

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

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

	Note	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
ASSETS			
Cash and short-term funds		6,201,405	4,025,661
Deposits and placements with banks and other financial institutions		436,437	893,146
Financial assets held-for-trading	9	20,002	351,888
Financial investments available-for-sale	10	2,954,450	2,389,447
Financial investments held-to-maturity	11	1,981,682	1,965,362
Financing and advances	12	28,336,077	25,265,443
Other assets	13	198,246	82,195
Derivative assets		207,599	47,990
Statutory deposits with Bank Negara Malaysia		1,017,200	1,063,700
Deferred tax assets		12,525	9,942
Property, plant and equipment		9,099	12,339
Intangible assets		5,919	6,673
TOTAL ASSETS		41,380,641	36,113,786
LIABILITIES AND EQUITY			
Deposits from customers	14	27,681,823	24,370,954
Deposits and placements of banks and other financial institutions	15	9,186,545	7,399,591
Bills and acceptances payable		6,452	8,836
Derivative liabilities		165,998	24,901
Recourse obligation on financing sold to Cagamas Berhad ('Cagamas')		1,024,120	1,147,677
Subordinated obligations		509,425	503,051
Other liabilities	16	361,275	395,965
Provision for tax and zakat		14,054	10,414
TOTAL LIABILITIES		38,949,692	33,861,389
Share capital		1,173,424	1,173,424
Reserves		1,257,525	1,078,973
TOTAL EQUITY		2,430,949	2,252,397
TOTAL LIABILITIES AND EQUITY		41,380,641	36,113,786
COMMITMENTS AND CONTINGENCIES	22	12,701,416	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 NINE MONTHS ENDED 30 SEPTEMBER 2015

	Note	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
		<u>30 September</u> <u>2015</u> <u>RM'000</u>	<u>30 September</u> <u>2014</u> <u>RM'000</u>	<u>30 September</u> <u>2015</u> <u>RM'000</u>	<u>30 September</u> <u>2014</u> <u>RM'000</u>
Income derived from investment of depositors' funds	17	435,813	355,152	1,253,938	947,239
Income derived from investment of shareholders' funds	18	34,425	32,600	101,030	93,561
Allowance for impairment on financing and advances	19	(23,019)	(7,822)	(41,142)	(20,225)
Impairment losses made on other assets		-	(359)	-	(217)
Total distributable income		447,219	379,571	1,313,826	1,020,358
Income attributable to depositors	20	(300,179)	(237,176)	(889,116)	(631,147)
		147,040	142,395	424,710	389,211
Personnel expenses		(14,100)	(5,928)	(36,458)	(44,202)
Other overheads and expenditures		(47,695)	(43,462)	(134,168)	(125,488)
Profit before taxation		85,245	93,005	254,084	219,521
Taxation		(21,255)	(27,438)	(63,504)	(58,795)
Net profit for the financial period		63,990	65,567	190,580	160,726
Basic earnings per share (sen)	21	5.45	5.59	16.24	13.70

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u> <u>2015</u> <u>RM'000</u>	30 September 2014 RM'000	<u>30 September</u> <u>2015</u> <u>RM'000</u>	30 September 2014 RM'000
Net profit for the financial period	63,990	65,567	190,580	160,726
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss				
Financial investments available-for-sale				
- Unrealised net (loss)/gain on revaluation	(30,594)	16,417	(9,384)	9,900
- Net transfer to income statement on disposal or impairment	(1,212)	(3,235)	(6,653)	(734)
Income tax relating to components of other comprehensive loss/(income)	7,951	(3,295)	4,009	(2,291)
Other comprehensive (loss)/income, net of tax, for the financial period	(23,855)	9,887	(12,028)	6,875
Total comprehensive income for the financial period	40,135	75,454	178,552	167,601

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 NINE MONTHS ENDED 30 SEPTEMBER 2015

