

RHB ISLAMIC BANK BERHAD (680329 – V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
ASSETS			
Cash and short-term funds		4,709,167	4,025,661
Deposits and placements with banks and other financial institutions		1,002,808	893,146
Financial assets held-for-trading	9	193,991	351,888
Financial investments available-for-sale	10	2,812,450	2,389,447
Financial investments held-to-maturity	11	2,141,512	1,965,362
Financing and advances	12	27,454,401	25,265,443
Other assets	13	217,100	82,195
Derivative assets		50,430	47,990
Statutory deposits with Bank Negara Malaysia		1,070,000	1,063,700
Deferred tax assets		4,777	9,942
Property, plant and equipment		9,337	12,339
Intangible assets		5,981	6,673
TOTAL ASSETS		39,671,954	36,113,786
LIABILITIES AND EQUITY			
Deposits from customers	14	25,466,178	24,370,954
Deposits and placements of banks and other financial institutions	15	9,557,946	7,399,591
Bills and acceptances payable		7,134	8,836
Derivative liabilities		38,627	24,901
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,065,446	1,147,677
Subordinated obligations		503,187	503,051
Other liabilities	16	631,856	395,965
Provision for tax and zakat		10,765	10,414
TOTAL LIABILITIES		37,281,139	33,861,389
Share capital		1,173,424	1,173,424
Reserves		1,217,391	1,078,973
TOTAL EQUITY		2,390,815	2,252,397
TOTAL LIABILITIES AND EQUITY		39,671,954	36,113,786
COMMITMENTS AND CONTINGENCIES	22	11,468,887	9,420,224

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2014.

RHB ISLAMIC BANK BERHAD (680329 – V)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
		<u>30 June 2015</u>	30 June 2014	<u>30 June 2015</u>	30 June 2014
		<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Income derived from investment of depositors' funds	17	422,292	309,014	818,125	592,087
Income derived from investment of shareholders' funds	18	34,928	35,929	66,605	60,961
Allowance for impairment on financing and advances	19	605	(13,555)	(18,123)	(12,403)
Impairment (written back)/losses made on other assets		-	(481)	-	142
Total distributable income		457,825	330,907	866,607	640,787
Income attributable to depositors	20	(303,111)	(209,278)	(588,937)	(393,971)
		154,714	121,629	277,670	246,816
Personnel expenses		(11,340)	(17,178)	(22,358)	(38,274)
Other overheads and expenditures		(46,070)	(43,984)	(86,473)	(82,026)
Profit before taxation		97,304	60,467	168,839	126,516
Taxation		(24,363)	(15,415)	(42,248)	(31,357)
Net profit for the financial period		72,941	45,052	126,591	95,159
Basic earnings per share (sen)	21	6.22	3.84	10.79	8.11

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2014.

RHB ISLAMIC BANK BERHAD (680329 – V)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	72,941	45,052	126,591	95,159
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss				
Financial investments available-for-sale				
-Unrealised net gain/(loss) on revaluation	3,082	989	21,210	(6,517)
-Net transfer to income statement on disposal or impairment	(3,555)	145	(5,441)	2,501
Income tax relating to components of other comprehensive (income)/loss	119	(285)	(3,942)	1,004
Other comprehensive income/(loss), net of tax, for the financial period	(354)	849	11,827	(3,012)
Total comprehensive income for the financial period	72,587	45,901	138,418	92,147

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2014.

RHB ISLAMIC BANK BERHAD (680329 – V)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	<u>Share capital</u>	<u>Non distributable</u>			<u>Distributable</u>	<u>Total</u>
		<u>Statutory reserve</u>	<u>AFS reserves</u>	<u>Regulatory reserve</u>	<u>Retained profits</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 1 January 2015	1,173,424	553,765	(28,352)	-	553,560	2,252,397
Net profit for the financial period	-	-	-	-	126,591	126,591
Other comprehensive income/(loss):						
Financial investments available-for-sale						
- Unrealised net gain on revaluation	-	-	21,210	-	-	21,210
- Net transfer to income statement on disposal or impairment	-	-	(5,441)	-	-	(5,441)
Income tax relating to components of other comprehensive income	-	-	(3,942)	-	-	(3,942)
Other comprehensive income for the financial period	-	-	11,827	-	-	11,827
Total comprehensive income for the financial period	-	-	11,827	-	126,591	138,418
Transfer to statutory reserve	-	63,295	-	-	(63,295)	-
Transfer to regulatory reserve	-	-	-	123,090	(123,090)	-
Balance as at 30 June 2015	1,173,424	617,060	(16,525)	123,090	493,766	2,390,815

