

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 2019



Consolidated Statements of Financial Position
As at 30 September 2019 - Unaudited

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short term funds	12.1	3,765,346	1,793,561	3,765,346	1,793,561
Deposits and placements with banks and other financial institutions	12.2	299,992	374,990	299,992	374,990
Reverse repurchase agreements		278,062	146,401	278,062	146,401
Financial securities	13	2,224,757	3,407,359	2,224,757	3,407,359
Loans, advances and financing	14	3,230,993	2,275,345	3,230,993	2,275,345
Other assets	15	1,727,751	1,283,639	1,727,751	1,283,639
Tax recoverable		-	15,188	-	15,188
Statutory deposit with Bank Negara Malaysia		10,000	20,000	10,000	20,000
Investments in subsidiary companies		-	-	20	20
Property and equipment		2,153	2,927	2,153	2,927
Deferred tax assets		37,592	35,355	37,592	35,355
Total assets		<u>11,576,646</u>	<u>9,354,765</u>	<u>11,576,666</u>	<u>9,354,785</u>
Liabilities and shareholders' funds					
Deposits from customers	16	5,361,783	4,226,840	5,361,803	4,226,860
Deposits and placements of banks and other financial institutions	17	2,390,691	1,514,300	2,390,691	1,514,300
Other liabilities	18	1,949,805	1,740,204	1,949,805	1,740,204
Taxation		8,076	-	8,076	-
Total liabilities		<u>9,710,355</u>	<u>7,481,344</u>	<u>9,710,374</u>	<u>7,481,364</u>
Share capital		531,362	531,362	531,362	531,362
Reserves		1,334,929	1,342,059	1,334,929	1,342,059
Shareholders' funds		<u>1,866,291</u>	<u>1,873,421</u>	<u>1,866,291</u>	<u>1,873,421</u>
Total liabilities and shareholders' funds		<u>11,576,646</u>	<u>9,354,765</u>	<u>11,576,666</u>	<u>9,354,785</u>
Commitments and contingencies	25	<u>90,732,087</u>	<u>97,386,346</u>	<u>90,732,087</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 30 September 2019 - Unaudited**

	Note	Group and Bank			
		Nine months ended 30 September 2019 RM'000	30 September 2018 RM'000	Three months ended 30 September 2019 RM'000	30 September 2018 RM'000
Interest income	19	231,208	230,184	76,944	83,062
Interest expense	20	(72,928)	(65,861)	(25,445)	(24,495)
Net interest income		158,280	164,323	51,499	58,567
Net income from Islamic Banking Operations	26	2,029	2,706	708	897
Non-interest income	21	205,029	158,714	55,581	50,875
Operating income		365,338	325,743	107,788	110,339
Other operating expenses	22	(111,059)	(133,852)	(37,011)	(42,055)
Operating profit		254,279	191,891	70,777	68,284
Allowance written back / (made) for impairment	23	224	(1,717)	296	(419)
Profit before tax		254,503	190,174	71,073	67,865
Tax expense		(61,426)	(48,356)	(17,073)	(18,570)
Net profit for the period		193,077	141,818	54,000	49,295
Other comprehensive income:					
<i>Movement in fair value reserve (debt securities) :</i>					
Net change in fair value		961	110	257	107
Net amount transferred to profit or loss		(52)	77	(7)	10
Tax expense on other comprehensive income		(218)	(45)	(60)	(29)
Other comprehensive income for the period		691	142	190	88
Total comprehensive income for the period		193,768	141,960	54,190	49,383
Earnings per share (sen)		111.2 sen	81.7 sen	31.1 sen	28.4 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 2018.

**Consolidated Statements Of Changes In Equity
For The Financial Period Ended 30 September 2019**

Note	<-----Attributable to owner of the Bank----->						
	<-----Non-distributable----->			Distributable			
Group and Bank	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	Total RM'000
At 1 January 2019	531,362	-	40,077	1,301,982	1,342,059	-	1,873,421
Net profit for the period	-	-	-	193,077	193,077	-	193,077
Other comprehensive income for the period	-	-	691	-	691	-	691
Total comprehensive income for the period	-	-	691	193,077	193,768	-	193,768
Transfer pursuant to BNM revised policy*	-	-	4,000	(4,000)	-	-	-
Dividend paid	-	-	-	(200,898)	(200,898)	-	(200,898)
At 30 September 2019	531,362	-	44,768	1,290,161	1,334,929	-	1,866,291
At 1 January 2018	531,362	-	13,604	1,282,526	1,296,130	-	1,827,492
Net profit for the period	-	-	-	141,818	141,818	-	141,818
Other comprehensive income for the period	-	-	142	-	142	-	142
Total comprehensive income for the period	-	-	142	141,818	141,960	-	141,960
Transfer pursuant to BNM revised policy*	-	-	25,942	(25,942)	-	-	-
Dividend paid	-	-	-	(155,000)	(155,000)	-	(155,000)
At 30 September 2018	531,362	-	39,688	1,243,402	1,283,090	-	1,814,452

