

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 June 2015**

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



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

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

	Note	Group		Bank	
		30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short term funds		3,549,176	5,145,807	3,549,176	5,145,807
Securities purchased under resale agreements		316,652	143,222	316,652	143,222
Financial assets held-for-trading	12	2,139,881	1,031,349	2,139,881	1,031,349
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,376,048	1,331,664	1,376,048	1,331,664
Other assets	15	4,024,598	2,665,660	4,024,598	2,665,660
Statutory deposit with Bank Negara Malaysia		20,000	31,000	20,000	31,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		2,326	2,767	2,326	2,767
Deferred tax assets		20,345	22,330	20,345	22,330
Total assets		<u>11,450,617</u>	<u>10,375,390</u>	<u>11,450,637</u>	<u>10,375,410</u>
Liabilities and shareholders' funds					
Deposits from customers	16	4,894,991	4,548,576	4,895,011	4,548,596
Deposits and placements of banks and other financial institutions	17	709,278	982,289	709,278	982,289
Other liabilities	18	4,182,158	3,129,026	4,182,158	3,129,026
Taxation		5,379	2,391	5,379	2,391
Total liabilities		<u>9,791,806</u>	<u>8,662,282</u>	<u>9,791,826</u>	<u>8,662,302</u>
Share capital		173,599	173,599	173,599	173,599
Reserves		1,485,212	1,422,442	1,485,212	1,422,442
Proposed dividend		-	117,067	-	117,067
Shareholders' funds		<u>1,658,811</u>	<u>1,713,108</u>	<u>1,658,811</u>	<u>1,713,108</u>
Total liabilities and shareholders' funds		<u>11,450,617</u>	<u>10,375,390</u>	<u>11,450,637</u>	<u>10,375,410</u>
Commitments and contingencies	27	<u>121,538,978</u>	<u>140,246,038</u>	<u>121,538,978</u>	<u>140,246,038</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 2014.

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

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

	Note	Group and Bank			
		Half year ended 30 June 2015 RM'000	30 June 2014 RM'000	Three months ended 30 June 2015 RM'000	30 June 2014 RM'000
Interest income	19	89,941	107,586	48,571	51,124
Interest expense	20	(31,728)	(47,191)	(15,723)	(19,781)
Net interest income		<u>58,213</u>	<u>60,395</u>	<u>32,848</u>	<u>31,343</u>
Net income from Islamic Banking Operations	28	857	723	329	450
Non-interest income	21	92,223	88,539	43,809	55,568
Operating income		<u>151,293</u>	<u>149,657</u>	<u>76,986</u>	<u>87,361</u>
Other operating expenses	22	(66,646)	(65,295)	(33,624)	(28,624)
Operating profit		<u>84,647</u>	<u>84,362</u>	<u>43,362</u>	<u>58,737</u>
Allowance written back/ (made) for impairment on loans, advances and financing	23	107	(1,964)	506	(1,034)
Profit before tax		<u>84,754</u>	<u>82,398</u>	<u>43,868</u>	<u>57,703</u>
Tax expense		(21,984)	(22,401)	(10,804)	(15,167)
Net profit / Total comprehensive income for the period		<u>62,770</u> =====	<u>59,997</u> =====	<u>33,064</u> =====	<u>42,536</u> =====
Earnings per share (sen)		36.2 sen =====	34.6 sen =====	19.0 sen =====	24.5 sen =====

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	62,770	62,770	-	62,770
Dividend paid	-	-	-	-	-	(117,067)	(117,067)
At 30 June 2015	173,599	357,763	188,280	939,169	1,485,212	-	1,658,811
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	-	-	-	59,997	59,997	-	59,997
At 30 June 2014	173,599	357,763	188,280	912,089	1,458,132	-	1,631,731

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Group and Bank	
	30 June 2015 RM'000	30 June 2014 RM'000
Profit before taxation	84,754	82,398
Adjustments for non-operating and non-cash items	516	644
Operating profit before working capital changes	85,270	83,042
Changes in working capital:		
Net changes in operating assets	(2,674,284)	2,447,752
Net changes in operating liabilities	1,126,536	(1,816,602)
Income tax paid	(17,012)	(17,886)
Tax refunds received	-	18,640
Net cash (used in)/generated from operations	(1,479,490)	714,946
Cash flows from investing activities:		
Purchase of plant and equipment	(74)	(424)
Net cash used in investing activities	(74)	(424)
Cash flows from financing activities:		
Dividend paid	(117,067)	-
Net cash used in financing activities	(117,067)	-
Net (decrease)/increase in cash and cash equivalents	(1,596,631)	714,522
Cash and cash equivalents at beginning of the period	5,145,807	2,496,327
Cash and cash equivalents at end of the period	3,549,176	3,210,849
Analysis of cash and cash equivalents:		
Cash and short-term funds	3,549,176	3,210,849

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

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

1. Basis of preparation

The unaudited interim financial statements for the financial period ended 30 June 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 30 June 2015.