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share capital RM'000	Non distributable		Distributable	Total RM'000
		Statutory reserve RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 1 January 2014	1,173,424	441,609	(29,302)	441,401	2,027,132
Net profit for the financial period	-	-	-	95,159	95,159
Other comprehensive income/(loss):					
Financial investments available-for-sale					
- Unrealised net loss on revaluation	-	-	(6,517)	-	(6,517)
- Net transfer to income statement on disposal or impairment	-	-	2,501	-	2,501
Income tax relating to components of other comprehensive loss	-	-	1,004	-	1,004
Other comprehensive loss for the financial period	-	-	(3,012)	-	(3,012)
Total comprehensive income/(loss) for the financial period	-	-	(3,012)	95,159	92,147
Transfer to statutory reserve	-	47,579	-	(47,579)	-
Balance as at 30 June 2014	1,173,424	489,188	(32,314)	488,981	2,119,279

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2014.

RHB ISLAMIC BANK BERHAD (680329 – V)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended	
	30 June 2015	30 June 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	168,839	126,516
Adjustments for non-cash items	(61,990)	(61,666)
Operating profit before changes in working capital	106,849	64,850
Changes in working capital:		
Net changes in operating assets	(2,303,291)	(2,293,669)
Net changes in operating liabilities	3,407,553	1,503,567
Cash generated from/(used in) operations	1,211,111	(725,252)
Taxation paid	(40,675)	(21,965)
Net cash generated from/(used in) operating activities	1,170,436	(747,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(373)	(1,557)
Purchase of intangible assets	(235)	(476)
Net purchase of financial investments available-for-sale	(406,380)	(27,975)
Net purchase of financial investments held-to-maturity	(177,931)	(206,206)
Income received from financial investments available-for-sale	52,498	44,455
Income received from financial investments held-to-maturity	45,491	40,885
Net cash used in investing activities	(486,930)	(150,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated sukuk	-	500,000
Net cash generated from financing activities	-	500,000
Net increase/(decrease) in cash and cash equivalents	683,506	(398,091)
Cash and cash equivalents at the beginning of the financial period	4,025,661	3,331,680
Cash and cash equivalents at the end of the financial period	4,709,167	2,933,589
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	4,709,167	2,933,589

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the financial year ended 31 December 2014.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

1 BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Boards ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014.

The accounting policies and presentation adopted by the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following annual improvements to MFRS and revision to Bank Negara Malaysia's ('BNM') Policy:

(a) Annual Improvements to MFRS 2012 - 2014 Cycle

The adoption of the above Annual Improvements to MFRS 2012 - 2014 Cycle does not give rise to any material financial impact to the Bank.

(b) Revised BNM's Policy on Classification and Impairment Provisions for Loans/Financing ('Revised Policy')

BNM, had on 6 April 2015, issued the Revised Policy on Classification and Impairment Provisions for Loans/Financing. The requirements to the Revised Policy are effective for financial years beginning on or after 1 January 2015, except for the following:

- (i) Classification of a loan/financing as impaired when the loan/financing is classified as rescheduled and restructured ('R&R') in BNM's Central Credit Reference Information System ('CCRIS') effective on or after 1 April 2015. The R&R loan/financing shall only be reclassified from impaired to non-impaired when repayments based on revised and restructured terms have been observed continuously for a period of at least 6 months; and
- (ii) Banking institutions are required to maintain, in aggregate, collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective beginning 31 December 2015.

The Bank has early adopted the requirement to maintain, in aggregate, the collective impairment allowances and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowances, effective from financial period ended 30 June 2015.

2 AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2014 was not subject to any qualification.

3 SEASONAL OR CYCLICAL ITEMS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

4 EXCEPTIONAL OR EXTRAORDINARY ITEMS

There were no exceptional or unusual items for the six months ended 30 June 2015.