* 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 30 September 2019 and 30 September 2018, the Group and the Bank has transferred RM4,000,000 and RM25,942,000 respectively, 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 30 September 2019**

	Group and Bank	
	30 September 2019 RM'000	30 September 2018 RM'000
Profit before taxation	254,503	190,174
Adjustments for non-operating and non-cash items	810	2,688
Operating profit before working capital changes	255,313	192,862
Changes in working capital:		
Net changes in operating assets	(337,910)	(1,894,551)
Net changes in operating liabilities	2,220,935	1,232,279
Income tax paid	(54,154)	(48,353)
Tax refund received	13,537	-
Net cash generated from / (used in) operations	2,097,721	(517,763)
Cash flows from investing activities:		
Purchase of property and equipment	(36)	(698)
Net cash used in investing activities	(36)	(698)
Cash flows from financing activities:		
Dividend paid	(200,898)	(155,000)
Net cash used in financing activities	(200,898)	(155,000)
Net increase / (decrease) in cash and cash equivalents	1,896,787	(673,461)
Cash and cash equivalents at beginning of the period	2,168,551	3,749,261
Cash and cash equivalents at end of the period	4,065,338	3,075,800
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,765,346	2,875,802
Deposits and placements with banks and other financial institutions	299,992	199,998
Cash and cash equivalents at end of the period	4,065,338	3,075,800

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 30 September 2019

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 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 30 September 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 30 September 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 30 September 2019.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid the final dividend of 115.7 sen per ordinary share totalling RM200,898,000 in respect of the financial year ended 31 December 2018. The dividend was paid on 18 July 2019.

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 2019.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 September 2019 of RM254.5 million compared to RM190.2 million for the previous corresponding period. Operating income increased by RM39.6 million (+12.2%) from RM325.7 million to RM365.3 million, mainly attributed to higher non-interest income of RM205.0 million against RM158.7 million in the previous corresponding period. Operating expenses decreased by RM22.8 million (-17.0%) from RM133.9 million to RM111.1 million mainly attributed to lower intercompany charges and personnel costs.

Total assets registered an increase of RM2.2 billion or 23.8% from RM9.4 billion as at 31 December 2018 to RM11.6 billion as at 30 September 2019. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 16.4% and 16.9%, respectively.

11. Prospects

Globally, there was a continuation of the previous quarter's trend of the economy having slower, but still positive growth. The impending growth slowdown is currently kept in check by central bank policy easing, mainly rate cuts by the Fed and the ECB. The US economy is seeing slower growth and low inflation due to trade uncertainty and decline in manufacturing and hours worked. The economy is expected to grow below its potential this year and next. In the Eurozone, the manufacturing sector continues to stagnate and uncertainty is elevated, contributing to slower growth. On the local front, economy has continued a steady growth path, primarily driven by private sector demand, while trade tensions has increased volatility and uncertainties in relation to the external sector.

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	
	30 September 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	183,827	355,351
Money at call and deposit placements maturing within one month	3,581,519	1,438,210
	----- 3,765,346 =====	----- 1,793,561 =====

12.2 Deposits and placements with banks and other financial institutions

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Licensed bank	299,992	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
Cash and cash equivalents								
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	(94)	-	-	(94)	204	-	-	204
New financial assets originated or purchased	14	-	-	14	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	-	-	-	-	-	-	-	-
Balance at 30 September/ 31 December	124	-	-	124	219	-	-	219

13. Financial securities

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Debt securities at FVTPL		
Malaysian Government Securities	1,295,286	2,151,445
Malaysian Investment Issue	319,103	252,469
Treasury Bills	-	24,568
Cagamas bonds	215,007	200,000
Negotiable instruments of deposits	-	400,000
Corporate bonds	-	5,005
	-----	-----
	1,829,396	3,033,487
	-----	-----
Debt securities at FVOCI		
Malaysian Government Securities	343,055	272,281
Malaysian Investment Issue	50,715	-
Negotiable instruments of deposits	-	100,000
	-----	-----
	393,770	372,281
	-----	-----
Equity investments at FVOCI		
Unquoted shares in Malaysia	1,591	1,591
	-----	-----
	2,224,757	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
Debt securities at FVOCI								
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	-	-	-	-	-	-	-	-
New financial assets originated or purchased	155	-	-	155	207	-	-	207
Financial assets that have been derecognised	(207)	-	-	(207)	(2)	-	-	(2)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	155	-	-	155	207	-	-	207

