

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statements of Financial Position as at 30 September 2015

	Note	Group		Bank	
		30.09.2015 RM'000	31.12.2014 RM'000	30.09.2015 RM'000	31.12.2014 RM'000
Assets					
Cash and short-term funds	9	1,117,448	3,164,628	1,116,449	3,164,402
Deposits and placements with banks and other financial institutions	10	212,939	104,725	212,939	104,725
Financial assets held-for-trading	11	625,971	921,629	620,762	916,539
Derivative financial assets	12	177,198	62,541	177,198	62,541
Financial assets available-for-sale	13	10,134,800	10,236,663	10,135,257	10,237,120
Financial assets held-to-maturity	14	59,886	60,752	59,886	60,752
Financing, advances and others	15	32,234,695	29,524,571	32,234,695	29,524,571
Other assets	16	61,923	126,535	59,814	124,902
Statutory deposits with Bank Negara Malaysia		1,443,280	1,335,000	1,443,280	1,335,000
Current tax assets		40,489	40,523	40,468	40,468
Deferred tax assets		31,220	31,220	31,220	31,220
Investments in subsidiary companies		-	-	15,525	15,525
Property and equipment		209,486	211,895	208,720	211,522
Total assets		46,349,335	45,820,682	46,356,213	45,829,287
Liabilities and equity					
Deposits from customers	17	40,093,945	41,010,332	40,108,249	41,021,556
Investment accounts	18	638,634	-	638,634	-
Deposits and placements of banks and other financial institutions	19	700,000	300,000	700,000	300,000
Derivative financial liabilities	12	142,661	32,407	142,661	32,407
Bills and acceptance payable		99,924	127,524	99,924	127,524
Subordinated Sukuk Murabahah	20	300,000	-	300,000	-
Other liabilities	21	487,975	576,228	480,062	572,599
Zakat and taxation		58,305	44,601	58,263	44,573
Total liabilities		42,521,444	42,091,092	42,527,793	42,098,659

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Statements of Financial Position as at 30 September 2015 (continued)

		Group		Bank	
	Note	30.09.2015 RM'000	31.12.2014 RM'000	30.09.2015 RM'000	31.12.2014 RM'000
Equity					
Share capital	22	2,363,283	2,319,907	2,363,283	2,319,907
Reserves		1,464,608	1,409,683	1,465,137	1,410,721
Total equity		3,827,891	3,729,590	3,828,420	3,730,628
Total liabilities and equity		46,349,335	45,820,682	46,356,213	45,829,287
Commitments and Contingencies	32	13,132,672	12,135,967	13,132,672	12,135,967

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

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2015**

Group	Note	3 months ended		9 months ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Income derived from investment of depositors' funds	23	551,996	524,876	1,652,905	1,499,937
Income derived from investment of shareholders' funds	24	111,605	96,477	312,973	296,658
Allowances for impairment on financing and advances, net of recoveries	25	5,337	(22,961)	(50,631)	(56,183)
Reversal of allowances for impairment on investments		-	-	-	106
Reversal of allowances for impairment on other assets		-	-	-	710
Direct expenses		(5,630)	(4,226)	(18,065)	(13,041)
Total distributable income		663,308	594,166	1,897,182	1,728,187
Income attributable to depositors and investment account holders	26	(259,762)	(215,807)	(761,798)	(613,642)
Total net income		403,546	378,359	1,135,384	1,114,545
Personnel expenses	27	(120,488)	(123,813)	(332,729)	(351,338)
Other overhead expenses	28	(99,416)	(83,575)	(265,381)	(256,933)
Finance cost	29	(4,348)	-	(7,656)	-
Profit before zakat and tax		179,294	170,971	529,618	506,274
Zakat		(3,013)	(2,277)	(9,038)	(6,835)
Tax expense		(58,502)	(44,808)	(155,237)	(133,851)
Profit for the period		117,779	123,886	365,343	365,588
Earnings per share (sen)				15.71	15.91

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2015 (continued)**

Group	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit for the period	<u>117,779</u>	<u>123,886</u>	<u>365,343</u>	<u>365,588</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(65,937)	(6,839)	(95,402)	1,510
Fair value reserve				
Net change in fair value	(87,656)	45,358	(33,653)	20,647
Net amount transferred to profit or loss	<u>(861)</u>	<u>(12,421)</u>	<u>(8,978)</u>	<u>(19,417)</u>
Other comprehensive income for the period, net of tax	<u>(154,454)</u>	<u>26,098</u>	<u>(138,033)</u>	<u>2,740</u>
Total comprehensive income for the period	<u>(36,675)</u>	<u>149,984</u>	<u>227,310</u>	<u>368,328</u>