5 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2015.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

6 CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

7 DIVIDENDS PAID

No dividend has been paid during the six months ended 30 June 2015.

8 RESTRICTED PROFIT SHARING INVESTMENT ACCOUNTS (RPSIA)

These deposits are used to fund specific financing and follow the principle of Mudharabah which state that profits will be shared with the Bank as mudharib and losses borne by depositors.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

9 FINANCIAL ASSETS HELD-FOR-TRADING

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	144,222	351,888
Sukuk Perumahan Kerajaan Bonds	49,769	-
	193,991	351,888

10 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	607,650	584,009
Wakala Global Sukuk	12,775	11,853
Khazanah Bonds	8,499	8,285
Cagamas Bonds	60,102	59,914
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Islamic Private debt securities	1,922,327	1,524,257
Perpetual sukuk	200,522	200,554
	2,811,875	2,388,872
At cost		
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Shares in Islamic Bank and Financial Institutions of Malaysia ('IBFIM')	575	575
	2,812,450	2,389,447

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

11 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	<u>As at 30 June 2015</u>	<u>As at 31 December 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	594,325	625,481
Cagamas bonds	80,879	198,376
Khazanah bonds	29,035	28,447
Sukuk Perumahan Kerajaan Bonds	9,949	9,944
Negotiable Islamic debts certificates	298,835	-
 <u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Islamic Private debt securities	1,128,489	1,103,114
	<u>2,141,512</u>	<u>1,965,362</u>

Included in financial investments held-to-maturity are Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of arrangement between RHB Islamic and RHB Bank Berhad ('RHB Bank'). As at 30 June 2015, the gross exposure to RPSIA financing is RM25 million (31 December 2014: Nil).

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

12 FINANCING AND ADVANCES

30 June 2015	Bai' Bithaman Ajil ('BBA')	Ijarah	Murabahah	Musarakah	Bai'Inah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost							
Cashline	-	-	262,370	-	6,760	10,703	279,833
Term financing:							
- housing financing	621,388	-	-	6,356,996	-	2,001	6,980,385
- syndicated term financing	-	89,737	973,796	-	-	19,522	1,083,055
- hire purchase receivables	-	5,848,881	-	-	-	41,141	5,890,022
- other term financing	13,776	598,644	7,688,080	-	3,313,504	30,790	11,644,794
Bills receivables	-	-	531,461	-	-	2,146	533,607
Trust receipts	-	-	19,741	-	-	334	20,075
Staff financing	4,762	-	-	-	-	-	4,762
Credit/charge card receivables	-	-	-	-	-	234,059	234,059
Revolving financing	-	-	1,017,741	-	-	-	1,017,741
Gross financing and advances	639,926	6,537,262	10,493,189	6,356,996	3,320,264	340,696	27,688,333
Fair value changes arising from fair value hedge							(16,004)
							27,672,329
Allowance for impaired financing and advances:							
- individual impairment allowance							(22,228)
- collective impairment allowance							(195,700)
Net financing and advances							27,454,401

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

12 FINANCING AND ADVANCES (CONTINUED)

31 December 2014	Bai' Bithaman Ajil ('BBA')	Ijarah	Murabahah	Musarakah	Bai'Inah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost							
Cashline	-	-	249,395	-	3,904	1,816	255,115
Term financing:							
- housing financing	669,941	-	-	5,581,220	-	1,979	6,253,140
- syndicated term financing	-	86,230	-	-	-	19,522	105,752
- hire purchase receivables	-	5,835,603	-	-	-	47,424	5,883,027
- other term financing	18,527	637,714	6,366,471	-	3,313,854	3,830	10,340,396
Bills receivables	-	-	467,238	-	-	2,358	469,596
Trust receipts	-	-	20,411	-	-	449	20,860
Staff financing	5,279	-	-	-	-	-	5,279
Credit/charge card receivables	-	-	-	-	-	223,915	223,915
Revolving financing	-	-	1,946,151	-	-	-	1,946,151
Gross financing and advances	693,747	6,559,547	9,049,666	5,581,220	3,317,758	301,293	25,503,231
Fair value changes arising from fair value hedge							(25,192)
							25,478,039
Allowance for impaired financing and advances:							
- individual impairment allowance							(25,289)
- collective impairment allowance							(187,307)
Net financing and advances							25,265,443

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

12 FINANCING AND ADVANCES (CONTINUED)

- (a) Included in financing and advances are RPSIA, as part of arrangement between RHB Islamic and RHB Bank. RHB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for impaired financing and advances arising thereon.