	Share capital RM'000	Non distributable			Distributable	Total RM'000
		Statutory reserve RM'000	AFS reserves RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Balance as at 1 January 2015	1,173,424	553,765	(28,352)	-	553,560	2,252,397
Net profit for the financial period	-	-	-	-	190,580	190,580
Other comprehensive income/(loss):						
Financial investments available-for-sale						
- Unrealised net loss on revaluation	-	-	(9,384)	-	-	(9,384)
- Net transfer to income statement on disposal or impairment	-	-	(6,653)	-	-	(6,653)
Income tax relating to components of other comprehensive loss	-	-	4,009	-	-	4,009
Other comprehensive loss for the financial period	-	-	(12,028)	-	-	(12,028)
Total comprehensive income/(loss) for the financial period	-	-	(12,028)	-	190,580	178,552
Transfer to statutory reserve	-	63,295	-	-	(63,295)	-
Transfer to regulatory reserve	-	-	-	137,225	(137,225)	-
Balance as at 30 September 2015	1,173,424	617,060	(40,380)	137,225	543,620	2,430,949

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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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	160,726	160,726
Other comprehensive income/(loss):					
Financial investments available-for-sale					
- Unrealised net gain on revaluation	-	-	9,900	-	9,900
- Net transfer to income statement on disposal or impairment	-	-	(734)	-	(734)
Income tax relating to components of other comprehensive income	-	-	(2,291)	-	(2,291)
Other comprehensive income for the financial period	-	-	6,875	-	6,875
Total comprehensive income for the financial period	-	-	6,875	160,726	167,601
Transfer to statutory reserve	-	47,579	-	(47,579)	-
Balance as at 30 September 2014	1,173,424	489,188	(22,427)	554,548	2,194,733

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 NINE MONTHS ENDED 30 SEPTEMBER 2015

	Nine months ended	
	30 September 2015	30 September 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	254,084	219,521
Adjustments for non-cash items	<u>(105,621)</u>	<u>(108,440)</u>
Operating profit before changes in working capital	148,463	111,081
Changes in working capital:		
Net changes in operating assets	(2,401,571)	(4,825,087)
Net changes in operating liabilities	<u>4,925,427</u>	<u>2,899,718</u>
Cash generated from/(used in) operations	2,672,319	(1,814,288)
Zakat paid	(2,000)	(1,600)
Taxation paid	<u>(56,437)</u>	<u>(40,820)</u>
Net cash generated from/(used in) operating activities	<u>2,613,882</u>	<u>(1,856,708)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,284)	(1,970)
Purchase of intangible assets	(345)	(1,023)
Net (purchase)/proceeds from disposal of financial investments available-for-sale	(556,729)	7,419
Net (purchase)/redemption of financial investments held-to-maturity	(15,202)	88,721
Income received from financial investments available-for-sale	69,344	60,348
Income received from financial investments held-to-maturity	<u>66,078</u>	<u>64,969</u>
Net cash (used in)/generated from investing activities	<u>(438,138)</u>	<u>218,464</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated sukuk	-	500,000
Net cash generated from financing activities	<u>-</u>	<u>500,000</u>
Net increase/(decrease) in cash and cash equivalents	2,175,744	(1,138,244)
Cash and cash equivalents at the beginning of the financial period	<u>4,025,661</u>	<u>3,331,680</u>
Cash and cash equivalents at the end of the financial period	<u>6,201,405</u>	<u>2,193,436</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	<u>6,201,405</u>	<u>2,193,436</u>

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 NINE MONTHS ENDED 30 SEPTEMBER 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 UNUSUAL ITEMS

There were no exceptional or unusual items for the nine months ended 30 September 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 nine months ended 30 September 2015.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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 NINE MONTHS ENDED 30 SEPTEMBER 2015**

9 FINANCIAL ASSETS HELD-FOR-TRADING

	As at 30 September 2015	As at 31 December 2014
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	20,002	351,888

10 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	As at 30 September 2015	As at 31 December 2014
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	731,710	584,009
Wakala Global Sukuk	14,649	11,853
Khazanah Bonds	8,502	8,285
Cagamas Bonds	60,359	59,914
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Islamic Private debt securities	1,935,134	1,524,257
Perpetual sukuk	203,521	200,554
	2,953,875	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
	2,954,450	2,389,447

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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11 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	As at	As at
	30 September 2015	31 December 2014
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government Investment Issues	543,132	625,481
Sukuk Perumahan Kerajaan Bonds	10,046	9,944
Khazanah bonds	29,338	28,447
Cagamas bonds	80,501	198,376
Negotiable Islamic debt certificates	199,536	-
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Islamic Private debt securities	1,119,129	1,103,114
	1,981,682	1,965,362

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 September 2015, the gross exposure to RPSIA financing is RM21.0 million (31 December 2014: Nil).

