

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 2017



Consolidated Statements of Financial Position
As at 30 September 2017 - Unaudited

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short term funds		4,909,683	4,608,452	4,909,683	4,608,452
Deposits and placements of banks and other financial institutions		200,000	1,126	200,000	1,126
Reverse repurchase agreements		486,127	608,641	486,127	608,641
Financial assets held-for-trading	12	1,402,940	635,245	1,402,940	635,245
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,938,440	1,890,528	1,938,440	1,890,528
Other assets	15	2,131,738	3,849,865	2,131,738	3,849,865
Tax recoverable		-	2,970	-	2,970
Statutory deposit with Bank					
Negara Malaysia		55,000	250,000	55,000	250,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		4,101	4,191	4,101	4,191
Deferred tax assets		28,545	35,761	28,545	35,761
Total assets		<u>11,158,165</u>	<u>11,888,370</u>	<u>11,158,185</u>	<u>11,888,390</u>
Liabilities and shareholders' funds					
Deposits from customers	16	4,735,184	4,285,140	4,735,204	4,285,160
Deposits and placements of banks and other financial institutions	17	1,557,059	1,441,194	1,557,059	1,441,194
Other liabilities	18	3,102,592	4,406,607	3,102,592	4,406,607
Tax payable		2,514	-	2,514	-
Total liabilities		<u>9,397,349</u>	<u>10,132,941</u>	<u>9,397,369</u>	<u>10,132,961</u>
Share capital		173,599	173,599	173,599	173,599
Reserves		1,587,217	1,581,830	1,587,217	1,581,830
Shareholders' funds		<u>1,760,816</u>	<u>1,755,429</u>	<u>1,760,816</u>	<u>1,755,429</u>
Total liabilities and shareholders' funds		<u>11,158,165</u>	<u>11,888,370</u>	<u>11,158,185</u>	<u>11,888,390</u>
Commitments and contingencies	25	<u>108,136,450</u>	<u>112,693,840</u>	<u>108,136,450</u>	<u>112,693,840</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 2016.

**Consolidated Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2017 - Unaudited**

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Interest income	19	185,628	148,134	65,687	51,820
Interest expense	20	(57,896)	(54,888)	(20,750)	(16,528)
Net interest income		<u>127,732</u>	<u>93,246</u>	<u>44,937</u>	<u>35,292</u>
Net income from Islamic Banking Operations	26	2,075	595	786	142
Non-interest income	21	186,830	212,126	53,772	68,281
Operating income		<u>316,637</u>	<u>305,967</u>	<u>99,495</u>	<u>103,715</u>
Other operating expenses	22	(117,068)	(108,172)	(47,417)	(38,394)
Operating profit		<u>199,569</u>	<u>197,795</u>	<u>52,078</u>	<u>65,321</u>
Allowance written back/ (made) for impairment on loans, advances and financing	23	2,573	(1,973)	(362)	502
Profit before tax		<u>202,142</u>	<u>195,822</u>	<u>51,716</u>	<u>65,823</u>
Tax expense		(49,716)	(48,328)	(12,414)	(15,871)
Net profit / Total comprehensive income for the period		<u>152,426</u> =====	<u>147,494</u> =====	<u>39,302</u> =====	<u>49,952</u> =====
Earnings per share (sen)		<u>87.8 sen</u> =====	<u>85.0 sen</u> =====	<u>22.6 sen</u> =====	<u>28.8 sen</u> =====

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2016.

