

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

**Unaudited Condensed Interim Financial Statements
for the Financial Period Ended 31 March 2015**

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



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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015 - UNAUDITED

	Note	Group		Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short term funds		2,981,119	5,145,807	2,981,119	5,145,807
Securities purchased under resale agreements		450,110	143,222	450,110	143,222
Financial assets held-for-trading	12	2,064,984	1,031,349	2,064,984	1,031,349
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,613,583	1,331,664	1,613,583	1,331,664
Other assets	15	4,257,396	2,665,660	4,257,396	2,665,660
Statutory deposit with Bank Negara Malaysia		25,000	31,000	25,000	31,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		2,525	2,767	2,525	2,767
Deferred tax assets		19,150	22,330	19,150	22,330
Total assets		<u>11,415,458</u>	<u>10,375,390</u>	<u>11,415,478</u>	<u>10,375,410</u>
Liabilities and shareholders' funds					
Deposits from customers	16	4,874,367	4,548,576	4,874,387	4,548,596
Deposits and placements of banks and other financial institutions	17	560,913	982,289	560,913	982,289
Other liabilities	18	4,352,552	3,129,026	4,352,552	3,129,026
Taxation		1,879	2,391	1,879	2,391
Total liabilities		<u>9,789,711</u>	<u>8,662,282</u>	<u>9,789,731</u>	<u>8,662,302</u>
Share capital		173,599	173,599	173,599	173,599
Reserves		1,452,148	1,422,442	1,452,148	1,422,442
Proposed dividend		-	117,067	-	117,067
Shareholders' funds		<u>1,625,747</u>	<u>1,713,108</u>	<u>1,625,747</u>	<u>1,713,108</u>
Total liabilities and shareholders' funds		<u>11,415,458</u>	<u>10,375,390</u>	<u>11,415,478</u>	<u>10,375,410</u>
Commitments and contingencies	26	129,100,202	140,246,038	129,100,202	140,246,038

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 - UNAUDITED

	Note	Group and Bank			
		1 st Quarter ended 31 March 2015 RM'000	31 March 2014 RM'000	Three months ended 31 March 2015 RM'000	31 March 2014 RM'000
Interest income	19	41,370	56,462	41,370	56,462
Interest expense	20	(16,005)	(27,410)	(16,005)	(27,410)
Net interest income		<u>25,365</u>	<u>29,052</u>	<u>25,365</u>	<u>29,052</u>
Net income from Islamic Banking Operations	27	528	273	528	273
Non-interest income	21	48,414	32,971	48,414	32,971
Operating income		<u>74,307</u>	<u>62,296</u>	<u>74,307</u>	<u>62,296</u>
Other operating expenses	22	(33,022)	(36,671)	(33,022)	(36,671)
Operating profit		<u>41,285</u>	<u>25,625</u>	<u>41,285</u>	<u>25,625</u>
Allowance for impairment on loans, advances and financing	23	(399)	(930)	(399)	(930)
Profit before tax		<u>40,886</u>	<u>24,695</u>	<u>40,886</u>	<u>24,695</u>
Tax expense		(11,180)	(7,234)	(11,180)	(7,234)
Net profit / Total comprehensive income for the period		<u>29,706</u> =====	<u>17,461</u> =====	<u>29,706</u> =====	<u>17,461</u> =====
Earnings per share (sen)		17.1 sen =====	10.1 sen =====	17.1 sen =====	10.1 sen =====

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	<-----Attributable to owner of the Bank----->						
	<-----Non-distributable----->			Distributable			
	Share capital	Share premium	Other reserves	Retained profits	Total reserves	Proposed dividend	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Bank							
At 1 January 2015	173,599	357,763	188,280	876,399	1,422,442	117,067	1,713,108
Net profit/Total comprehensive income for the period	-	-	-	29,706	29,706	-	29,706
Dividend paid	-	-	-	-	-	(117,067)	(117,067)
At 31 March 2015	173,599	357,763	188,280	906,105	1,452,148	-	1,625,747
At 1 January 2014	173,599	357,763	188,280	852,092	1,398,135	-	1,571,734
Net profit/Total comprehensive income for the period	-	-	-	17,461	17,461	-	17,461
At 31 March 2014	173,599	357,763	188,280	869,553	1,415,596	-	1,589,195