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

12 FINANCING AND ADVANCES

30 September 2015	Bai' Bithaman Ajil ('BBA')	Ijarah	Murabahah	Musarakah	Bai'Inah	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cashline	-	-	269,412	-	6,790	3,436	279,638
Term financing:							
- housing financing	600,386	-	-	6,673,532	-	1,859	7,275,777
- syndicated term financing	-	102,501	1,100,752	-	-	19,316	1,222,569
- hire purchase receivables	-	5,888,111	-	-	-	43,512	5,931,623
- other term financing	11,864	571,464	8,137,325	-	3,341,668	38,229	12,100,550
Bills receivables	-	-	548,476	-	-	4,041	552,517
Trust receipts	-	-	18,371	-	-	757	19,128
Staff financing	4,539	-	-	-	-	-	4,539
Credit/charge card receivables	-	-	-	-	-	236,504	236,504
Revolving financing	-	-	952,179	-	-	-	952,179
Gross financing and advances	616,789	6,562,076	11,026,515	6,673,532	3,348,458	347,654	28,575,024
Fair value changes arising from fair value hedge							(25,096)
							28,549,928
Allowance for impaired financing and advances:							
- individual impairment allowance							(21,782)
- collective impairment allowance							(192,069)
Net financing and advances							28,336,077

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

12 FINANCING AND ADVANCES (CONTINUED)

31 December 2014	Bai' Bithaman Ajil ('BBA')	Ijarah	Murabahah	Musarakah	Bai'Inah	Others	Total
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 NINE MONTHS ENDED 30 SEPTEMBER 2015

12 FINANCING AND ADVANCES (CONTINUED)

- (a) Included in financing and advances are RPSIA, as part of arrangement between the Bank 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 September 2015, the gross exposure to RPSIA financing are RM4,791 million (31 December 2014: RM4,750 million) and the portfolio impairment allowance relating to this RPSIA amounting to RM33.7 million (31 December 2014: RM36.6 million) is recognised in the financial statements of RHB Bank. There is 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 RM1,018 million (31 December 2014: RM1,141 million).

(i) By type of customer	As at 30 September 2015	As at 31 December 2014
	RM'000	RM'000
Domestic non-bank financial institutions:		
- Others	1,187,381	1,018,648
Domestic business enterprises:		
- Small medium enterprises	2,034,826	1,198,829
- Others	6,873,305	6,373,182
Government and statutory bodies	3,383,810	3,316,207
Individuals	14,811,063	13,335,086
Other domestic entities	107,728	111,414
Foreign entities	176,911	149,865
	<u>28,575,024</u>	<u>25,503,231</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

12 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>30 September 2015</u>	<u>As at</u> <u>31 December 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
(ii) By profit rate sensitivity		
Fixed rate:		
- Housing financing	601,715	670,868
- Hire-purchase receivables	5,931,623	5,883,027
- Other fixed rate financing	7,462,269	7,345,106
Variable rate:		
- BFR-plus	14,007,772	11,113,775
- Cost-plus	571,645	490,455
	<u>28,575,024</u>	<u>25,503,231</u>
(iii) By purpose		
Purchase of transport vehicles	5,907,562	5,854,963
Purchase of landed property:		
- Residential	6,987,948	5,989,031
- Non-residential	1,460,429	1,233,755
Purchase of property, plant and equipment other than land and building	789,777	683,524
Personal use	1,757,130	1,378,997
Credit card	236,504	223,915
Purchase of consumer durables	3	6
Construction	152,945	27,415
Working capital	6,618,778	5,758,155
Other purposes	4,663,948	4,353,470
	<u>28,575,024</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 NINE MONTHS ENDED 30 SEPTEMBER 2015