**Consolidated Statements Of Changes In Equity
For The Financial Period Ended 30 September 2017**

Group and Bank	←-----Attributable to owner of the Bank-----→						Total RM'000
	←-----Non-distributable-----→			Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total reserves RM'000	Proposed dividend RM'000	
At 1 January 2017	173,599	357,763	188,280	1,035,787	1,581,830	-	1,755,429
Transfer pursuant to BNM revised policy *	-	-	(174,722)	174,722	-	-	-
Net profit/ Total comprehensive income for the period	-	-	-	152,426	152,426	-	152,426
Dividend paid	-	-	-	(147,039)	(147,039)	-	(147,039)
At 30 September 2017	173,599	357,763	13,558	1,215,896	1,587,217	-	1,760,816
At 1 January 2016	173,599	357,763	188,280	988,748	1,534,791	-	1,708,390
Net profit/ Total comprehensive income for the period	-	-	-	147,494	147,494	-	147,494
Dividend paid	-	-	-	(100,000)	(100,000)	-	(100,000)
At 30 September 2016	173,599	357,763	188,280	1,036,242	1,582,285	-	1,755,884

* Bank Negara Malaysia ("BNM") had on 3 May 2017 issued a revised policy document on Capital Funds ("Revised Policy Document"). This supersedes the guideline issued by BNM previously, namely Capital Funds dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (a) the removal of the requirement on maintenance of a reserve fund; and
- (b) the revised component of capital funds shall exclude share premium and reserve fund

During the financial period ended 30 September 2017, the Group and the Bank has transferred RM174,722,000 from other reserves to its retained profits 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 2016

**Condensed Consolidated Statements Of Cash Flows
For The Financial Period Ended 30 September 2017**

	Group and Bank	
	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation	202,142	195,822
Adjustments for non-operating and non-cash items	631	705
Operating profit before working capital changes	202,773	196,527
Changes in working capital:		
Net changes in operating assets	1,021,160	404,903
Net changes in operating liabilities	(738,106)	(2,381,020)
Income tax paid	(37,017)	(36,600)
Net cash generated from/ (used in) operations	448,810	(1,816,190)
Cash flows from investing activities:		
Purchase of plant and equipment	(640)	(746)
Proceeds from disposal of plant and equipment	100	-
Net cash used in investing activities	(540)	(746)
Cash flows from financing activities:		
Dividend paid	(147,039)	(100,000)
Net cash used in financing activities	(147,039)	(100,000)
Net increase/ (decrease) in cash and cash equivalents	301,231	(1,916,936)
Cash and cash equivalents at beginning of the period	4,608,452	5,856,232
Cash and cash equivalents at end of the period	4,909,683	3,939,296
Analysis of cash and cash equivalents:		
Cash and short-term funds	4,909,683	3,939,296

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 2016.

**Explanatory Notes To The Interim Financial Statements
For The Financial Period Ended 30 September 2017**

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 September 2017 have been prepared under the historical cost convention except for reverse repurchase 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 2016. 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 2016.

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 2016, 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 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS15, *Revenue from Contract Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

1. Basis of preparation (continued)

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

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Bank except as mentioned in the subsequent paragraphs:

(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.

(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*.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(iv) Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 9, MFRS 15, MFRS 16 and amendments to MFRS 128.

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 2016 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 2017.

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 2017.

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 2017.

7. Dividend Paid

Since the end of the previous financial year, the Bank paid the final dividend of 84.7 sen per ordinary share totalling RM147,039,000 in respect of the financial year ended 31 December 2016. The dividend was paid on 22 June 2017.

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 2017.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 September 2017 of RM202.1 million compared to RM195.8 million profit for the previous corresponding period. Operating income increased by RM10.6 million (+3.5%) from RM306.0 million to RM316.6 million, mainly attributed to net interest income increased by RM34.5 million (+37.0%) from RM93.2 million to RM127.7 million, primarily driven by higher interest income earned from loan and advances and financial assets held for trading. Non-interest income decreased by RM25.3 million (-11.9%) from RM212.1 million to RM186.8 million, mainly driven by lower net gain on financial assets held for trading.

Total assets registered a decrease of RM0.7 billion or 6.1% from RM11.9 billion as at 31 December 2016 to RM11.2 billion as at 30 September 2017. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 21.2% and 21.5%, respectively.