As at 30 June 2015, the gross exposure to RPSIA financing are RM4,839 million (31 December 2014: RM4,750 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM35.0 million (31 December 2014: RM36.6 million) is recognised in the financial statements of RHB Bank. There was no individual impairment provided in this RPSIA financing.

- (b) Included in term financing are hire purchase receivables and other term financing sold to Cagamas amounting to RM1,060 million (31 December 2014: RM1,141 million).

(i) By type of customer	<u>As at</u> 30 June 2015 <u>RM'000</u>	<u>As at</u> 31 December 2014 <u>RM'000</u>
Domestic non-bank financial institutions:		
- Others	1,093,110	1,018,648
Domestic business enterprises:		
- Small medium enterprises	1,993,250	1,198,829
- Others	6,655,517	6,373,182
Government and statutory bodies	3,343,044	3,316,207
Individuals	14,334,547	13,335,086
Other domestic entities	109,043	111,414
Foreign entities	159,822	149,865
	<u>27,688,333</u>	<u>25,503,231</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

12 FINANCING AND ADVANCES (CONTINUED)

	As at	As at
	30 June 2015	31 December 2014
	RM'000	RM'000
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	622,760	670,868
- Hire-purchase receivables	5,890,022	5,883,027
- Other fixed rate financing	7,381,618	7,345,106
Variable rate:		
- BFR-plus	13,240,250	11,113,775
- Cost-plus	553,683	490,455
	<u>27,688,333</u>	<u>25,503,231</u>
(iii) By purpose		
Purchase of transport vehicles	5,863,477	5,854,963
Purchase of landed property:		
- Residential	6,704,879	5,989,031
- Non-residential	1,404,014	1,233,755
Purchase of property, plant and equipment other than land and building	726,258	683,524
Personal use	1,615,845	1,378,997
Credit card	234,059	223,915
Purchase of consumer durables	4	6
Construction	77,707	27,415
Working capital	6,336,887	5,758,155
Other purposes	4,725,203	4,353,470
	<u>27,688,333</u>	<u>25,503,231</u>

Included in other purposes are financing to the Government of Malaysia ('GoM') and its related agency for the purpose of education and government's staff housing financing.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

12 FINANCING AND ADVANCES (CONTINUED)

	As at <u>30 June 2015</u> RM'000	As at <u>31 December 2014</u> RM'000
(iv) By geographical distribution		
In Malaysia	<u>27,688,333</u>	<u>25,503,231</u>
(v) By remaining contractual maturities		
Maturing within one year	2,762,583	3,246,425
One to three years	1,843,535	1,736,497
Three to five years	3,511,596	3,190,928
Over five years	<u>19,570,619</u>	<u>17,329,381</u>
	<u>27,688,333</u>	<u>25,503,231</u>
(vi) Impaired financing and advances		
(a) Movement in impaired financing and advances		
Balance as at the beginning of the financial period/year	330,701	431,267
Classified as impaired during the financial period/year	370,311	480,870
Amount recovered	(38,115)	(111,964)
Amount written off	(21,352)	(109,706)
Reclassified as non-impaired	(209,906)	(360,795)
Exchange differences	-	1,029
Balance as at the end of the financial period/year	<u>431,639</u>	<u>330,701</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

12 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> 30 June 2015	<u>As at</u> 31 December 2014
	RM'000	RM'000
(vi) Impaired financing and advances (continued)		
(b) By purpose		
Purchase of transport vehicles	64,120	60,397
Purchase of landed property:		
- Residential	131,183	131,979
- Non-residential	52,539	17,573
Purchase of property, plant and equipment other than land and building	8,779	9,124
Personal use	2,778	3,275
Credit card	6,477	5,208
Working capital	137,513	76,539
Other purposes	28,250	26,606
	431,639	330,701
(c) By geographical distribution		
In Malaysia	431,639	330,701
(d) Movement in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	25,289	111,703
Net allowance recovered during the financial period/year	(3,061)	(21,538)
Amount written off	-	(63,135)
Transfer to collective impairment allowance	-	(1,741)
Balance as at the end of the financial period/year	22,228	25,289
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	187,307	145,769
Net allowance made during the financial period/year	27,260	69,650
Amount written off	(18,867)	(29,853)
Transfer from individual impairment allowance	-	1,741
Balance as at the end of the financial period/year	195,700	187,307
Collective impairment allowance inclusive of regulatory reserve as % of gross financing and advances (excluding RPSIA financing) less individual impairment allowance	1.40%	0.90%