12 FINANCING AND ADVANCES (CONTINUED)

	As at	As at
	30 September 2015	31 December 2014
	RM'000	RM'000
(iv) By geographical distribution		
In Malaysia	<u>28,575,024</u>	<u>25,503,231</u>
(v) By remaining contractual maturities		
Maturing within one year	2,746,837	3,246,425
One to three years	2,936,999	1,736,497
Three to five years	2,864,702	3,190,928
Over five years	<u>20,026,486</u>	<u>17,329,381</u>
	<u>28,575,024</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	509,144	480,870
Reclassified as non-impaired	(309,366)	(360,795)
Amount recovered	(67,777)	(111,964)
Amount written off	(51,007)	(109,706)
Exchange differences	-	1,029
Balance as at the end of the financial period/year	<u>411,695</u>	<u>330,701</u>

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

12 FINANCING AND ADVANCES (CONTINUED)

	<u>As at</u> <u>30 September 2015</u>	<u>As at</u> <u>31 December 2014</u>
	RM'000	RM'000
(vi) Impaired financing and advances (continued)		
(b) By purpose		
Purchase of transport vehicles	54,426	60,397
Purchase of landed property:		
- Residential	138,423	131,979
- Non-residential	56,691	17,573
Purchase of property, plant and equipment other than land and building	8,594	9,124
Personal use	2,897	3,275
Credit card	7,009	5,208
Working capital	121,187	76,539
Other purposes	22,468	26,606
	<u>411,695</u>	<u>330,701</u>
(c) By geographical distribution		
In Malaysia	<u>411,695</u>	<u>330,701</u>
(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	(3,507)	(21,538)
Amount written off	-	(63,135)
Transfer to collective impairment allowance	-	(1,741)
Balance as at the end of the financial period/year	<u>21,782</u>	<u>25,289</u>
<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	48,380	69,650
Amount written off	(43,618)	(29,853)
Transfer from individual impairment allowance	-	1,741
Balance as at the end of the financial period/year	<u>192,069</u>	<u>187,307</u>
Collective impairment allowance inclusive of regulatory reserve as % of gross financing and advances (excluding RPSIA financing) less individual impairment allowance	<u>1.39%</u>	<u>0.90%</u>

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13 OTHER ASSETS

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
Prepayments	8,893	3,349
Deposits	1,293	1,221
Other debtors	188,060	77,625
	198,246	82,195

14 DEPOSITS FROM CUSTOMERS

<u>Savings Deposit</u>		
Wadiah	1,130,175	1,054,313
<u>Demand Deposit</u>		
Wadiah	3,781,944	2,813,680
<u>Term Deposits</u>		
Commodity Murabahah	10,450,944	5,421,399
Wadiah Corporate Deposit	4,115,715	11,573,684
<u>Specific Investment Account</u>		
Murabahah	8,008,711	3,149,148
Mudharabah	-	51,577
<u>General Investment Account</u>		
Mudharabah	194,334	307,153
	27,681,823	24,370,954

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

Due within six months	17,419,270	17,767,829
Six months to one year	5,334,449	2,418,870
One year to three years	15,026	315,505
Three years to five years	959	757
	22,769,704	20,502,961

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

Government and statutory bodies	4,942,447	3,647,864
Business enterprises	17,891,020	16,929,349
Individuals	4,128,760	3,092,089
Others	719,596	701,652
	27,681,823	24,370,954

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15 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
<u>Non-Mudharabah Funds:</u>		
Licensed Islamic banks	1,599,030	221,130
Licensed banks	1,478,147	720,751
Licensed investment banks	598,477	744,472
Bank Negara Malaysia	1,150	775
	3,676,804	1,687,128
<u>Mudharabah Funds:</u>		
Licensed banks	5,073,304	4,957,940
Other financial institutions	436,437	754,523
	9,186,545	7,399,591

16 OTHER LIABILITIES

Sundry creditors	64,195	17,585
Amount due to ultimate holding company	-	126
Amount due to immediate holding company	252,902	198,971
Short term employee benefits	7,487	10,850
Accrual for operational expenses	9,939	14,460
Career transition scheme	3,428	-
Other accruals and payables	23,324	153,973
	361,275	395,965