11. Prospects

Global growth is expected to close higher in 2017 as notable upswing in the global economic activities is seen in most aspects of investment, trade and industrial production. US economy is expected to continue with its moderate expansion in the near term reflecting supportive financial conditions and improved business and consumer confidence. Whilst in the euro region, recovery is expected to gather its momentum as exports improved due to pick up in global trade and growth in domestic demand. On the local front, overnight policy rate remains at 3.00%. The Malaysia economy is anticipated to continue on steady growth as economic indicators signalling positive outlook, notably in the manufacturing and energy sectors where it records upticks in industrial activities.

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. Financial assets held-for-trading

	Group and Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
At fair value		
Malaysian Government Securities	1,092,744	490,502
Malaysian Investment Issue	296,192	142,658
Treasury Bills	14,004	-
Cagamas bonds	-	2,085
	<u>1,402,940</u>	<u>635,245</u>
	=====	=====

13. Financial investments available-for-sale

	Group and Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
At cost		
Unquoted shares	1,591	1,591
	<u>1,591</u>	<u>1,591</u>
	=====	=====

14. Loans, advances and financing

	Group and Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
At amortised cost		
Overdrafts	131,582	130,457
Term loans - housing loans	13,135	15,059
- other term loans	256,676	228,226
Bills receivable	258,351	677,220
Claims on customers under acceptance credits	1,315,846	871,013
Staff loans	3,083	3,356
	<u>1,978,673</u>	<u>1,925,331</u>
Unearned interest	(25,936)	(17,803)
	<u>1,952,737</u>	<u>1,907,528</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(14,234)	(16,822)
- Individual assessment	(63)	(178)
	<u>1,938,440</u>	<u>1,890,528</u>
	=====	=====

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

	Group and Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
Maturing within one year	1,924,659	1,870,033
More than one to three years	15,488	23,161
More than three to five years	1,601	1,527
More than five years	10,989	12,807
	<u>1,952,737</u>	<u>1,907,528</u>
	=====	=====

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

	Group and Bank	
	30 September 2017	31 December 2016
	RM'000	RM'000
Domestic banking institutions	-	2,546
Domestic non-bank financial institutions	356,694	229,504
Domestic business enterprises	1,179,557	874,918
Government and statutory bodies	147,388	109,782
Individuals	16,218	18,415
Foreign entities	252,880	672,363
	<u>1,952,737</u>	<u>1,907,528</u>
	=====	=====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Fixed rate		
- Other fixed rate loan / financing	3,083	3,231
Variable rate		
- Base lending rate plus	48,944	42,347
- Cost-plus	1,898,985	1,859,986
- Other variable rates	1,725	1,964
	<u>1,952,737</u>	<u>1,907,528</u>
	=====	=====

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Malaysia	1,699,857	1,235,165
China	3,664	102,124
Singapore	-	175,237
India	57,017	326,747
Vietnam	2,197	10,667
Turkey	174,599	30,746
Others	15,403	26,842
	<u>1,952,737</u>	<u>1,907,528</u>
	=====	=====

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Mining and Quarrying	-	2,748
Manufacturing	240,375	339,073
Construction	98,988	72,004
Wholesale & retail trade and restaurants & hotels	198,560	205,397
Transport, storage and communication	630,513	242,332
Finance, insurance and business services	620,695	917,777
Education, health and others	147,388	109,782
Household	16,218	18,415
	<u>1,952,737</u>	<u>1,907,528</u>
	=====	=====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Balance at 1 January	2,634	2,982
Classified as impaired during the period/ year	442	638
Reclassified as non-impaired during the period/ year	(437)	(540)
Amount recovered	(289)	(446)
Amount written off	(130)	-
At 30 September 2017/ 31 December 2016	<u>2,220</u>	<u>2,634</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.11%</u>	<u>0.14%</u>

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	16,822	9,268
Allowance (recovered)/ made during the period/ year	(2,588)	7,554
At 30 September 2017/ 31 December 2016	<u>14,234</u>	<u>16,822</u>