14. Loans, advances and financing

	Group and Bank	
	30 September 2019	31 December 2018
	RM'000	RM'000
<i>At amortised cost</i>		
Overdrafts	113,053	176,310
Term loans - housing loans	8,802	10,131
- other term loans	698,819	313,954
Bills receivable	353,157	386,579
Trust Receipt	149,470	44,009
Claims on customers under acceptance credits	1,935,830	1,365,775
Staff loans	58	887
	<u>3,259,189</u>	<u>2,297,645</u>
Unearned interest	(20,922)	(14,949)
	<u>3,238,267</u>	<u>2,282,696</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Expected credit losses	(7,274)	(7,351)
	<u>3,230,993</u>	<u>2,275,345</u>
Net loans, advances and financing	<u>3,230,993</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
Loans, advances and financing at amortised cost*								
Balance at 1 January	5,146	623	1,582	7,351	4,652	357	675	5,684
Transfer to 12-month ECL	161	(18)	(143)	-	131	-	(131)	-
Transfer to lifetime ECL not credit-impaired	(3)	3	-	-	-	-	-	-
Transfer to lifetime ECL credit-impaired	(791)	-	791	-	(493)	-	493	-
Net remeasurement of loss allowance	(1,479)	(334)	8	(1,805)	527	405	545	1,477
New financial assets originated or purchased	1,763	29	-	1,792	1,164	158	-	1,322
Financial assets that have been derecognised	(64)	-	-	(64)	(835)	(297)	-	(1,132)
Write-offs	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Balance at 30 September / 31 December	4,733	303	2,238	7,274	5,146	623	1,582	7,351

* 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	
	30 September 2019 RM'000	31 December 2018 RM'000
Maturing within one year	3,069,629	2,109,664
More than one to three years	160,644	163,682
More than three to five years	1,284	1,401
More than five years	6,710	7,949
	<u>3,238,267</u>	<u>2,282,696</u>
	=====	=====

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

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	1,260	-
Domestic non-bank financial institutions	386,519	463,061
Domestic business enterprises	2,343,149	1,348,391
Government and statutory bodies	147,496	73,836
Individuals	8,860	11,018
Foreign entities	350,983	386,390
	<u>3,238,267</u>	<u>2,282,696</u>
	=====	=====

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

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Fixed rate		
- Other fixed rate loan / financing	9,814	13,651
Variable rate		
- Base lending rate plus	212,404	110,976
- Cost-plus	3,014,871	2,156,691
- Other variable rates	1,178	1,378
	<u>3,238,267</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	
	30 September 2019 RM'000	31 December 2018 RM'000
Malaysia	2,887,284	1,896,306
China	8,240	4,740
India	327,110	288,405
Turkey	3,273	62,759
Others	12,360	30,486
	<u>3,238,267</u>	<u>2,282,696</u>
	=====	=====

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

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Mining and Quarrying	150,202	150,235
Manufacturing	514,149	241,598
Construction	187,321	150,416
Wholesale & retail trade and restaurants & hotels	384,746	264,299
Transport, storage and communication	960,177	410,549
Finance, insurance and business services	885,316	980,745
Education, health and others	147,496	73,836
Household	8,860	11,018
	<u>3,238,267</u>	<u>2,282,696</u>
	=====	=====

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

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Balance at 1 January	2,965	2,032
Classified as impaired during the period/ year	1,880	1,437
Reclassified as non-impaired during the period/ year	(200)	(303)
Amount recovered	(620)	(201)
	<u>4,025</u>	<u>2,965</u>
	=====	=====
At 30 September 2019 / 31 December 2018		
Gross impaired loans as a percentage of 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	
	30 September 2019 RM'000	31 December 2018 RM'000
Household (Malaysia)	4,025	2,965
	<u>4,025</u>	<u>2,965</u>
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Interest / Income receivable	16,327	28,851
Margin placed with exchange	2,163	6,620
Derivatives	958,966	890,488
Other debtors, deposits and prepayments	750,295	357,680
	<u>1,727,751</u>	<u>1,283,639</u>
	=====	=====