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17 INCOME DERIVED FROM INVESTMENTS OF DEPOSITORS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposit	2,519	5,917	9,003	29,061
(ii) Other deposits	433,294	349,235	1,244,935	918,178
	<u>435,813</u>	<u>355,152</u>	<u>1,253,938</u>	<u>947,239</u>
(i) Income derived from investment of general investments deposits:				
<u>Finance income and hibah</u>				
Financing and advances	2,035	4,399	7,100	22,102
Financial assets held-for-trading	3	45	29	143
Financial investments available-for-sale	170	460	603	2,039
Financial investments held-to-maturity	119	411	463	2,295
Money at call and deposits with banks and other financial institutions	189	449	739	2,166
Total finance income and hibah	<u>2,516</u>	<u>5,764</u>	<u>8,934</u>	<u>28,745</u>
Other operating income (note a to d)	3	153	69	316
	<u>2,519</u>	<u>5,917</u>	<u>9,003</u>	<u>29,061</u>
Of which:				
Financing income earned on impaired financing	<u>9</u>	<u>18</u>	<u>41</u>	<u>304</u>
Other operating income comprise of:				
(a) Fee income:				
- Commission	6	18	21	100
- Guarantee fees	2	1	12	40
	<u>8</u>	<u>19</u>	<u>33</u>	<u>140</u>
(b) Net (loss)/gain on disposal of financial assets held-for-trading	(9)	(6)	(13)	130
(c) Net gain on disposal of financial investments available-available-for-sale	7	140	46	46
(d) Net gain/(loss) on early redemption of financial investments held-to-maturity	(3)	-	3	-
	<u>3</u>	<u>153</u>	<u>69</u>	<u>316</u>

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

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September</u>	30 September	<u>30 September</u>	30 September
	<u>2015</u>	2014	<u>2015</u>	2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
(ii) Income derived from investment of other deposits:				
<u>Finance income and hibah</u>				
Financing and advances	347,788	263,122	981,721	698,317
Financial assets held-for-trading	726	2,109	4,016	4,513
Financial investments available-for-sale	29,244	25,622	83,440	64,428
Financial investments held-to-maturity	20,853	26,208	63,969	72,528
Money at call and deposits with banks and other financial institutions	33,421	26,252	102,208	68,451
Total finance income and hibah	<u>432,032</u>	343,313	<u>1,235,354</u>	908,237
Other operating income (note a to d)	<u>1,262</u>	5,922	<u>9,581</u>	9,941
	<u><u>433,294</u></u>	<u><u>349,235</u></u>	<u><u>1,244,935</u></u>	<u><u>918,178</u></u>
Of which:				
Financing income earned on impaired financing	<u>1,731</u>	2,611	<u>5,635</u>	9,635
Other operating income comprise of:				
(a) Fee income:				
- Commission	950	1,118	2,849	3,145
- Guarantee fees	476	291	1,687	1,249
	<u>1,426</u>	1,409	<u>4,536</u>	4,394
(b) Net (loss)/gain on disposal of financial assets held-for-trading	(1,346)	746	(1,812)	4,098
(c) Net gain on disposal of financial investments available-for-sale	1,452	3,767	6,379	1,449
(d) Net gain/(loss) on early redemption of financial investments held-to-maturity	(270)	-	478	-
	<u>1,262</u>	5,922	<u>9,581</u>	9,941

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18 INCOME DERIVED FROM INVESTMENTS OF SHAREHOLDERS' FUNDS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September 2015</u>	30 September 2014	<u>30 September 2015</u>	30 September 2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
<u>Finance income and hibah</u>				
Financing and advances	11,948	9,895	34,805	32,839
Financial assets held-for-trading	23	85	142	212
Financial investments available-for-sale	1,004	984	2,958	3,030
Financial investments held-to-maturity	713	969	2,268	3,411
Money at call and deposits with banks and other financial institutions	1,144	994	3,624	3,219
Total finance income and hibah	<u>14,832</u>	12,927	<u>43,797</u>	42,711
Other operating income (note a to g)	<u>19,593</u>	19,673	<u>57,233</u>	50,850
	<u><u>34,425</u></u>	<u><u>32,600</u></u>	<u><u>101,030</u></u>	<u><u>93,561</u></u>
Of which:				
Financing income earned on impaired financing	<u>59</u>	83	<u>200</u>	453
Other operating income comprise of:				
(a) Fee income:				
- Commission	1,153	1,719	3,215	5,303
- Service charges and fees	13,326	10,836	37,088	34,910
- Guarantee and underwriting fees	511	311	1,820	1,407
	<u>14,990</u>	12,866	<u>42,123</u>	41,620
(b) Net (loss)/gain on financial assets held-for-trading	(47)	15	(64)	191
(c) Net (loss)/gain on revaluation of derivatives	1,094	(7)	(413)	(5,176)
(d) Net gain on fair value hedges	59	3,665	125	5,831
(e) Net gain on disposal of financial investments available-for-sale	48	190	226	68
(f) Net gain/(loss) on early redemption of financial investments held-to-maturity	(10)	-	17	-
(g) Other income				
- Foreign exchange gain	3,253	2,944	15,012	8,233
- Gain on disposal of property, plant and equipment	-	-	-	83
- Other non-operating income	206	-	207	-
	<u>3,459</u>	2,944	<u>15,219</u>	8,316
	<u><u>19,593</u></u>	<u><u>19,673</u></u>	<u><u>57,233</u></u>	<u><u>50,850</u></u>