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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13 OTHER ASSETS

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
Prepayments	7,738	3,349
Deposits	1,293	1,221
Other debtors	208,069	77,625
	217,100	82,195

14 DEPOSITS FROM CUSTOMERS

<u>Savings Deposit</u>		
Wadiah	1,127,965	1,054,313
<u>Demand Deposit</u>		
Wadiah	3,887,320	2,813,680
<u>Term Deposits</u>		
Commodity Murabahah	8,733,881	5,421,399
Wadiah Corporate Deposit	8,548,270	11,573,684
<u>Specific Investment Account</u>		
Murabahah	2,954,227	3,149,148
Mudharabah	-	51,577
<u>General Investment Account</u>		
Mudharabah	214,515	307,153
	25,466,178	24,370,954

- (a) The maturity structure of investment accounts and term deposits are as follows:

Due within six months	17,737,646	17,767,829
Six months to one year	2,693,029	2,418,870
One year to three years	19,241	315,505
Three years to five years	977	757
	20,450,893	20,502,961

- (b) The deposits are sourced from the following classes of customers:

Government and statutory bodies	5,198,110	3,647,864
Business enterprises	15,499,959	16,929,349
Individuals	4,070,088	3,092,089
Others	698,021	701,652
	25,466,178	24,370,954

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15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Licensed Islamic banks	1,754,111	221,130
Licensed banks	1,376,566	720,751
Licensed investment banks	894,397	744,472
Bank Negara Malaysia	1,440	775
	4,026,514	1,687,128
<u>Mudharabah Funds:</u>		
Licensed banks	5,028,898	4,957,940
Other financial institutions	502,534	754,523
	9,557,946	7,399,591

16 OTHER LIABILITIES

Sundry creditors	4,740	17,585
Amount due to ultimate holding company	45	126
Amount due to immediate holding company	551,026	198,971
Short term employee benefits	5,390	10,850
Accrual for operational expenses	14,268	14,460
Other accruals and payables	56,387	153,973
	631,856	395,965

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17 INCOME DERIVED FROM INVESTMENTS OF DEPOSITORS' FUNDS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income derived from investment of:				
(i) General investment deposit	2,917	12,338	6,484	23,144
(ii) Other deposits	419,375	296,676	811,641	568,943
	<u>422,292</u>	<u>309,014</u>	<u>818,125</u>	<u>592,087</u>
(i) Income derived from investment of general investments deposits:				
<u>Finance income and hibah</u>				
Financing and advances	2,272	9,330	5,065	17,703
Financial assets held-for-trading	14	76	26	98
Financial investments available-for-sale	197	830	433	1,579
Financial investments held-to-maturity	154	976	344	1,884
Money at call and deposits with banks and other financial institutions	252	1,022	550	1,717
Total finance income and hibah	2,889	12,234	6,418	22,981
Other operating income (note a to d)	28	104	66	163
	<u>2,917</u>	<u>12,338</u>	<u>6,484</u>	<u>23,144</u>
Of which:				
Financing income earned on impaired financing	24	144	59	286
Other operating income comprise of:				
(a) Fee income:				
- Commission	5	40	15	82
- Guarantee fees	1	25	10	39
	<u>6</u>	<u>65</u>	<u>25</u>	<u>121</u>
(b) Net gain/(loss) on disposal of financial assets held-for-trading	(7)	46	(4)	136
(c) Net gain/(loss) on disposal of financial investments available-for-sale	23	(7)	39	(94)
(d) Net gain on early redemption of financial instruments held-to-maturity	6	-	6	-
	<u>28</u>	<u>104</u>	<u>66</u>	<u>163</u>