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	178	315
Allowance made during the period/ year	29	126
Amount recovered	(14)	(263)
Amount written off	(130)	-
At 30 September 2017/ 31 December 2016	<u>63</u>	<u>178</u>

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Household (Malaysia)	2,220	2,634
	<u>2,220</u>	<u>2,634</u>

15. Other assets

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Interest / Income receivable	15,978	7,928
Margin placed with exchange	4,013	21,761
Derivatives	1,463,828	2,778,605
Other debtors, deposits and prepayments	647,919	1,041,571
	<u>2,131,738</u>	<u>3,849,865</u>
	=====	=====

16. Deposits from customers

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Demand deposits	3,906,046	3,907,414	3,906,066	3,907,434
Savings deposits	3,143	3,136	3,143	3,136
Fixed deposits	370,704	115,040	370,704	115,040
Other deposits	455,291	259,550	455,291	259,550
	<u>4,735,184</u>	<u>4,285,140</u>	<u>4,735,204</u>	<u>4,285,160</u>
	=====	=====	=====	=====

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

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Due within six months	610,477	276,094
More than six months to one year	107,410	6,813
More than one year to three years	-	207
More than five years	108,108	91,476
	<u>825,995</u>	<u>374,590</u>
	=====	=====

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Business enterprises	3,686,414	3,564,977	3,686,434	3,564,997
Individuals	20,924	25,728	20,924	25,728
Foreign customers	274,925	109,666	274,925	109,666
Others	752,921	584,769	752,921	584,769
	<u>4,735,184</u>	<u>4,285,140</u>	<u>4,735,204</u>	<u>4,285,160</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Other financial institutions	1,557,059	1,441,194
	<u>1,557,059</u>	<u>1,441,194</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Interest payable	2,498	2,378
Bills payable	39,590	57,070
Derivatives	1,637,997	2,819,612
Employee benefits	13,870	13,464
Other liabilities	1,408,637	1,514,083
	<u>3,102,592</u>	<u>4,406,607</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Loans, advances and financing	54,914	38,470	20,020	12,627
Money at call and deposit placements with financial institutions	89,459	85,701	31,722	32,165
Reverse repurchase agreements	10,084	4,919	3,614	1,311
Financial assets held for trading	31,171	19,044	10,331	5,717
	<u>185,628</u>	<u>148,134</u>	<u>65,687</u>	<u>51,820</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	97	119	31	36
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Deposits and placements of banks and other financial institutions	8,505	8,760	3,268	2,801
Repurchase agreements	-	57	-	1
Deposits from customers	49,391	46,071	17,482	13,726
	<u>57,896</u>	<u>54,888</u>	<u>20,750</u>	<u>16,528</u>
	=====	=====	=====	=====

21. Non-interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	10,600	12,301	2,890	3,144
Service charges and fees	21,839	27,195	7,070	8,040
Guarantee fees	3,049	4,167	1,085	1,373
	<u>35,488</u>	<u>43,663</u>	<u>11,045</u>	<u>12,557</u>
Fee expense:				
Commissions	(2,618)	(4,437)	(1,188)	(1,119)
Service charges and fees	(7,581)	(7,383)	(2,604)	(2,215)
	<u>(10,199)</u>	<u>(11,820)</u>	<u>(3,792)</u>	<u>(3,334)</u>
Net fee income	<u>25,289</u>	<u>31,843</u>	<u>7,253</u>	<u>9,223</u>
Net gains from financial instruments:				
Net gain arising on financial assets held for trading:				
Realised gain	16,068	32,676	5,668	15,759
Unrealised gain/ (loss)	998	373	477	(1,209)
Net (loss)/ gain arising on trading derivatives:				
Realised (loss)/ gain	(114,175)	220,175	(42,080)	271,432
Unrealised revaluation (loss)/ gain	(138,232)	(188,189)	6,863	(266,800)
Foreign exchange gain	392,601	97,121	77,857	31,044
Gross dividend income	73	93	28	48
Gain from disposal of plant and equipment	84	-	(16)	-
Other income:				
Other operating income, net	4,124	18,034	(2,278)	8,784
	<u>161,541</u>	<u>180,283</u>	<u>46,519</u>	<u>59,058</u>
	<u>186,830</u>	<u>212,126</u>	<u>53,772</u>	<u>68,281</u>
	=====	=====	=====	=====