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19 ALLOWANCES FOR IMPAIRMENT ON FINANCING AND ADVANCES

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September 2015</u>	30 September 2014	<u>30 September 2015</u>	30 September 2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Allowance for impairment on financing and advances:				
- Individual impairment allowance	(446)	(4,257)	(3,507)	(19,347)
- Collective impairment allowance	21,120	11,232	48,380	41,167
- Impaired financing recovered	(2,598)	(5,488)	(11,138)	(17,272)
- Impaired financing written off	4,943	6,335	7,407	15,677
	<u>23,019</u>	<u>7,822</u>	<u>41,142</u>	<u>20,225</u>

20 INCOME ATTRIBUTABLE TO DEPOSITORS

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September 2015</u>	30 September 2014	<u>30 September 2015</u>	30 September 2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Deposits from customers:				
- Mudharabah funds	1,518	4,062	5,584	173,095
- Non-mudharabah funds	199,641	155,608	588,372	264,793
Deposits and placements of banks and other financial institutions:				
- Mudharabah funds	51,929	45,064	160,434	108,815
- Non-mudharabah funds	27,976	11,002	76,111	27,956
Subordinated obligations	6,239	6,238	18,512	9,425
Recourse obligation on financing sold to Cagamas	12,876	15,201	40,103	47,063
	<u>300,179</u>	<u>237,176</u>	<u>889,116</u>	<u>631,147</u>

21 EARNINGS PER SHARE

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	<u>30 September 2015</u>	30 September 2014	<u>30 September 2015</u>	30 September 2014
	<u>RM'000</u>	RM'000	<u>RM'000</u>	RM'000
Net profit for the financial period	<u>63,990</u>	65,567	<u>190,580</u>	160,726
Weighted average number of ordinary shares in issue	<u>1,173,424</u>	1,173,424	<u>1,173,424</u>	1,173,424
Basic earnings per share (sen)	<u>5.45</u>	5.59	<u>16.24</u>	13.70

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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 September 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	228,366	114,183	85,886	188,764	94,382	67,238
Short term self-liquidating trade-related contingencies	82,094	16,419	5,778	55,547	11,109	2,264
Irrevocable commitments to extend credit:						
- maturity more than one year	3,994,822	1,997,411	1,622,603	3,545,835	1,772,918	1,407,888
Foreign exchange related contracts@:						
- less than one year	2,266,807	217,620	188,539	775,709	39,216	35,496
- one year to less than five years	503,677	58,096	29,343	88,270	80,021	50,180
Profit rate related contracts@:						
- less than one year	1,500,000	6,830	1,366	650,000	2,307	1,154
- one year to less than five years	1,475,000	53,606	10,721	2,235,000	71,770	35,885
- more than five years	500,000	34,247	12,624	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	2,150,650	100,523	75,392	1,791,099	90,410	67,807
Total	<u>12,701,416</u>	<u>2,598,935</u>	<u>2,032,252</u>	<u>9,420,224</u>	<u>2,167,084</u>	<u>1,670,387</u>