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17 INCOME DERIVED FROM INVESTMENTS OF DEPOSITORS' FUNDS (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
(ii) Income derived from investment of other deposits:				
<u>Finance income and hibah</u>				
Financing and advances	326,773	224,221	633,933	435,195
Financial assets held-for-trading	1,995	1,846	3,290	2,404
Financial investments available-for-sale	28,267	19,935	54,196	38,806
Financial investments held-to-maturity	22,172	23,442	43,116	46,320
Money at call and deposits with banks and other financial institutions	36,020	24,677	68,787	42,199
Total finance income and hibah	<u>415,227</u>	294,121	<u>803,322</u>	564,924
Other operating income (note a to d)	4,148	2,555	8,319	4,019
	<u>419,375</u>	<u>296,676</u>	<u>811,641</u>	<u>568,943</u>
Of which:				
Financing income earned on impaired financing	<u>3,552</u>	3,448	<u>7,372</u>	7,024
Other operating income comprise of:				
(a) Fee income:				
- Commission	842	981	1,899	2,027
- Guarantee fees	212	612	1,211	958
	<u>1,054</u>	1,593	<u>3,110</u>	2,985
(b) Net (loss)/gain on disposal of financial assets held-for-trading	(778)	1,087	(466)	3,352
(c) Net gain/(loss) on disposal of financial investments available-for-sale	3,124	(125)	4,927	(2,318)
(d) Net gain on early redemption of financial assets held-to-maturity	748	-	748	-
	<u>4,148</u>	2,555	<u>8,319</u>	4,019

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18 INCOME DERIVED FROM INVESTMENTS OF SHAREHOLDERS' FUNDS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Finance income and hibah</u>				
Financing and advances	11,441	12,252	22,857	22,944
Financial assets held-for-trading	71	99	119	127
Financial investments available-for-sale	990	1,090	1,954	2,046
Financial investments held-to-maturity	777	1,283	1,555	2,442
Money at call and deposits with banks and other financial institutions	1,262	1,337	2,480	2,225
Total finance income and hibah	<u>14,541</u>	<u>16,061</u>	<u>28,965</u>	<u>29,784</u>
Other operating income (note a to g)	<u>20,387</u>	<u>19,868</u>	<u>37,640</u>	<u>31,177</u>
	<u>34,928</u>	<u>35,929</u>	<u>66,605</u>	<u>60,961</u>
Of which:				
Financing income earned on impaired financing	<u>124</u>	<u>189</u>	<u>266</u>	<u>370</u>
Other operating income comprise of:				
(a) Fee income:				
- Commission	1,296	1,756	2,062	3,584
- Service charges and fees	14,352	15,080	23,762	24,074
- Guarantee and underwriting fees	227	703	1,309	1,096
	<u>15,875</u>	<u>17,539</u>	<u>27,133</u>	<u>28,754</u>
(b) Net (loss)/gain on financial assets held-for-trading	(29)	62	(17)	176
(c) Net loss on revaluation of derivatives	(722)	(1,263)	(1,507)	(5,169)
(d) Net (loss)/gain on fair value hedges	(137)	641	66	2,166
(e) Net gain/(loss) on disposal of financial investments available-for-sale	111	(11)	178	(122)
(f) Net gain on early redemption of financial instruments held-to-maturity	27	-	27	-
(g) Other income				
- Foreign exchange gain	5,261	2,817	11,759	5,289
- Gain on disposal of property, plant and equipment	-	83	-	83
- Other non-operating income	1	-	1	-
	<u>5,262</u>	<u>2,900</u>	<u>11,760</u>	<u>5,372</u>
	<u>20,387</u>	<u>19,868</u>	<u>37,640</u>	<u>31,177</u>

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19 ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Allowance for impairment on financing and advances:				
- Individual assessment allowance	(423)	(12,229)	(3,061)	(15,090)
- Collective assessment allowance	760	29,951	27,260	29,935
- Impaired financing recovered	(2,243)	(6,085)	(8,540)	(11,784)
- Impaired financing written off	1,301	1,918	2,464	9,342
	<u>(605)</u>	<u>13,555</u>	<u>18,123</u>	<u>12,403</u>