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs				
- Salaries, allowances and bonuses	36,105	34,778	11,906	10,766
- Others	11,612	10,724	2,784	3,150
Establishment costs				
- Rental	2,180	2,183	726	727
- Depreciation	715	705	221	226
- Others	4,570	4,259	2,079	2,323
Marketing expenses	1,374	1,547	445	567
Administration and general expenses				
- Intercompany expenses	42,577	37,799	19,132	13,451
- Communication	1,400	1,524	614	522
- Others	16,535	14,653	9,510	6,662
	<u>117,068</u>	<u>108,172</u>	<u>47,417</u>	<u>38,394</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 225 (September 2016 - 225).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Individual assessment allowance				
- made during the period	(29)	(99)	(22)	(83)
- written back	14	218	2	172
Collective assessment allowance				
- recovered/(made) during the period	2,588	(3,783)	(342)	(1,278)
Recoveries from bad debt written off	-	1,691	-	1,691
	<u>2,573</u>	<u>(1,973)</u>	<u>(362)</u>	<u>502</u>
	=====	=====	=====	=====

24. Capital adequacy

	Group and Bank	
	30 September 2017	31 December 2016
	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
Retained profits	1,063,470	1,035,787
Less: Deferred tax assets	(35,761)	(35,761)
Total common equity tier 1(CET 1) / Total tier 1 capital	1,559,071	1,706,110
Tier 2 capital		
Collective assessment allowance#	9,267	11,351
Regulatory reserve	13,558	13,558
Total Capital / Capital base	1,581,896	1,731,019
	=====	=====
Common equity tier 1(CET 1) / Tier 1 capital ratio	21.201%	21.868%
Total capital ratio	21.511%	22.187%
	=====	=====

Excludes collective assessment allowance on impaired loan restricted from Tier 2 capital of the Bank of RM4,967,000 (31 December 2016:RM5,471,000)

24. Capital adequacy (continued)

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

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

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

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

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

Risk Type		Risk Weighted Assets	
		30 September 2017	31 December 2016
		RM'000	RM'000
1	Credit risk	4,421,214	4,617,845
2	Market risk	2,279,971	2,570,452
3	Operational risk	652,699	613,663
Total		7,353,884	7,801,960

24. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 2017 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	4,577,276	4,391,105	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,131,139	2,131,139	680,776
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,409,791	1,409,791	1,409,271
	Regulatory Retail	-	-	-
	Residential Mortgages	13,767	13,767	4,818
	Higher Risk Assets	-	-	-
	Other Assets	383,182	383,182	381,272
	Equity Exposure	1,631	1,631	1,861
	Defaulted Exposures	2,157	2,157	2,157
	<i>Total On-Balance Sheet Exposures</i>	8,518,943	8,332,772	2,480,155
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	2,501,383	1,757,744	909,478
	Credit Derivatives	1,548	1,548	461
	Transaction related contingent Items	363,325	362,284	348,139
	Short Term Self Liquidating trade related contingencies	5,165	5,165	3,801
	Other commitments, such as formal standby facilities and credit lines	712,561	712,561	679,180
	<i>Total for Off-Balance Sheet Exposures</i>	3,583,982	2,839,302	1,941,059
	Total On and Off- Balance Sheet Exposures	12,102,925	11,172,074	4,421,214

24. Capital adequacy (continued)

The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category as at 30 September 2017 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	111,913,925	110,753,624
	Foreign Currency Risk	393,216	2,165	393,210
	Options	14,777	-	357,712
				2,279,971
3	Operational Risk			652,699
4	Total RWA and Capital Requirements			7,353,884

24. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2016 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1	Credit Risk	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	4,170,750	3,562,109	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,878,723	2,878,723	1,161,921
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	1,106,678	1,106,678	1,106,091
	Regulatory Retail	-	-	-
	Residential Mortgages	15,416	15,416	5,395
	Higher Risk Assets	-	-	-
	Other Assets	278,928	278,928	277,382
	Equity Exposure	1,631	1,631	1,861
	Defaulted Exposures	2,456	2,456	2,456
	<i>Total On-Balance Sheet Exposures</i>	8,454,582	7,845,941	2,555,106
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	3,072,123	2,058,611	1,104,648
	Credit Derivatives	29,757	29,757	8,961
	Transaction related contingent Items	362,234	361,060	335,371
	Short Term Self Liquidating trade related contingencies	55,966	55,966	47,622
	Other commitments, such as formal standby facilities and credit lines	577,497	577,497	566,137
	<i>Total for Off-Balance Sheet Exposures</i>	4,097,577	3,082,891	2,062,739
	<i>Total On and Off- Balance Sheet Exposures</i>	12,552,159	10,928,832	4,617,845

24. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2016 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	120,566,302	119,303,271
Foreign Currency Risk	504,576	103	504,576	
Options	23,634	-	274,313	
				2,570,452
3	Operational Risk			613,663
4	Total RWA and Capital Requirements			7,801,960

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2017 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 4,391,105	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,910	RM'000 -	RM'000 4,393,015	RM'000 -
20%	-	-	2,003,370	3,030	41,726	-	-	-	-	-	2,048,126	409,625
35%	-	-	-	-	-	-	13,767	-	-	-	13,767	4,818
50%	-	-	1,386,057	-	35,193	-	-	-	-	-	1,421,250	710,625
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	372	12,255	2,898,229	-	2,157	-	381,272	1,611	3,295,896	3,295,896
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	4,391,105	-	3,389,799	15,285	2,975,148	-	15,924	-	383,182	1,631	11,172,074	4,421,214
Risk-Weighted Assets by Exposures	-	-	1,094,075	12,861	2,924,169	-	6,976	-	381,272	1,861	4,421,214	
Average Risk Weight	0.0%	0.0%	32.3%	84.1%	98.3%	0.0%	43.8%	0.0%	99.5%	114.1%	39.6%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

24. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2016 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 3,562,109	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 1,546	RM'000 -	RM'000 3,563,655	RM'000 -
20%	-	-	1,620,920	3,366	14,200	-	-	-	-	-	1,638,486	327,697
35%	-	-	-	-	-	-	15,416	-	-	-	15,416	5,395
50%	-	-	2,818,180	-	35,327	-	-	-	-	-	2,853,507	1,426,753
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	431	9,184	2,566,684	-	2,456	-	277,382	1,611	2,857,748	2,857,750
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	3,562,109	-	4,439,531	12,550	2,616,211	-	17,872	-	278,928	1,631	10,928,832	4,617,845
Risk-Weighted Assets by Exposures	-	-	1,733,705	9,857	2,587,188	-	7,852	-	277,382	1,861	4,617,845	
Average Risk Weight	0.0%	0.0%	39.1%	78.5%	98.9%	0.0%	43.9%	0.0%	99.4%	114.1%	42.3%	
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 2017 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	726,650	363,325	348,139
Short Term Self Liquidating Trade Related Contingencies	25,826	5,165	3,801
Foreign exchange related contracts			
One year or less	9,354,207	192,777	191,881
Over one year to five years	772,746	48,168	48,168
Over five years	310,475	34,152	17,076
Interest/Profit rate related contracts			
One year or less	500,481	1,353	747
Over one year to five years	1,070,528	227,885	220,468
Over five years	576,204	44,927	42,504
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	91,966,491	1,953,669	389,095
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	486,642	243,321	243,321
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,346,200	469,240	435,859
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	108,136,450	3,583,982	1,941,059