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Group and Bank	
	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation	40,886	24,695
Adjustments for non-operating and non-cash items	299	337
Operating profit before working capital changes	41,185	25,032
Changes in working capital:		
Net changes in operating assets	(3,208,178)	1,241,703
Net changes in operating liabilities	1,127,941	(2,551,495)
Income tax paid	(8,513)	(7,154)
Net cash used in operations	(2,047,565)	(1,291,914)
Cash flows from investing activities:		
Purchase of plant and equipment	(56)	(158)
Net cash used in investing activities	(56)	(158)
Cash flows from financing activities:		
Dividend paid	(117,067)	-
Net cash used in financing activities	(117,067)	-
Net decrease in cash and cash equivalents	(2,164,688)	(1,292,072)
Cash and cash equivalents at beginning of the period	5,145,807	2,496,327
Cash and cash equivalents at end of the period	2,981,119	1,204,555
Analysis of cash and cash equivalents:		
Cash and short-term funds	2,981,119	1,204,555

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

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

1. Basis of preparation

The unaudited interim financial statements for the first financial quarter ended 31 March 2015 have been prepared under the historical cost convention except for securities purchased under resale agreements, financial assets held-for-trading and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2014.

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

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2014, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

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

1. Basis of preparation (continued)

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

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for amendments to MFRS 5, 10, 11, 12, 14, 127, 128, 134, and 141 which are not applicable to the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

1. Basis of preparation (continued)

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

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

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

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

(ii) MFRS 9, *Financial Instruments*

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

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

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

2. Audit report

The audit report on the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2014 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank for the financial period ended 31 March 2015.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 31 March 2015.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial period ended 31 March 2015.

7. Dividend Paid

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

8. Material Events

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 March 2015.

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 31 March 2015 of RM40.9 million compared to RM24.7 million profit for the previous corresponding period. Operating income increased by RM12.0 million (+19.3%) from RM62.3 million to RM74.3 million primarily on higher non-interest income from trading activities of RM48.4 million against non-interest income of RM33.0 million in the previous corresponding period. Net interest income decreased by RM3.7 million (-12.7%) from RM29.1 million to RM25.4 million. Operating expenses decreased by RM3.7 million (-10.1%) from RM36.7 million to RM33.0 million mainly attributed to lower personnel cost and intercompany expenses.

Total assets registered an increase of RM1.0 billion or 10.0% from RM10.4 billion to RM11.4 billion at 31 March 2015. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 15.8% and 16.0% respectively.

11. Prospects

Uncertainties still linger in the domestic economy with concerns on the government's finances following budget revisions and depreciation of MYR. Nonetheless, the Malaysian economy is expected to remain on a steady growth path with GDP of 4.5% - 5.5% in 2015. Malaysian export is expected to be more competitive in the global markets in view of MYR having depreciated more than other emerging markets Asian economies while investment is projected to remain resilient with broad-based capital spending by both private and public sectors cushioning the lower oil and gas-related investment activity.

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

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

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

Company No. 312552-W

12. Financial assets held-for-trading

	Group and Bank	
	31 March 2015	31 December 2014
At fair value	RM'000	RM'000
Malaysian Government Securities	780,446	507,440
Malaysian Investment Issue	95,214	80,359
Bank Negara Malaysia Bills	157,324	61,954
Treasury Bills	9,773	-
Cagamas bonds	122,148	121,766
Private debt securities	-	9,830
Negotiable instruments of deposit	900,079	250,000
	<u>2,064,984</u>	<u>1,031,349</u>
	=====	=====

13. Financial investments available-for-sale

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

14. Loans, advances and financing

	Group and Bank	
	31 March 2015	31 December 2014
At amortised cost	RM'000	RM'000
Overdrafts	143,428	148,515
Term loans - housing loans	20,193	21,127
- other term loans	178,845	139,047
Bills receivable	287,630	230,205
Claims on customers under acceptance credits	995,441	803,267
Staff loans	4,019	3,733
	<u>1,629,556</u>	<u>1,345,894</u>
Unearned interest	(6,463)	(5,119)
	<u>1,623,093</u>	<u>1,340,775</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(9,203)	(8,807)
- Individual assessment	(307)	(304)
	<u>1,613,583</u>	<u>1,331,664</u>
	=====	=====
Net loans, advances and financing		