20 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Deposits from customers:				
- Mudharabah funds	1,702	67,239	4,066	169,033
- Non-mudharabah funds	199,819	75,751	388,731	112,371
Deposits and placements of banks and financial institutions:				
- Mudharabah funds	52,709	42,810	108,505	63,751
- Non-mudharabah funds	29,337	7,783	48,135	16,954
Subordinated obligations	6,170	-	12,273	-
Recourse obligation on financing sold to Cagamas	13,374	15,695	27,227	31,862
	<u>303,111</u>	<u>209,278</u>	<u>588,937</u>	<u>393,971</u>

21 EARNINGS PER SHARE

	<u>2nd Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>30 June 2015</u>	<u>30 June 2014</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	<u>72,941</u>	<u>45,052</u>	<u>126,591</u>	<u>95,159</u>
Weighted average number of ordinary shares in issue	<u>1,173,424</u>	<u>1,173,424</u>	<u>1,173,424</u>	<u>1,173,424</u>
Basic earnings per share (sen)	<u>6.22</u>	<u>3.84</u>	<u>10.79</u>	<u>8.11</u>

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22 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to customers.

	As at 30 June 2015			As at 31 December 2014		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transaction-related contingent items	222,333	111,167	87,403	188,764	94,382	67,238
Short term self-liquidating trade-related contingencies	29,261	5,852	2,262	55,547	11,109	2,264
Irrevocable commitments to extend credit						
- maturity more than one year	4,611,160	2,305,580	1,681,572	3,545,835	1,772,918	1,407,888
Foreign exchange related contracts@:						
- less than one year	1,594,681	81,232	64,625	775,709	39,216	35,496
- one year to less than five years	142,494	14,264	11,328	88,270	80,021	50,180
Profit rate related contracts@:						
- less than one year	800,000	1,045	209	650,000	2,307	1,154
- one year to less than five years	2,175,000	53,764	10,753	2,235,000	71,770	35,885
- more than five years	-	-	-	90,000	4,951	2,475
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	1,893,958	93,552	70,164	1,791,099	90,410	67,807
Total	11,468,887	2,666,456	1,928,316	9,420,224	2,167,084	1,670,387

The credit equivalent and Risk Weighted Assets ('RWA') for the Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk ('Basel II') respectively.

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

@ These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statements and statements of financial position as derivative assets or derivative liabilities.

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23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2015</u>				
<u>Financial assets</u>				
Financial assets held-for-trading				
- money market instruments	-	193,991	-	193,991
Financial investments available-for-sale				
- money market instruments	-	2,611,353	201,097	2,812,450
- unquoted securities	-	689,026	-	689,026
	-	1,922,327	201,097	2,123,424
Derivative assets				
- money market instruments	-	50,430	-	50,430
	-	2,855,774	201,097	3,056,871
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	-	38,627	-	38,627
<u>31 December 2014</u>				
<u>Financial assets</u>				
Financial assets held-for-trading				
- money market instruments	-	351,888	-	351,888
Financial investments available-for-sale				
- money market instruments	-	2,188,318	201,129	2,389,447
- unquoted securities	-	664,061	-	664,061
	-	1,524,257	201,129	1,725,386
Derivative assets				
- money market instruments	-	47,990	-	47,990
	-	2,588,196	201,129	2,789,325
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	-	24,901	-	24,901

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23 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Valuation techniques and sensitivity analysis

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This would include quoted securities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons, non-transferable and non-tradable perpetual sukuk and impaired securities.

(ii) Reconciliation of movements in Level 3 financial instruments:

The following represents the changes in Level 3 instruments for the Bank:

Financial investments available-for-sale

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
Balance as at the beginning of the financial period/year	201,129	201,194
Profit recognised	5,901	11,900
Payment received	(5,933)	(11,965)
Balance as at the end of the financial period/year	201,097	201,129

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24 CAPITAL ADEQUACY

BNM guidelines on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The capital adequacy ratios of the Bank are as follows:

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<u>Common Equity Tier-I ('CET-I') Capital /Tier I Capital</u>		
Paid-up ordinary share capital	1,173,424	1,173,424
Retained profits	493,766	553,560
Statutory reserve	617,060	553,765
AFS reserves	(16,525)	(28,352)
	2,267,725	2,252,397
Less:		
Deferred tax assets	(10,156)	(15,497)
Other intangible assets	(602)	(1,119)
Ageing Reserves and Liquidity Reserve	(121)	(551)
Total CET-I Capital/Tier I Capital	2,256,846	2,235,781
<u>Tier II Capital</u>		
Subordinated obligations	500,000	500,000
Collective impairment allowance [^]	224,682	100,832
Total Tier II capital	724,682	600,832
Total Capital	2,981,528	2,836,613

[^] Excludes collective impairment allowance attributable to financing and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing".