5. Changes in Estimates

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

6. Issuance and Repayment of Debt and Equity Securities

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

7. Dividend Paid

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

8. Material Events

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

9. Changes in the composition of the Group

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

10. Review of Performance

The Bank recorded profit before taxation for the financial period ended 30 June 2015 of RM84.8 million compared to RM82.4 million in the previous corresponding period. Operating income increased by RM1.6 million (+1.1%) from RM149.7 million to RM151.3 million primarily driven by higher non-interest income of RM92.2 million against RM88.5 million in the previous corresponding period. Net interest income decreased by RM2.2 million (-3.6%) from RM60.4 million to RM58.2 million. Operating expenses increased by RM1.3 million (+2.0%) from RM65.3 million to RM66.6 million mainly attributed to intercompany expenses.

Total assets registered an increase of RM1.1 billion or 10.6% from RM10.4 billion as at 31 December 2014 to RM11.5 billion as at 30 June 2015. The Bank's total common equity tier 1 ratio and total capital ratio as at 30 June 2015 remained strong at 18.0% and 18.2%, respectively.

11. Prospects

Global economic outlook have been increasingly challenging as uncertainties still linger in the Eurozone over the Greece bailout programme; whilst in the US, the widely expected tightening of monetary conditions has contributed to the appreciation in the USD and downward pressure on capital flows to emerging markets.

On the local front, growth is expected to be affected by the softening of external demand on exports, particularly oil, and suppressed demands as a result of GST implementation. Downside risks are also compounded by concerns over the state of Malaysia's public finances and high level of household debts. Meanwhile, the Malaysia ringgit was hovering at 16-year low against the US dollar sometime in July 2015. Nonetheless, the Malaysian economy is expected to remain on a steady growth path with GDP of 4.5% - 5.5% in 2015.

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.

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12. Financial assets held-for-trading

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
At fair value		
Malaysian Government Securities	701,253	507,440
Malaysian Investment Issue	451,474	80,359
Bank Negara Malaysia Bills	-	61,954
Cagamas bonds	27,111	121,766
Private debt securities	-	9,830
Negotiable instruments of deposit	960,043	250,000
	<u>2,139,881</u>	<u>1,031,349</u>
	=====	=====

13. Financial investments available-for-sale

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

14. Loans, advances and financing

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
At amortised cost		
Overdrafts	108,362	148,515
Term loans - housing loans	19,463	21,127
- other term loans	154,513	139,047
Bills receivable	359,366	230,205
Claims on customers under acceptance credits	744,109	803,267
Staff loans	3,933	3,733
	<u>1,389,746</u>	<u>1,345,894</u>
Unearned interest	(4,679)	(5,119)
	<u>1,385,067</u>	<u>1,340,775</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(8,696)	(8,807)
- Individual assessment	(323)	(304)
	<u>1,376,048</u>	<u>1,331,664</u>
	=====	=====
Net loans, advances and financing		

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Maturing within one year	1,325,499	1,279,835
More than one to three years	7,297	7,193
More than three to five years	31,488	31,729
More than five years	20,783	22,018
	<u>1,385,067</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Domestic banking institutions	3,836	-
Domestic business enterprises	1,011,465	900,666
Government and statutory bodies	-	188,789
Individuals	23,386	24,860
Foreign entities	346,380	226,460
	<u>1,385,067</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- Other fixed rate loan / financing	3,933	3,733
Variable rate		
- Base lending rate plus	35,267	45,456
- Cost-plus	1,343,445	1,289,019
- Other variable rates	2,422	2,567
	<u>1,385,067</u> =====	<u>1,340,775</u> =====

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Malaysia	1,038,687	1,114,316
China	81,081	98,745
India	172,929	73,262
United States of America	55,154	-
France	-	14,608
Others	37,216	39,844
	<u>1,385,067</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Manufacturing	265,528	245,321
Construction	28,988	23,595
Purchase of landed property:		
- Residential	22,387	23,987
Wholesale & retail trade and restaurants & hotels	328,291	318,215
Transport, storage and communication	21,109	-
Finance, insurance and business services	717,764	727,316
Purchase of transport vehicles	475	392
Others	525	1,949
	<u>1,385,067</u> =====	<u>1,340,775</u> =====