Company No. 312552-W

14. Loans, advances and financing (continued)

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Maturing within one year	1,562,688	1,279,835
More than one to three years	7,270	7,193
More than three to five years	31,733	31,729
More than five years	21,402	22,018
	<u>1,623,093</u>	<u>1,340,775</u>
	=====	=====

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Domestic business enterprises	1,075,395	900,666
Government and statutory bodies	242,343	188,789
Individuals	24,202	24,860
Foreign entities	281,153	226,460
	<u>1,623,093</u>	<u>1,340,775</u>
	=====	=====

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- Other fixed rate loan / financing	4,019	3,733
Variable rate		
- Base lending rate plus	48,614	45,456
- Cost-plus	1,567,985	1,289,019
- Other variable rates	2,475	2,567
	<u>1,623,093</u>	<u>1,340,775</u>
	=====	=====

Company No. 312552-W

14. Loans, advances and financing (continued)

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Malaysia	1,341,940	1,114,316
China	161,620	98,745
India	90,157	73,262
Vietnam	11,108	12,468
France	-	14,608
Others	18,268	27,376
	<u>1,623,093</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Manufacturing	289,870	245,321
Construction	45,467	23,595
Purchase of landed property:		
- Residential	23,218	23,987
Wholesale & retail trade and restaurants & hotels	354,454	318,215
Finance, insurance and business services	908,952	727,316
Purchase of transport vehicles	366	392
Others	766	1,949
	<u>1,623,093</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Balance at 1 January	3,537	4,614
Classified as impaired during the period/year	213	372
Reclassified as non-impaired during the period/year	(351)	(1,204)
Amount recovered	(77)	(196)
Amount written off	-	(49)
At 31 March 2015/31 December 2014	<u>3,322</u> =====	<u>3,537</u> =====
Gross impaired loans as a percentage of gross loans, advances and financing	0.20% =====	0.26% =====

Company No. 312552-W

14. Loans, advances and financing (continued)

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	8,807	10,623
Allowance made/(recovered) during the period/year	396	(1,816)
At 31 March 2015/31 December 2014	9,203	8,807
	=====	=====

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	304	403
Allowance made during the period/year	9	47
Amount recovered	(6)	(99)
Amount written off	-	(47)
At 31 March 2015/31 December 2014	307	304
	=====	=====

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

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Purchase of landed property - residential	3,322	3,537
	3,322	3,537
	=====	=====

15. Other assets

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Interest / Income receivable	13,311	6,679
Margin placed with exchange	857	5,111
Derivatives	2,707,208	1,980,848
Other debtors, deposits and prepayments	1,536,020	673,022
	4,257,396	2,665,660
	=====	=====

Company No. 312552-W

16. Deposits from customers

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Demand deposits	3,401,198	2,907,568	3,401,218	2,907,588
Savings deposits	3,966	3,867	3,966	3,867
Fixed deposits	352,752	199,580	352,752	199,580
Other deposits	1,116,451	1,437,561	1,116,451	1,437,561
	<u>4,874,367</u>	<u>4,548,576</u>	<u>4,874,387</u>	<u>4,548,596</u>
	=====	=====	=====	=====

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

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Due within six months	1,176,277	1,147,994	1,176,277	1,147,994
More than six months to one year	146,060	235,996	146,060	235,996
More than one year to three years	80,280	194,939	80,280	194,939
More than three years to five years	58	-	58	-
More than five years	66,528	58,212	66,528	58,212
	<u>1,469,203</u>	<u>1,637,141</u>	<u>1,469,203</u>	<u>1,637,141</u>
	=====	=====	=====	=====

The deposits are sourced from the following types of customers:

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Business enterprises	2,982,388	2,821,758	2,982,408	2,821,778
Individuals	34,015	33,989	34,015	33,989
Foreign customers	624,240	436,763	624,240	436,763
Others	1,233,724	1,256,066	1,233,724	1,256,066
	<u>4,874,367</u>	<u>4,548,576</u>	<u>4,874,387</u>	<u>4,548,596</u>
	=====	=====	=====	=====

Company No. 312552-W

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Licensed banks	-	50,000
Other financial institutions	560,913	932,289
	<u>560,913</u>	<u>982,289</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Interest payable	2,874	1,703
Bills payable	120,692	147,653
Derivatives	2,691,594	1,884,656
Employee benefits	11,723	23,376
Other liabilities	1,525,669	1,071,638
	<u>4,352,552</u>	<u>3,129,026</u>
	=====	=====

Company No. 312552-W

19. Interest income

	Group and Bank			
	1 st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	13,414	12,474	13,414	12,474
Money at call and deposit placements with financial institutions	6,320	5,422	6,320	5,422
Securities purchased under resale agreement	5,603	27,977	5,603	27,977
Financial assets held for trading	16,033	10,589	16,033	10,589
	<u>41,370</u>	<u>56,462</u>	<u>41,370</u>	<u>56,462</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	9	14	9	14
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	1 st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,334	2,907	1,334	2,907
Obligations on securities sold under repurchase agreement	314	9,889	314	9,889
Deposits from customers	14,357	14,614	14,357	14,614
	<u>16,005</u>	<u>27,410</u>	<u>16,005</u>	<u>27,410</u>
	=====	=====	=====	=====

Company No. 312552-W

21. Non-Interest Income

	Group and Bank			
	1 st Quarter ended 31 March 2015 RM'000	31 March 2014 RM'000	Three months ended 31 March 2015 RM'000	31 March 2014 RM'000
Fee income:				
Commissions	2,421	2,387	2,421	2,387
Service charges and fees	6,991	6,052	6,991	6,052
Guarantee fees	1,904	1,551	1,904	1,551
	<u>11,316</u>	<u>9,990</u>	<u>11,316</u>	<u>9,990</u>
Fee expense:				
Commissions	(743)	(799)	(743)	(799)
Service charges and fees	(434)	(886)	(434)	(886)
	<u>(1,177)</u>	<u>(1,685)</u>	<u>(1,177)</u>	<u>(1,685)</u>
Net fee income	<u>10,139</u>	<u>8,305</u>	<u>10,139</u>	<u>8,305</u>
Net gains from financial instruments:				
Net gain arising on financial assets held for trading :				
Net gain from sale	3,956	2,228	3,956	2,228
Unrealised revaluation gain	5,166	3,592	5,166	3,592
Net loss arising on trading derivatives:				
Net loss on settlement	(148,418)	(22,629)	(148,418)	(22,629)
Unrealised revaluation gain/(loss)	97,822	(65)	97,822	(65)
Net gain arising from dealing in foreign exchange :				
Net gain on settlement	214,550	11,240	214,550	11,240
Unrealised (loss)/gain from foreign exchange translation	(139,654)	28,341	(139,654)	28,341
Net gain arising on financial investments available-for-sale :				
Gross dividend income	-	45	-	45
Other income:				
Other operating income, net	4,853	1,914	4,853	1,914
	<u>38,275</u>	<u>24,666</u>	<u>38,275</u>	<u>24,666</u>
	<u>48,414</u>	<u>32,971</u>	<u>48,414</u>	<u>32,971</u>
	=====	=====	=====	=====

Company No. 312552-W

22. Other operating expenses

	Group and Bank			
	1 st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	12,124	13,438	12,124	13,438
-Others	3,737	4,575	3,737	4,575
Establishment costs				
-Rental	619	628	619	628
-Depreciation	299	337	299	337
-Others	1,104	1,229	1,104	1,229
Marketing expenses	419	486	419	486
Administration and general expenses				
-Intercompany expenses	12,533	13,468	12,533	13,468
-Communication	400	406	400	406
-Others	1,787	2,104	1,787	2,104
	<u>33,022</u>	<u>36,671</u>	<u>33,022</u>	<u>36,671</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 202 (March 2014 -178).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	1 st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the period	(9)	(14)	(9)	(14)
- written back	6	41	6	41
Collective assessment allowance				
- made during the period	(396)	(957)	(396)	(957)
	<u>(399)</u>	<u>(930)</u>	<u>(399)</u>	<u>(957)</u>
	=====	=====	=====	=====