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

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2015**

Bank	Note	3 months ended		9 months ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Income derived from investment of depositors' funds	23	551,996	524,876	1,652,905	1,499,937
Income derived from investment of shareholders' funds	24	109,948	94,803	308,707	292,730
Allowances for impairment on financing and advances, net of recoveries	25	5,337	(22,961)	(50,631)	(56,183)
Reversal of allowances for impairment on investments		-	-	-	106
Reversal of allowances for impairment on other assets		-	-	-	710
Direct expenses		<u>(5,630)</u>	<u>(4,226)</u>	<u>(18,065)</u>	<u>(13,041)</u>
Total distributable income		661,651	592,492	1,892,916	1,724,259
Income attributable to depositors and investment account holders	26	<u>(259,824)</u>	<u>(215,870)</u>	<u>(761,956)</u>	<u>(613,892)</u>
Total net income		401,827	376,622	1,130,960	1,110,367
Personnel expenses	27	(119,054)	(122,487)	(328,520)	(347,236)
Other overhead expenses	28	(99,303)	(83,297)	(265,634)	(256,664)
Finance cost	29	<u>(4,348)</u>	<u>-</u>	<u>(7,656)</u>	<u>-</u>
Profit before zakat and tax		179,122	170,838	529,150	506,467
Zakat		(3,000)	(2,259)	(9,000)	(6,777)
Tax expense		<u>(58,470)</u>	<u>(44,796)</u>	<u>(155,175)</u>	<u>(133,821)</u>
Profit for the period		<u>117,652</u>	<u>123,783</u>	<u>364,975</u>	<u>365,869</u>

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**Statements of Profit or Loss and Other Comprehensive Income
for the nine months ended 30 September 2015 (continued)**

Bank	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit for the period	<u>117,652</u>	<u>123,783</u>	<u>364,975</u>	<u>365,869</u>
Other comprehensive income:				
Currency translation differences in respect of foreign operations	(66,039)	(6,845)	(95,543)	1,511
Fair value reserve				
Net change in fair value	(87,656)	45,358	(33,653)	20,647
Net amount transferred to profit or loss	<u>(861)</u>	<u>(12,421)</u>	<u>(8,978)</u>	<u>(19,417)</u>
Other comprehensive income for the period, net of tax	<u>(154,556)</u>	<u>26,092</u>	<u>(138,174)</u>	<u>2,741</u>
Total comprehensive income for the period	<u>(36,904)</u>	<u>149,875</u>	<u>226,801</u>	<u>368,610</u>

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

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Consolidated Statement of Changes in Equity for the nine months ended 30 September 2015

Group	← Attributable to equity holders of the Bank →				Total equity RM'000
	← Non-distributable →		Distributable		
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2015	2,319,907	90,981	929,779	388,923	3,729,590
Profit for the period	-	-	-	365,343	365,343
Currency translation differences in respect of foreign operations	-	-	(95,402)	-	(95,402)
Fair value reserve – Net change in fair value	-	-	(33,653)	-	(33,653)
– Net amount reclassified to profit or loss	-	-	(8,978)	-	(8,978)
Total comprehensive income for the period	-	-	(138,033)	365,343	227,310
Transfer to statutory reserve	-	-	123,661	(123,661)	-
Dividends paid on ordinary shares	-	-	-	(256,856)	(256,856)
Issue of shares pursuant to Dividend Reinvestment Plan	43,376	84,471	-	-	127,847
At 30 September 2015	2,363,283	175,452	915,407	373,749	3,827,891
At 1 January 2014	2,298,165	52,281	722,567	253,822	3,326,835
Profit for the period	-	-	-	365,588	365,588
Currency translation differences in respect of foreign operations	-	-	1,510	-	1,510
Fair value reserve – Net change in fair value	-	-	20,647	-	20,647
– Net amount reclassified to profit or loss	-	-	(19,417)	-	(19,417)
Total comprehensive income for the period	-	-	2,740	365,588	368,328
Transfer to statutory reserve	-	-	182,935	(182,935)	-
Dividends paid on ordinary shares	-	-	-	(120,884)	(120,884)
Issue of shares pursuant to Dividend Reinvestment Plan	21,742	38,700	-	-	60,442
At 30 September 2014	2,319,907	90,981	908,242	315,591	3,634,721

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

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Statement of Changes in Equity for the nine months ended 30 September 2015

Bank	← Non-distributable →		Distributable Retained earnings RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000			Other reserves RM'000
At 1 January 2015	2,319,907	90,981	929,721	390,019	3,730,628
Profit for the period	-	-	-	364,975	364,975
Currency translation differences in respect of foreign operations	-	-	(95,543)	-	(95,543)
Fair value reserve – Net change in fair value	-	-	(33,653)	-	(33,653)
– Net amount reclassified to profit or loss	-	-	(8,978)	-	(8,978)
Total comprehensive income for the period	-	-	(138,174)	364,975	226,801
Transfer to statutory reserve	-	-	123,661	(123,661)	-
Dividends paid on ordinary shares	-	-	-	(256,856)	(256,856)
Issue of shares pursuant to Dividend Reinvestment Plan	43,376	84,471	-	-	127,847
At 30 September 2015	2,363,283	175,452	915,208	374,477	3,828,420
At 1 January 2014	2,298,165	52,281	722,539	256,389	3,329,374
Profit for the period	-	-	-	365,869	365,869
Currency translation differences in respect of foreign operations	-	-	1,511	-	1,511
Fair value reserve – Net change in fair value	-	-	20,647	-	20,647
– Net amount reclassified to profit or loss	-	-	(19,417)	-	(19,417)
Total comprehensive income for the period	-	-	2,741	365,869	368,610
Transfer to statutory reserve	-	-	182,935	(182,935)	-
Dividends paid on ordinary shares	-	-	-	(120,884)	(120,884)
Issue of shares pursuant to Dividend Reinvestment Plan	21,742	38,700	-	-	60,442
At 30 September 2014	2,319,907	90,981	908,215	318,439	3,637,542