16. Deposits from customers

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Demand deposits	4,745,451	3,885,051	4,745,471	3,885,071
Savings deposits	104	303	104	303
Fixed deposits	316,528	59,913	316,528	59,913
Other deposits	299,700	281,573	299,700	281,573
	<u>5,361,783</u>	<u>4,226,840</u>	<u>5,361,803</u>	<u>4,226,860</u>
	=====	=====	=====	=====

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

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Due within six months	472,903	185,534
More than six months to one year	1,953	31,212
More than five years	141,372	124,740
	<u>616,228</u>	<u>341,486</u>
	=====	=====

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Business enterprises	4,637,611	3,600,871	4,637,631	3,600,891
Individuals	343	594	343	594
Foreign customers	102,072	76,942	102,072	76,942
Others	621,757	548,433	621,757	548,433
	<u>5,361,783</u>	<u>4,226,840</u>	<u>5,361,803</u>	<u>4,226,860</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Other financial institutions	2,390,691	1,514,300
	<u>2,390,691</u>	<u>1,514,300</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Interest payable	3,885	2,148
Bills payable	20,596	42,640
Derivatives	876,477	854,986
Employee benefits	16,406	18,903
Other liabilities	1,032,441	821,527
	<u>1,949,805</u>	<u>1,740,204</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	90,123	80,153	33,842	27,435
Money at call and deposit placements with financial institutions	61,896	76,857	19,727	26,558
Reverse repurchase agreements	2,238	2,608	1,343	824
Financial securities	76,829	70,566	22,000	28,245
Other interest income	122	-	32	-
	<u>231,208</u>	<u>230,184</u>	<u>76,944</u>	<u>83,062</u>
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	29,585	22,608	10,430	10,007
Deposits from customers	42,676	43,252	14,441	14,488
Repurchase agreement	21	1	2	-
Other interest expense	646	-	572	-
	<u>72,928</u>	<u>65,861</u>	<u>25,445</u>	<u>24,495</u>
	=====	=====	=====	=====

21. Non-interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	6,096	7,868	1,930	2,980
Service charges and fees	23,808	23,278	7,861	10,967
Guarantee fees	3,027	3,227	1,117	1,124
	<u>32,931</u>	<u>34,373</u>	<u>10,908</u>	<u>15,071</u>
	-----	-----	-----	-----
Fee expense:				
Commissions	(4,368)	(3,133)	(1,494)	(881)
Service charges and fees	(10,861)	(8,526)	(2,934)	(3,063)
	<u>(15,229)</u>	<u>(11,659)</u>	<u>(4,428)</u>	<u>(3,944)</u>
	-----	-----	-----	-----
Net fee income	<u>17,702</u>	<u>22,714</u>	<u>6,480</u>	<u>11,127</u>
	-----	-----	-----	-----
Net gains from financial instruments:				
Net gain arising from financial securities:				
Realised gain	46,796	19,867	20,345	8,314
Unrealised gain / (loss)	1,882	2,149	(2,550)	3,358
Net (loss) / gain arising from derivatives:				
Realised loss	(42,446)	(12,213)	(994)	(48,634)
Unrealised revaluation gain	38,810	267,819	52,651	270,961
Foreign exchange gain / (loss)	122,177	(147,538)	(24,759)	(193,435)
Gross dividend income	60	73	15	28
Loss from disposal of property and equipment	-	(6)	-	-
Other income:				
Other operating income, net	20,048	5,849	4,393	(844)
	<u>187,327</u>	<u>136,000</u>	<u>49,101</u>	<u>39,748</u>
	-----	-----	-----	-----
	<u>205,029</u>	<u>158,714</u>	<u>55,581</u>	<u>50,875</u>
	=====	=====	=====	=====

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	32,493	34,513	10,545	10,747
- Others	9,661	19,803	3,226	6,256
Establishment costs				
- Rental	1,674	1,713	663	722
- Depreciation	810	2,688	262	2,304
- Others	3,098	4,012	783	624
Marketing expenses	1,522	1,475	477	394
Administration and general expenses				
- Intercompany expenses	52,706	59,789	17,985	19,681
- Communication	1,193	1,728	354	570
- Others	7,902	8,131	2,716	757
	<u>111,059</u>	<u>133,852</u>	<u>37,011</u>	<u>42,055</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 201 (September 2018 – 204).