24. Contingent Liabilities

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

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

25. Capital adequacy

	Group and Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Components of Tier 1 and Tier 2 capital are as follows:-		
Tier 1 capital		
Paid-up share capital	173,599	173,599
Share premium	357,763	357,763
Statutory reserve	174,722	174,722
Retained profits	876,399	876,399
Less: Deferred tax assets	(22,330)	(22,330)
Total common equity tier 1/Total tier 1 capital	1,560,153	1,560,153
Tier 2 capital		
Collective assessment allowance#	6,872	6,414
Regulatory reserve	13,558	13,558
Total Capital / Capital base	1,580,583	1,580,125
Common equity tier 1/Tier 1 capital ratio	15.842%	16.155%
Total capital ratio	16.049%	16.361%

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

Excludes collective assessment allowance on impaired loan restricted from Tier 2 capital of the Bank of RM2,331,000 (31 December 2014:RM2,393,000)

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

RISK TYPE		Risk Weighted Assets	
		31 March 2015 RM'000	31 December 2014 RM'000
1	Credit risk	5,379,023	4,504,483
2	Market risk	3,992,230	4,650,706
3	Operational risk	476,932	502,402
Total		9,848,185	9,657,591

25. Capital adequacy

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

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	613,429	163,319	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,073,470	2,073,470	887,657	71,013
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	1,367,544	1,367,544	1,363,769	109,100
	Regulatory Retail	984	984	738	59
	Residential Mortgages	20,022	20,022	7,107	569
	Higher Risk Assets	-	-	-	-
	Other Assets	75,437	75,437	71,945	5,756
	Equity Exposure	1,631	1,631	1,861	149
	Defaulted Exposures	2,952	2,952	2,952	236
	Total On-Balance Sheet Exposures	4,155,469	3,705,359	2,336,029	186,882
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	5,224,580	4,386,465	3,020,783	241,663
	Credit Derivatives	70,084	70,084	22,211	1,777
	Total for Off-Balance Sheet Exposures	5,294,664	4,456,549	3,042,994	243,440
	Total On and Off- Balance Sheet Exposures	9,450,133	8,161,908	5,379,023	430,322

25. Capital adequacy (continued)

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

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	136,516,731	131,699,279		2,278,635	182,291
	Foreign Currency Risk	1,441,649	87,614		1,441,832	115,346
	Options	6,393	9,147		271,763	21,741
		137,964,773	131,796,040		3,992,230	319,378
4	Operational Risk				476,932	38,155
5	Total RWA and Capital Requirements				9,848,185	787,855

25. Capital adequacy (continued)

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

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

25. Capital adequacy (continued)

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

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

25. Capital adequacy (continued)

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

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	163,319	-	-	-	-	-	-	-	3,492	-	166,811	-	
20%	-	-	1,212,160	-	32,496	-	-	-	-	-	1,244,656	248,931	
35%	-	-	-	-	-	-	19,268	-	-	-	19,268	6,744	
50%	-	-	3,146,406	-	68,459	-	754	-	-	-	3,215,619	1,607,810	
75%	-	-	-	-	-	984	-	-	-	-	984	738	
100%	-	6,235	-	13,539	3,418,268	-	2,952	-	71,945	1,611	3,514,550	3,514,550	
1250%	-	-	-	-	-	-	-	-	-	20	20	250	
Total Exposures	163,319	6,235	4,358,566	13,539	3,519,223	984	22,974	-	75,437	1,631	8,161,908	5,379,023	
Risk-Weighted Assets by Exposures	-	6,235	1,815,634	13,539	3,458,998	738	10,073	-	71,945	1,861	5,379,023		
Average Risk Weight	-	100.0%	41.7%	100.0%	98.3%	75.0%	43.8%	-	95.4%	114.1%	65.9%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2014 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	109,774	-	-	-	-	-	-	-	2,778	-	112,552	-
20%	-	-	1,180,945	-	28,467	-	-	-	-	-	1,209,412	241,882
35%	-	-	-	-	-	-	19,495	-	-	-	19,495	6,823
50%	-	-	2,356,472	-	74,631	-	1,117	-	-	-	2,432,220	1,216,110
75%	-	-	-	-	-	777	-	-	-	-	777	583
100%	-	5,520	-	8,710	2,924,240	-	3,233	-	95,521	1,611	3,038,835	3,038,835
1250%	-	-	-	-	-	-	-	-	-	20	20	250
Total Exposures	109,774	5,520	3,537,417	8,710	3,027,338	777	23,845	-	98,299	1,631	6,813,311	4,504,483
Risk-Weighted Assets by Exposures	-	5,520	1,414,425	8,710	2,967,248	583	10,615	-	95,521	1,861	4,504,483	
Average Risk Weight	-	100.0%	40.0%	100.0%	98.0%	75.0%	44.5%	-	97.2%	114.1%	66.1%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-