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 2016 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	724,468	362,234	335,371
Short Term Self Liquidating Trade Related Contingencies	279,829	55,966	47,622
Foreign exchange related contracts			
One year or less	8,725,219	404,482	394,771
Over one year to five years	1,264,985	84,078	84,078
Over five years	310,475	34,152	17,076
Interest/Profit rate related contracts			
One year or less	247,678	83,038	83,038
Over one year to five years	1,187,649	31,645	18,541
Over five years	33,663	3,366	673
Equity related contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	97,368,433	2,461,119	515,432
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	224,027	112,014	112,014
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,327,414	465,483	454,123
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	112,693,840	4,097,577	2,062,739

26. The operations of Islamic Banking

Statement of Financial Position
As at 30 September 2017 – Unaudited

	Note	Bank	
		30 September 2017 RM'000	31 December 2016 RM'000
Assets			
Cash and short term funds	(a)	86,728	67,160
Other assets		14	10
Total assets		<u>86,742</u> =====	<u>67,170</u> =====
Liabilities and shareholders' funds			
Deposits from customer	(b)	47,948	32,764
Other liabilities	(c)	3,655	1,327
Taxation		2,445	1,951
Total liabilities		<u>54,048</u> -----	<u>36,042</u> -----
Capital funds		25,000	25,000
Retained profits		7,694	6,128
Islamic banking funds		<u>32,694</u> -----	<u>31,128</u> -----
Total liabilities and Islamic banking funds		<u>86,742</u> =====	<u>67,170</u> =====
Commitments and contingencies		-	-
		<u>-----</u> =====	<u>-----</u> =====

26. The operations of Islamic Banking (continued)

**Statement Of Profit Or Loss And Other Comprehensive Income
For The Financial Period Ended 30 September 2017 - Unaudited**

	Bank			
	Nine months ended 30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	Three months ended 30 September 2016 RM'000
Income derived from investment of Islamic banking funds	2,075	595	786	142
Total net income	<u>2,075</u>	<u>595</u>	<u>786</u>	<u>142</u>
Other operating expenses	(15)	(12)	(5)	(4)
Profit before taxation	<u>2,060</u>	<u>583</u>	<u>781</u>	<u>138</u>
Taxation	(494)	(140)	(187)	(33)
Profit and total comprehensive income for the period	<u>1,566</u> =====	<u>443</u> =====	<u>594</u> =====	<u>105</u> =====

**Statement Of Changes In Islamic Banking Funds
For The Financial Period Ended 30 September 2017**

	Capital funds RM'000	Retained profits RM'000	Total RM'000
Bank			
At 1 January 2017	25,000	6,128	31,128
Profit and total comprehensive income for the period	-	1,566	1,566
At 30 September 2017	<u>25,000</u>	<u>7,694</u>	<u>32,694</u>
	=====		
At 1 January 2016	25,000	5,718	30,718
Profit and total comprehensive income for the period	-	443	443
At 30 September 2016	<u>25,000</u>	<u>6,161</u>	<u>31,161</u>
	=====		

26. The operations of Islamic Banking (continued)

Statement Of Cash Flows
For The Financial Period Ended 30 September 2017

	Bank	
	30 September 2017	30 September 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	2,060	583
Operating profit before working capital changes	<u>2,060</u>	<u>583</u>
Changes in working capital:		
Net changes in operating assets	(4)	50,813
Net changes in operating liabilities	17,512	(40,099)
Net cash generated from operations	<u>19,568</u>	<u>11,297</u>
Net increase in cash and cash equivalents	19,568	11,297
Cash and cash equivalents at beginning of period	67,160	67,923
Cash and cash equivalents at end of period	<u>86,728</u>	<u>79,220</u>
	=====	=====
Analysis of cash and cash equivalents:		
Cash and short term funds	86,728	79,220
	<u>86,728</u>	<u>79,220</u>