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Balance at 1 January	3,537	4,614
Classified as impaired during the period/year	361	372
Reclassified as non-impaired during the period/year	(411)	(1,204)
Amount recovered	(269)	(196)
Amount written off	-	(49)
At 30 June 2015/31 December 2014	<u>3,218</u> =====	<u>3,537</u> =====
Gross impaired loans as a percentage of gross loans, advances and financing	0.23% =====	0.26% =====

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14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	8,807	10,623
Allowance recovered during the period/year	(111)	(1,816)
At 30 June 2015/31 December 2014	<u>8,696</u> =====	<u>8,807</u> =====
	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	304	403
Allowance made during the period/year	27	47
Amount recovered	(8)	(99)
Amount written off	-	(47)
At 30 June 2015/31 December 2014	<u>323</u> =====	<u>304</u> =====

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

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of landed property - residential	3,218	3,537
	<u>3,218</u> =====	<u>3,537</u> =====

15. Other assets

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Interest / Income receivable	19,308	6,679
Margin placed with exchange	6,038	5,111
Derivatives	2,539,885	1,980,848
Other debtors, deposits and prepayments	1,459,367	673,022
	<u>4,024,598</u> =====	<u>2,665,660</u> =====

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16. Deposits from customers

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Demand deposits	3,099,725	2,907,568	3,099,745	2,907,588
Savings deposits	3,728	3,867	3,728	3,867
Fixed deposits	732,754	199,580	732,754	199,580
Other deposits	1,058,784	1,437,561	1,058,784	1,437,561
	<u>4,894,991</u>	<u>4,548,576</u>	<u>4,895,011</u>	<u>4,548,596</u>
	=====	=====	=====	=====

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Due within six months	1,513,253	1,147,994	1,513,253	1,147,994
More than six months to one year	77,044	235,996	77,044	235,996
More than one year to three years	134,656	194,939	134,656	194,939
More than three years to five years	57	-	57	-
More than five years	66,528	58,212	66,528	58,212
	<u>1,791,538</u>	<u>1,637,141</u>	<u>1,791,538</u>	<u>1,637,141</u>
	=====	=====	=====	=====

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Business enterprises	3,481,029	2,821,758	3,481,049	2,821,778
Individuals	33,616	33,989	33,616	33,989
Foreign customers	268,091	436,763	268,091	436,763
Others	1,112,255	1,256,066	1,112,255	1,256,066
	<u>4,894,991</u>	<u>4,548,576</u>	<u>4,895,011</u>	<u>4,548,596</u>
	=====	=====	=====	=====

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17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Licensed banks	-	50,000
Other financial institutions	709,278	932,289
	<u>709,278</u>	<u>982,289</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Interest payable	3,069	1,703
Bills payable	136,913	147,653
Derivatives	2,498,735	1,884,656
Employee benefits	15,628	23,376
Other liabilities	1,527,813	1,071,638
	<u>4,182,158</u>	<u>3,129,026</u>
	=====	=====

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19. Interest income

	Group and Bank			
	Half year ended		Three months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	26,765	25,672	13,351	13,198
Money at call and deposit placements with financial institutions	22,928	12,226	16,608	6,804
Securities purchased under resale agreement	8,296	44,452	2,693	16,475
Financial assets held for trading	31,952	25,236	15,919	14,647
	<u>89,941</u>	<u>107,586</u>	<u>48,571</u>	<u>51,124</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	27	24	18	10
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Half year ended		Three months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	3,041	4,878	1,707	1,971
Obligations on securities sold under repurchase agreement	398	14,849	84	4,960
Deposits from customers	28,289	27,464	13,932	12,850
	<u>31,728</u>	<u>47,191</u>	<u>15,723</u>	<u>19,781</u>
	=====	=====	=====	=====