26. Commitments and contingencies

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

31 March 2015 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	1,366,349	683,175	614,272
Short Term Self Liquidating Trade Related Contingencies	130,780	26,156	16,382
Foreign exchange related contracts			
One year or less	17,531,471	463,292	293,361
Over one year to five years	6,819,717	831,350	801,212
Over five years	311,587	37,354	18,726
Interest/Profit rate related contracts			
One year or less	3,138,296	12,580	4,047
Over one year to five years	7,463,013	175,245	79,437
Over five years	2,356,165	288,607	109,170
Equity related contracts			
One year or less	157,695	11,201	5,600
Over one year to five years	35,183	2,815	1,407
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	189,619	6,015	2,489
Over one year to five years	913,688	51,909	17,360
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	85,908,700	2,149,368	559,235
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29	15	15
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,777,910	555,582	520,281
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	129,100,202	5,294,664	3,042,994

Company No. 312552-W

26. Commitments and contingencies (continued)

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

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

27. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015 - UNAUDITED

	Note	Bank	
		31 March 2015 RM'000	31 December 2014 RM'000
Assets			
Cash and short term funds	(a)	1,780	74,200
Financial assets-held-for-trading	(b)	112,287	50,117
Other assets		2,225	1,640
Total assets		<u>116,292</u> =====	<u>125,957</u> =====
Liabilities and shareholders' funds			
Deposits from customer	(c)	76,257	81,393
Deposits and placements of banks and other financial institutions	(d)	407	414
Other liabilities	(e)	7,845	12,891
Taxation		1,633	1,502
Total liabilities		<u>86,142</u> -----	<u>96,200</u> -----
Capital funds		25,000	25,000
Retained profits		5,150	4,757
Islamic banking funds		<u>30,150</u> -----	<u>29,757</u> -----
Total liabilities and Islamic banking funds		<u>116,292</u> =====	<u>125,957</u> =====
Commitments and contingencies		- =====	- =====

27. The operations of Islamic Banking (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 - UNAUDITED

	Bank			
	1 st Quarter ended 31 March 2015 RM'000	31 March 2014 RM'000	Three months ended 31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of Islamic banking funds	528	273	528	273
Total net income	<u>528</u>	<u>273</u>	<u>528</u>	<u>273</u>
Other operating expenses	(4)	(4)	(4)	(4)
Profit before taxation	<u>524</u>	<u>269</u>	<u>524</u>	<u>269</u>
Taxation	(131)	(67)	(131)	(67)
Profit and total comprehensive income for the period	<u>393</u> =====	<u>202</u> =====	<u>393</u> =====	<u>202</u> =====

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Capital funds RM'000	Retained profits RM'000	Total RM'000
Bank			
At 1 January 2015	25,000	4,757	29,757
Profit and total comprehensive income for the period	-	393	393
At 31 March 2015	<u>25,000</u>	<u>5,150</u>	<u>30,150</u>
	=====		
At 1 January 2014	25,000	4,232	29,232
Profit and total comprehensive income for the period	-	202	202
At 31 March 2014	<u>25,000</u>	<u>4,434</u>	<u>29,434</u>
	=====		