Includes the qualifying regulatory reserves for non-impaired financing and advances of the Bank of RM123 million (31 December 2014: Nil)

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24 CAPITAL ADEQUACY (CONTINUED)

	As at 30 June 2015	As at 31 December 2014
	RM'000	RM'000
<u>Capital Ratios</u>		
CET-1 Capital Ratio	11.490%	12.878%
Tier-1 Capital Ratio	11.490%	12.878%
Total capital ratio (inclusive of market risk)	<u>15.180%</u>	<u>16.339%</u>
Risk-weighted assets by each major risk category are as follows:		
Credit risk-weighted assets	22,694,197	20,158,062
Credit risk-weighted assets absorbed by RPSIA	(4,246,919)	(3,841,305)
Market risk-weighted assets	228,586	124,357
Operational risk-weighted assets	964,330	918,886
Total risk-weighted assets	<u>19,640,194</u>	<u>17,360,000</u>

In accordance with BNM's "Guidelines on the Recognition and Measurement of Profit Sharing Investment Account (PSIA) as Risk Absorbent", the credit and market risks of the assets funded by the Restricted Profit Sharing Investment Accounts (RPSIA) which qualifies as risk absorbent are excluded from the risk weighted capital ratio (RWCR) calculation. As at 30 June 2015, credit risks relating to RPSIA assets excluded from the RWCR calculation amounted to RM4,246 million (31 December 2014: RM3,841 million).

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25 CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties ('Revised BNM/GP6') are as follows:

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Outstanding credit exposures with connected parties	<u>1,817,285</u>	<u>520,210</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>5.91%</u>	<u>1.85%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective from 1 January 2008.

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26 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

27 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no significant events subsequent to the balance sheet date that have not been reflected in the financial statements, other than as disclosed below:

Bancatakaful service arrangement between the Bank and Syarikat Takaful Malaysia Berhad ('STMB') ("BANCATAKAFUL SERVICE ARRANGEMENT")

The Bank has on 26 August 2015 entered into an exclusive Bancatakaful Service Arrangement with STMB.

STMB shall pay the Bank a total service fee of RM110 million and in consideration thereof, the Bank shall commit to a 10-year bancatakaful relationship with STMB to distribute Family and General takaful products developed by STMB pursuant to the terms of the Bancatakaful Service Agreement.

28 CHANGES IN THE COMPOSITION OF THE BANK

There are no significant changes in the composition of the Bank for the six months ended 30 June 2015.

29 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM97.3 million for the current quarter, 36.0% higher as compared to the preceding quarter ended 31 March 2015. The higher profit was mainly attributed to higher allowance write-back for impaired financing and advances by RM19.3, higher net funding income by RM9.3 million and higher non funding income by RM3.1 million. These were offset by higher overhead expenses by RM6.0 million.

30 PERFORMANCE REVIEW

For the six months ended 30 June 2015, the Bank recorded a pre-tax profit of RM168.8 million, 33.5% higher than previous year corresponding period of RM126.5 million. The higher profit was mainly due to higher net funding income by RM26.1 million, lower overhead expenses by RM11.5 million and higher non funding income by RM10.7 million. These were offset by higher allowances on financing and advances by RM5.7 million and lower impairment losses written back on other assets by RM0.1 million.

31 PROSPECTS FOR 2015

Economic growth will remain challenging in the second half of 2015. Domestic loan growth should moderate, on the back of softer consumer spending and private investment, while capital market and wholesale banking activities are expected to remain modest.

In view of the challenging operating environment, the Bank will continue to focus on optimizing cost and capital efficiency. Meanwhile, our IGNITE 2017 Transformation Programme continues to gain traction and produce positive results. Barring unforeseen circumstances, the Bank's 2015 performance will be satisfactory.