Risk				3,631	290
5	Total RWA and Capital Requirements				5,317	425

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2015 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	71,904	-	-	-	-	-	-	-	-	-	-	71,904	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	220	-	-	-	-	-	-	-	-	220	110
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	679	-	-	679	679
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	71,904	-	220	-	-	-	-	-	679	-	-	72,803	789
Risk-Weighted Assets by Exposures	-	-	110	-	-	-	-	-	679	-	-	789	-
Average Risk Weight	-	-	50.0%	-	-	-	-	-	100.0%	-	-	1.1%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-

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27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2014 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		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	74,254	-	-	-	-	-	-	-	-	-	74,254	-
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	199	-	-	-	-	-	-	-	199	100
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	1,387	-	1,387	1,387
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	74,254	-	199	-	-	-	-	-	1,387	-	75,840	1,487
Risk-Weighted Assets by Exposures	-	-	100	-	-	-	-	-	1,387	-	1,487	
Average Risk Weight	-	-	50.3%	-	-	-	-	-	100.0%	-	2.0%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	