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21. Non-Interest Income

	Group and Bank			
	Half year ended		Three months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	5,747	5,087	3,326	2,700
Service charges and fees	15,222	12,464	8,231	6,412
Guarantee fees	3,560	3,600	1,656	2,049
	<u>24,529</u>	<u>21,151</u>	<u>13,213</u>	<u>11,161</u>
	-----	-----	-----	-----
Fee expense:				
Commissions	(1,481)	(1,771)	(738)	(972)
Service charges and fees	(2,061)	(2,082)	(1,627)	(1,196)
	<u>(3,542)</u>	<u>(3,853)</u>	<u>(2,365)</u>	<u>(2,168)</u>
	-----	-----	-----	-----
Net fee income	<u>20,987</u>	<u>17,298</u>	<u>10,848</u>	<u>8,993</u>
	-----	-----	-----	-----
Net gains from financial instruments:				
Net gain arising on financial assets held for trading :				
Net gain from sale	9,124	7,856	5,168	5,628
Unrealised revaluation gain/(loss)	3,476	4,455	(1,690)	863
Net loss arising on trading derivatives:				
Net loss on settlement	(212,206)	(65,690)	(63,788)	(43,061)
Unrealised revaluation gain	138,709	6,184	40,887	6,249
Net gain arising from dealing in foreign exchange :				
Net gain /(loss) on settlement	233,028	3,694	18,478	(7,546)
Unrealised (loss)/gain from foreign exchange translation	(109,919)	107,613	29,735	79,272
Net gain arising on financial investments available-for-sale :				
Gross dividend income	45	45	45	-
Other income:				
Other operating income, net	8,979	7,084	4,126	5,170
	<u>71,236</u>	<u>71,241</u>	<u>32,961</u>	<u>46,575</u>
	-----	-----	-----	-----
	<u>92,223</u>	<u>88,539</u>	<u>43,809</u>	<u>55,568</u>
	=====	=====	=====	=====

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22. Other operating expenses

	Group and Bank			
	Half year ended		Three months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	25,095	25,073	12,971	11,635
-Others	7,848	7,856	4,111	3,281
Establishment costs				
-Rental	1,346	1,282	727	654
-Depreciation	516	644	217	307
-Others	2,282	2,097	1,178	868
Marketing expenses	1,056	1,136	637	650
Administration and general expenses				
-Intercompany expenses	23,933	22,228	11,400	8,760
-Communication	805	798	405	392
-Others	3,765	4,181	1,978	2,077
	<u>66,646</u>	<u>65,295</u>	<u>33,624</u>	<u>28,624</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 210 (June 2014 -189).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	Half year ended		Three months ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the period	(27)	(24)	(18)	(10)
- written back	8	65	2	24
Collective assessment allowance				
- recovered/ (made) during the period	111	(2,005)	507	(1,048)
Recoveries from bad debt written off	15	-	15	-
	<u>107</u>	<u>(1,964)</u>	<u>506</u>	<u>(1,034)</u>
	=====	=====	=====	=====

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24. Contingent Liabilities

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

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

25. Credit transactions and exposures with connected parties

	Group and Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Outstanding credit exposures with connected parties	550,484	618,199
Of which:		
Total credit exposures which is non-performing	-	-
Total credit exposures	7,180,519 =====	6,813,311 =====
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	7.67%	9.07%
- as a proportion of capital base	34.84%	39.12%
which is non performing	0%	0%

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26. Capital adequacy

	Group and Bank	
	30 June 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#	6,476	6,414
Regulatory reserve	13,558	13,558
Total Capital / Capital base	1,580,187	1,580,125
	=====	=====
Common equity tier 1/Tier 1 capital ratio	17.999%	16.155%
Total capital ratio	18.230%	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 RM2,220,000 (31 December 2014:RM2,393,000)

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

RISK TYPE		Risk Weighted Assets	
		30 June 2015 RM'000	31 December 2014 RM'000
1	Credit risk	4,512,837	4,504,483
2	Market risk	3,682,985	4,650,706
3	Operational risk	472,364	502,402
Total		8,668,186	9,657,591

27. 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 June 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	1,198,284	599,142	549,490
Short Term Self Liquidating Trade Related Contingencies	266,929	53,386	42,748
Foreign exchange related contracts			
One year or less	15,325,063	311,442	233,105
Over one year to five years	6,964,837	781,121	599,048
Over five years	311,587	37,348	18,720
Interest/Profit rate related contracts			
One year or less	3,023,104	12,026	3,433
Over one year to five years	7,275,616	171,587	78,375
Over five years	2,529,616	280,854	120,006
Equity related contracts			
One year or less	160,711	11,415	5,708
Over one year to five years	35,858	2,869	1,434
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	193,254	5,888	2,527
Over one year to five years	1,035,728	65,653	25,174
Over five years	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	81,773,406	2,278,113	555,837
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	1,444,956	288,991	263,323
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	121,538,978	4,899,850	2,498,943