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 profit 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:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2015				
<u>Financial assets</u>				
Financial assets held-for-trading				
- money market instruments	-	20,002	-	20,002
Financial investments available-for-sale				
- money market instruments	-	2,750,354	204,096	2,954,450
- unquoted securities	-	1,935,134	204,096	2,139,230
Derivative assets				
- money market instruments	-	207,599	-	207,599
	-	2,977,955	204,096	3,182,051
<u>Financial liabilities</u>				
Derivative liabilities				
- money market instruments	-	165,998	-	165,998
31 December 2014				
<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	-	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	As at
	30 September 2015	31 December 2014
	RM'000	RM'000
Balance as at the beginning of the financial period/year	201,129	201,194
Profit recognised	8,900	11,900
Payment received	(5,933)	(11,965)
Balance as at the end of the financial period/year	<u>204,096</u>	<u>201,129</u>

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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 September 2015 RM'000	As at 31 December 2014 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	479,630	553,560
Statutory reserve	617,060	553,765
AFS reserves	(40,380)	(28,352)
	2,229,734	2,252,397
Less:		
Deferred tax assets	(17,874)	(15,497)
Other intangible assets	(566)	(1,119)
Ageing Reserves and Liquidity Reserve	(1,001)	(551)
Total CET-I Capital/Tier I Capital	2,210,293	2,235,230
<u>Tier II Capital</u>		
Subordinated obligations	500,000	500,000
Collective impairment allowance [^]	240,601	100,832
Total Tier II capital	740,601	600,832
Total Capital	2,950,894	2,836,062

[^] 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 RM137.2 million (31 December 2014: Nil)

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24 CAPITAL ADEQUACY (CONTINUED)

	As at 30 September 2015	As at 31 December 2014
	RM'000	RM'000
<u>Capital Ratios</u>		
CET-I Capital Ratio	10.853%	12.875%
Tier-I Capital Ratio	10.853%	12.875%
Total capital ratio (inclusive of market risk)	<u>14.490%</u>	<u>16.336%</u>
Risk-weighted assets by each major risk category are as follows:		
Credit risk-weighted assets	23,477,250	20,158,062
Credit risk-weighted assets absorbed by RPSIA (Note 1)	<u>(4,214,455)</u>	<u>(3,841,305)</u>
	19,262,795	16,316,757
Market risk-weighted assets	101,863	124,357
Operational risk-weighted assets	<u>1,000,396</u>	<u>918,886</u>
Total risk-weighted assets	<u>20,365,054</u>	<u>17,360,000</u>

(1) 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.

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25 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

26 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

27 CHANGES IN THE COMPOSITION OF THE BANK

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

28 CHANGES IN PROFIT FOR THE QUARTER

The Bank reported a pre-tax profit of RM85.2 million for the current quarter, 12.4% lower as compared to the preceding quarter ended 30 June 2015. The lower profit was mainly attributed to higher allowance made for impaired financing and advances by RM23.6 million, lower non funding income by RM3.7 million and higher overhead expenses by RM4.4 million. These were offset by higher net funding income by RM19.7 million.

29 PERFORMANCE REVIEW

For the nine months ended 30 September 2015, the Bank recorded a pre-tax profit of RM254.1 million, 15.7% higher than previous year corresponding period of RM219.5 million. The higher profit was mainly due to higher net funding income by RM50.4 million, higher non funding income by RM5.8 million and lower impairment losses on other assets by RM0.2 million. These were offset by higher allowances on financing and advances by RM20.9 million and higher overhead expenses by RM0.9 million.

30 PROSPECTS FOR 2015

The 2015 economic growth is expected to moderate to 4.8% from 6.0% in 2014 due to weaker external and domestic demand. Domestic industry loan growth is expected to moderate to 7.5% - 8.5%, while capital market activities will continue to remain low given the macroeconomic uncertainties.

The Bank expected 2015 to be challenging and has focused on maintaining asset quality and improving operational efficiency. Following that, the Bank has adopted the Groups' reframed strategy and IGNITE 2017 Transformation Programme that has optimised to 17 high priority areas, with particular emphasis on performance. The strategy is anchored on three (3) key broad themes namely, funding our journey, winning by differentiating ourselves in the medium term, and getting the people and organization right. The Bank is confident that the Transformation Programme will continue its positive momentum to achieve its targets.

Barring unforeseen circumstances, the Bank's 2015 performance will be satisfactory.