26. The operations of Islamic Banking (continued)**Shariah Committee**

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

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

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

Basis of measurement

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

(a) Cash and short term funds

	Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Cash and balances with banks and other financial institutions	86,728 =====	67,160 =====

(b) Deposits from customer

	Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Non-Mudharabah Demand deposits	47,948 =====	32,764 =====

(c) Other liabilities

	Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Bills payable	47	121
Others	3,608	1,206
	<u>3,655</u> =====	<u>1,327</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 2017 RM'000	31 December 2016 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	6,128	6,128
Total common equity tier 1/ Total tier 1 capital	<u>31,128</u>	<u>31,128</u>
Total Tier 2 capital	-	-
Capital base	<u>31,128</u>	<u>31,128</u>
	=====	=====
Common equity tier 1/ Tier 1 capital ratio	598.817%	791.910%
Total capital ratio	<u>598.817%</u>	<u>791.910%</u>
	=====	=====

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

Risk Type		Risk Weighted Assets	
		30 September 2017 RM'000	31 December 2016 RM'000
1	Credit risk	874	689
2	Market risk	1,748	1,376
3	Operational risk	2,576	1,866
Total		5,198	3,931

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 2017 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<i>On-Balance Sheet Exposures</i>			
	Sovereigns/Central Banks	84,994	84,994	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,748	1,748	874
	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>	86,742	86,742	874
	<i>Off-Balance Sheet Exposures</i>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	-	-	-
	<i>Total On and Off- Balance Sheet Exposures</i>	86,742	86,742	874

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 2017 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	1,748	-	1,748
	Options	-	-	-
				1,748
3	Operational Risk			2,576
4	Total RWA and Capital Requirements			5,198

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 2016 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets
1		RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>			
	Sovereigns/Central Banks	65,793	65,793	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,377	1,377	689
	Insurance Companies, Securities Firms and Fund Managers	-	-	-
	Corporates	-	-	-
	Regulatory Retail	-	-	-
	Residential Mortgages	-	-	-
	Higher Risk Assets	-	-	-
	Other Assets	-	-	-
	Equity Exposure	-	-	-
	Defaulted Exposures	-	-	-
	<i>Total On-Balance Sheet Exposures</i>	<i>67,170</i>	<i>67,170</i>	<i>689</i>
	<u>Off-Balance Sheet Exposures</u>			
	OTC Derivatives	-	-	-
	Credit Derivatives	-	-	-
	<i>Total for Off-Balance Sheet Exposures</i>	<i>-</i>	<i>-</i>	<i>-</i>
	Total On and Off- Balance Sheet Exposures	67,170	67,170	689

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 2016 are as follows (continued):

RISK TYPE		Gross Exposures		Risk Weighted Assets
		RM'000		RM'000
2	Market Risk	Long Position	Short Position	
		Interest Rate Risk	-	-
	Foreign Currency Risk	1,376	-	1,376
	Options	-	-	-
				1,376
3	Operational Risk			1,866
4	Total RWA and Capital Requirements			3,931

26. The operations of Islamic Banking (continued)

(d) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 2017 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 84,994	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 84,994	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	1,748	-	-	-	-	-	-	-	1,748	874
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	84,994	-	1,748	-	-	-	-	-	-	-	86,742	874
Risk-Weighted Assets by Exposures	-	-	874	-	-	-	-	-	-	-	874	
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	-	-	-	-	-	-	-	-	-	-	-	-

26. The operations of Islamic Banking (continued)

(d) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2016 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
0%	RM'000 65,793	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 65,793	RM'000 -
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	1,377	-	-	-	-	-	-	-	1,377	689
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	65,793	-	1,377	-	-	-	-	-	-	-	67,170	689
Risk-Weighted Assets by Exposures	-	-	689	-	-	-	-	-	-	-	689	-
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	-	-	-	-	-	-	-	-	-	-	-	-