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27. 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

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28. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015 - UNAUDITED

	Note	Bank	
		30 June 2015 RM'000	31 December 2014 RM'000
Assets			
Cash and short term funds	(a)	191	74,200
Financial assets-held-for-trading	(b)	128,709	50,117
Other assets		3,418	1,640
Total assets		<u>132,318</u> =====	<u>125,957</u> =====
Liabilities and shareholders' funds			
Deposits from customer	(c)	91,353	81,393
Deposits and placements of banks and other financial institutions	(d)	406	414
Other liabilities	(e)	8,450	12,891
Taxation		1,714	1,502
Total liabilities		<u>101,923</u> -----	<u>96,200</u> -----
Capital funds		25,000	25,000
Retained profits		5,395	4,757
Islamic banking funds		<u>30,395</u> -----	<u>29,757</u> -----
Total liabilities and Islamic banking funds		<u>132,318</u> =====	<u>125,957</u> =====
Commitments and contingencies		- =====	- =====

28. The operations of Islamic Banking (continued)

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

	Bank			
	Half year ended 30 June 2015 RM'000	30 June 2014 RM'000	Three months ended 30 June 2015 RM'000	30 June 2014 RM'000
Income derived from investment of Islamic banking funds	857	723	329	450
Total net income	<u>857</u>	<u>723</u>	<u>329</u>	<u>450</u>
Other operating expenses	(7)	(7)	(3)	(3)
Profit before taxation	<u>850</u>	<u>716</u>	<u>326</u>	<u>447</u>
Taxation	(212)	(179)	(81)	(112)
Profit and total comprehensive income for the period	<u>638</u> =====	<u>537</u> =====	<u>245</u> =====	<u>335</u> =====

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	-	638	638
At 30 June 2015	<u>25,000</u>	<u>5,395</u>	<u>30,395</u>
	=====		
At 1 January 2014	25,000	4,232	29,232
Profit and total comprehensive income for the period	-	537	537
At 30 June 2014	<u>25,000</u>	<u>4,769</u>	<u>29,769</u>
	=====		

28. The operations of Islamic Banking (continued)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Bank	
	30 June 2015 RM'000	30 June 2014 RM'000
Cash flows from operating activities		
Profit before taxation	850	716
Operating profit before working capital changes	850	716
Changes in working capital:		
Net changes in operating assets	(80,370)	28,934
Net changes in operating liabilities	5,511	43,708
Net cash (used in)/generated from operations	(74,009)	73,358
Net (decrease)/increase in cash and cash equivalents	(74,009)	73,358
Cash and cash equivalents at beginning of period	74,200	6,859
Cash and cash equivalents at end of period	191	80,217
Analysis of cash and cash equivalents:		
Cash and short term funds	191	80,217

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28. 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

	30 June 2015 RM'000	Bank 31 December 2014 RM'000
Cash and balances with banks and other financial institutions	191 =====	74,200 =====

(b) Financial assets held-for-trading

	30 June 2015 RM'000	Bank 31 December 2014 RM'000
Malaysian Investment Issue	128,709 =====	50,117 =====

(c) Deposits from customer

	30 June 2015 RM'000	Bank 31 December 2014 RM'000
Non-Mudharabah		
Demand deposits	41,353	31,393
Other deposits	50,000	50,000
	<u>91,353</u> =====	<u>81,393</u> =====

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28. The operations of Islamic Banking (continued)

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

	30 June 2015 RM'000	Bank 31 December 2014 RM'000
Licensed bank	406	414
	=====	=====

(e) Other liabilities

	30 June 2015 RM'000	Bank 31 December 2014 RM'000
Bills payable	251	553
Others	8,199	12,338
	-----	-----
	8,450	12,891
	=====	=====

(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:

	30 June 2015 RM'000	Bank 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	29,757	29,757
Total Tier 2 capital	-	-
	-----	-----
Capital base	29,757	29,757
	=====	=====
Common equity tier 1/ Tier 1 capital ratio	149.254%	559.684%
Total capital ratio	149.254%	559.684%
	=====	=====

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28. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

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

RISK TYPE		Risk Weighted Assets	
		30 June 2015	31 December 2014
		RM'000	RM'000
1	Credit risk	2,690	1,487
2	Market risk	13,372	199
3	Operational risk	3,875	3,631
Total		19,937	5,317