23. Allowance for impairment

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Expected credit losses				
Written back / (allowance) for impairment				
- loans, advances and financing	77	(1,572)	319	(472)
- cash and cash equivalent	95	(68)	(31)	63
- debt securities at FVOCI	52	(77)	8	(10)
	<u>224</u>	<u>(1,717)</u>	<u>296</u>	<u>(419)</u>
	=====	=====	=====	=====

24. Capital adequacy

	Group and Bank	
	30 September 2019	31 December 2018
	RM'000	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	292	36
Retained profits	1,097,084	1,301,982
Less: Deferred tax assets	(35,355)	(35,355)
	<u>1,593,383</u>	<u>1,798,025</u>
Tier 2 capital		
Expected credit losses ("ECL")*	5,036	5,769
Regulatory reserve	44,000	40,000
	<u>1,642,419</u>	<u>1,843,794</u>
	=====	=====
Common equity tier 1 / Tier 1 capital ratio	16.358%	19.186%
Total capital ratio	16.861%	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	
		30 September 2019 RM'000	31 December 2018 RM'000
1	Credit risk	5,768,402	4,945,990
2	Market risk	3,155,042	3,645,457
3	Operational risk	817,336	780,229
Total		9,740,780	9,371,676

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 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	3,826,403	3,726,348	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,643,379	1,643,379	728,369
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	2,391,572	2,391,572	2,391,283
	Regulatory Retail	-	-	-
	Residential Mortgages	4,784	4,784	1,674
	Higher Risk Assets	-	-	-
	Other Assets	708,185	708,185	707,160
	Equity Exposure	1,631	1,631	1,861
	Defaulted Exposures	1,787	1,787	1,787
	<i>Total On-Balance Sheet Exposures</i>	8,577,741	8,477,686	3,832,134
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	2,139,978	1,709,927	898,149
	Credit Derivatives	-	-	-
	Transaction related contingent Items	293,121	292,541	281,628
	Short Term Self Liquidating trade related contingencies	20,485	20,485	19,351
	Other commitments, such as formal standby facilities and credit lines	737,140	737,140	737,140
	<i>Total for Off-Balance Sheet Exposures</i>	3,190,724	2,760,093	1,936,268
	<i>Total On and Off- Balance Sheet Exposures</i>	11,768,465	11,237,779	5,768,402

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2019 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	96,145,940	93,973,584	2,269,227
	Foreign Currency Risk	214,010	171,933	214,014
	Options	531	-	671,801
				3,155,042
3	Operational Risk			817,336
4	Total RWA			9,740,780

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 30 September 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 3,755,875	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,025	RM'000 -	RM'000 3,756,900	RM'000 -
20%	-	-	973,756	1,894	-	-	-	-	-	-	975,650	195,130
35%	-	-	-	-	-	-	4,784	-	-	-	4,784	1,674
50%	-	-	1,826,526	-	31,628	-	-	-	-	-	1,858,154	929,077
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	18,668	3,913,045	-	1,787	-	707,160	1,611	4,642,271	4,642,271
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	3,755,875	-	2,800,282	20,562	3,944,673	-	6,571	-	708,185	1,631	11,237,779	5,768,402
Risk-Weighted Assets by Exposures	-	-	1,108,015	19,047	3,928,858	-	3,461	-	707,160	1,861	5,768,402	
Average Risk Weight	0.0%	0.0%	39.6%	92.6%	99.6%	0.0%	52.7%	0.0%	99.9%	114.1%	51.3%	
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 1,608,027	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 993	RM'000 -	RM'000 1,609,020	RM'000 -
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:

30 September 2019 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	586,243	293,121	281,628
Short Term Self Liquidating Trade Related Contingencies	102,426	20,485	19,351
Foreign exchange related contracts			
One year or less	9,239,339	222,390	220,389
Over one year to five years	1,335,925	113,300	113,300
Over five years	322,758	32,276	16,752
Interest/Profit rate related contracts			
One year or less	386,116	176,713	176,546
Over one year to five years	376,898	8,759	5,883
Over five years	27,063	1,894	379
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	75,405,043	1,584,646	364,900
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	490,283	245,141	245,141
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,459,993	491,999	491,999
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	90,732,087	3,190,724	1,936,268

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 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted 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 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 credit derivative contracts subject to valid bilateral netting agreements	77,054,912	1,600,811	351,278
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	743,120	371,560	371,560
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,966,641	593,328	591,131
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	97,386,346	3,582,631	2,233,245