27. The operations of Islamic Banking (continued)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Bank	
	31 March 2015 RM'000	31 March 2014 RM'000
Cash flows from operating activities		
Profit before taxation	524	269
Operating profit before working capital changes	524	269
Changes in working capital:		
Net changes in operating assets	(62,755)	(21,246)
Net changes in operating liabilities	(10,189)	14,344
Net cash used in operations	(72,420)	(6,633)
Net decrease in cash and cash equivalents	(72,420)	(6,633)
Cash and cash equivalents at beginning of period	74,200	6,859
Cash and cash equivalents at end of period	1,780	226
Analysis of cash and cash equivalents:		
Cash and short term funds	1,780	226

Company No. 312552-W

27. The operations of Islamic Banking (continued)

Shariah Committee

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

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

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

Basis of measurement

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

(a) Cash and short term funds

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Cash and balances with banks and other financial institutions	1,780 =====	74,200 =====

(b) Financial assets held-for-trading

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Malaysian Investment Issue	50,455	50,117
Bank Negara Malaysia Bills	61,832	-
	<u>112,287</u> =====	<u>50,117</u> =====

(c) Deposits from customer

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Non-Mudharabah		
Demand deposits	26,257	31,393
Other deposits	50,000	50,000
	<u>76,257</u> =====	<u>81,393</u> =====

Company No. 312552-W

27. The operations of Islamic Banking (continued)

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

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Licensed bank	407	414
	=====	=====

(e) Other liabilities

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Bills payable	199	553
Others	7,646	12,338
	<u>7,845</u>	<u>12,891</u>
	=====	=====

(f) Capital adequacy

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

Components of Tier I and Tier II Capital:

	Bank	
	31 March 2015 RM'000	31 December 2014 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	4,757	4,757
Total common equity tier 1/ Total tier 1 capital	<u>29,757</u>	<u>29,757</u>
Total Tier 2 capital	-	-
Capital base	<u>29,757</u>	<u>29,757</u>
	=====	=====
Common equity tier 1/ Tier 1 capital ratio	463.933%	559.684%
Total capital ratio	463.933%	559.684%
	=====	=====

Company No. 312552-W

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

RISK TYPE		Risk Weighted Assets	
		31 March 2015	31 December 2014
		RM'000	RM'000
1	Credit risk	1,595	1,487
2	Market risk	1,070	199
3	Operational risk	3,749	3,631
Total		6,414	5,317

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	2,318	2,318	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	185	185	93	7
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	1,502	1,502	1,502	121
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	4,005	4,005	1,595	128
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	4,005	4,005	1,595	128

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

RISK TYPE		Gross Exposures		Net Exposures	Risk Weighted Assets	Capital Requirements
		RM'000		RM'000	RM'000	RM'000
2	Large Exposures Risk Requirements	-		-	-	-
3	Market Risk	Long Position	Short Position			
	Interest Rate Risk	61,832	-		885	71
	Foreign Currency Risk	185	-		185	15
	Options	-	-		-	-
		62,017	-		1,070	86
4	Operational Risk				3,749	299
5	Total RWA and Capital Requirements				6,414	513

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

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

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

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

Company No. 312552-W

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	2,318	-	-	-	-	-	-	-	-	-	2,318	-
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	185	-	-	-	-	-	-	-	185	93
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	1,502	-	1,502	1,502
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	2,318	-	185	-	-	-	-	-	1,502	-	4,005	1,595
Risk-Weighted Assets by Exposures	-	-	93	-	-	-	-	-	1,502	-	1,595	
Average Risk Weight	-	-	50.0%	-	-	-	-	-	100.0%	-	39.8%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2014 are as follows:

Risk Weights	Exposures after Netting & Credit Risk Mitigation										Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns and Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	74,254	-	-	-	-	-	-	-	-	-	-	74,254	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	199	-	-	-	-	-	-	-	-	199	100
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	1,387	-	-	1,387	1,387
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	74,254	-	199	-	-	-	-	-	1,387	-	-	75,840	1,487
Risk-Weighted Assets by Exposures	-	-	100	-	-	-	-	-	1,387	-	-	1,487	-
Average Risk Weight	-	-	50.3%	-	-	-	-	-	100.0%	-	-	2.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-