26. The operations of Islamic Banking

Statement of Financial Position
As at 30 September 2019 – Unaudited

	Note	Bank	
		30 September 2019 RM'000	31 December 2018 RM'000
Assets			
Cash and short term funds	(a)	355,000	94,593
Other assets		54	8
Total assets		355,054	94,601
Liabilities and shareholders' funds			
Deposits from customer	(b)	318,772	54,449
Other liabilities	(c)	1,152	3,711
Tax payable		483	798
Total liabilities		320,407	58,958
Capital funds		25,000	25,000
Retained profits		9,647	10,643
Islamic banking funds		34,647	35,643
Total liabilities and Islamic banking funds		355,054	94,601
Commitments and contingencies		-	-

26. The operations of Islamic Banking (continued)

**Statement Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2019 - Unaudited**

	Bank			
	Nine months ended 30 September 2019 RM'000	30 September 2018 RM'000	Three months ended 30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of Islamic banking funds	2,029	2,706	708	897
Total net income	<u>2,029</u>	<u>2,706</u>	<u>708</u>	<u>897</u>
Other operating expenses	(15)	(14)	(5)	(4)
Profit before taxation	<u>2,014</u>	<u>2,692</u>	<u>703</u>	<u>893</u>
Taxation	(483)	(646)	(168)	(214)
Profit and total comprehensive income for the period	<u>1,531</u> =====	<u>2,046</u> =====	<u>535</u> =====	<u>679</u> =====

**Statement Of Changes In Islamic Banking Funds
For The Financial Period Ended 30 September 2019**

	Capital funds RM'000	Retained profits RM'000	Total RM'000
Bank			
At 1 January 2019	25,000	10,643	35,643
Profit and total comprehensive income for the period	-	1,531	1,531
Dividend paid	-	(2,527)	(2,527)
At 30 September 2019	<u>25,000</u>	<u>9,647</u>	<u>34,647</u>
	=====	=====	=====
At 1 January 2018	25,000	8,116	33,116
Profit and total comprehensive income for the period	-	2,046	2,046
At 30 September 2018	<u>25,000</u>	<u>10,162</u>	<u>35,162</u>
	=====	=====	=====

26. The operations of Islamic Banking (continued)

Statement Of Cash Flows
For The Financial Period Ended 30 September 2019

	Bank	
	30 September 2019 RM'000	30 September 2018 RM'000
Cash flows from operating activities		
Profit before taxation	2,014	2,692
Operating profit before working capital changes	2,014	2,692
Changes in working capital:		
Net changes in operating assets	(46)	4
Net changes in operating liabilities	261,764	(16,265)
Income taxes paid	(798)	(2,579)
Net cash generated from / (used in) operations	262,934	(16,148)
Cash flows from financing activities:		
Dividend paid	(2,527)	-
Net cash used in financing activities	(2,527)	-
Net increase/ (decrease) in cash and cash equivalents	260,407	(16,148)
Cash and cash equivalents at beginning of period	94,593	115,686
Cash and cash equivalents at end of period	355,000	99,538
Analysis of cash and cash equivalents:		
Cash and short term funds	355,000	99,538

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	
	30 September 2019 RM'000	31 December 2018 RM'000
Cash and balances with banks and other financial institutions	355,000 =====	94,593 =====

(b) Deposits from customer

	Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Non-Mudharabah Demand deposits	318,772 =====	54,449 =====

(c) Other liabilities

	Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
Bills payable	28	12
Others	1,124	3,699
	<u>1,152</u> =====	<u>3,711</u> =====

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	
	30 September 2019 RM'000	31 December 2018 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	8,116	10,643
Total common equity tier 1/ Total tier 1 capital	33,116	35,643
Total Tier 2 capital	-	-
Capital base	33,116	35,643
Common equity tier 1 / Tier 1 capital ratio	633.268%	498.808%
Total capital ratio	633.268%	498.808%

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

Risk Type		Risk Weighted Assets	
		30 September 2019 RM'000	31 December 2018 RM'000
1	Credit risk	-	938
2	Market risk	-	1,875
3	Operational risk	5,229	4,333
Total		5,229	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 30 September 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	355,054	355,054	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	-	-	-
	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>	355,054	355,054	-
	<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>	355,054	355,054	-

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 30 September 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	-	-	-
	Options	-	-	-
				-
3	Operational Risk			5,229
4	Total RWA			5,229

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 30 September 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'000 355,054	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 355,054	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	355,054	-	-	-	-	-	-	-	-	-	355,054	-
Risk-Weighted Assets by Exposures	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
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 92,726	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 92,726	RM'000 -
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	-	-	-	-	-	-	-	-	-	-	-	-