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

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Condensed Statements of Cash Flow
for the nine six months ended 30 September 2015

	Group		Bank	
	9 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	529,618	506,274	529,150	506,467
Adjustment for non-cash items	201,971	160,260	201,960	159,380
Operating profit before working capital changes	731,589	666,534	731,110	665,847
Changes in working capital:				
Net changes in operating assets	(2,632,115)	(5,030,360)	(2,631,639)	(5,030,962)
Net changes in operating liabilities	(283,356)	894,697	(284,556)	884,388
Cash used in operations	(2,183,882)	(3,469,129)	(2,185,085)	(3,480,727)
Zakat and tax paid	(150,578)	(144,110)	(150,485)	(144,030)
Tax refund	45	112	-	-
Net cash used in operating activities	(2,334,415)	(3,613,127)	(2,335,570)	(3,624,757)
Net cash generated from investing activities	319,880	1,352,490	320,392	1,358,481
Net cash generated from/(used in) financing activities	170,991	(60,442)	170,991	(53,042)
Net decrease in cash and cash equivalents	(1,843,544)	(2,321,079)	(1,844,187)	(2,319,318)
Cash and cash equivalents at beginning of the period	3,269,353	3,730,923	3,269,127	3,728,658
Exchange difference on translation	(95,422)	1,510	(95,552)	1,511
Cash and cash equivalents at end of the period	1,330,387	1,411,354	1,329,388	1,410,851

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and 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 unaudited interim financial statements of the Group and of the Bank for the nine months ended 30 September 2015 have been prepared in accordance with the applicable requirements of MFRS 134: *Interim Financial Reporting* in Malaysia issued by Malaysian Accounting Standards Board (“MASB”), the International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”), *Financial Reporting for Islamic Banking Institution* policy issued by Bank Negara Malaysia (“BNM”), the provisions of the Companies Act, 1965 and Shariah requirements.

The unaudited interim financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial assets held-for-trading and financial assets available-for-sale, which have been measured at fair value.

The unaudited interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2014. The explanatory notes attached to the unaudited 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 Bank since the financial year ended 31 December 2014.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 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 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective for 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*

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1. Basis of preparation (continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments 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 Initiative*
- 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

The Group and the Bank plan to apply the abovementioned 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 11 and MFRS 14 which are not applicable to the Group and the Bank.
- 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.

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1. Basis of preparation (continued)

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

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 Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance MFRS 139, *Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets*. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

2. Auditors' reports on preceding financial period financial statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the nine months ended 30 September 2015.

4. Unusual items

There were no unusual items in the nine months ended 30 September 2015.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial year that has a material effect to the financial statements for the nine months ended 30 September 2015.

6. Debt and equity securities

There were no issuance or repayment of debt and equity securities or share buy-back during the nine months ended 30 September 2015 other than the issuance of Subordinated Sukuk Murabahah and new ordinary shares as disclosed in Note 20 and Note 22, respectively.

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7. Significant events during the nine months ended 30 September 2015

The Bank issued Subordinated Sukuk Murabahah on 22 April 2015, as disclosed in Note 20.

In addition, the Bank increased its issued and paid-up capital on 30 June 2015 from RM2,319,907,000 to RM2,342,706,000 via the issuance of 22,799,000 new ordinary shares of RM1.00 each at a consideration of RM2.90 each arising from the Dividend Reinvestment Plan, as disclosed in Note 22.

The Bank further increased its issued and paid-up capital on 22 September 2015 from RM2,342,706,000 to RM2,363,282,700 via the issuance of 20,576,700 new ordinary shares of RM1.00 each at a consideration of RM3.00 each arising from the Dividend Reinvestment Plan, as disclosed in Note 22.

There was no other significant event during the nine months ended 30 September 2015.

8. Dividends

On 30 June 2015, the Bank paid a final dividend of approximately 5.75 sen per ordinary share totalling RM133,394,653 for the financial year ended 31 December 2014.

On 22 September 2015, the Bank paid an interim dividend of approximately 5.27 sen per ordinary share totalling RM123,460,606 for the six months ended 30 June 2015.

9. Cash and short-term funds

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	597,183	773,453	596,184	773,272
Money at call and interbank placements with remaining maturity not exceeding one month	520,265	2,391,175	520,265	2,391,130
	<u>1,117,448</u>	<u>3,164,628</u>	<u>1,116,449</u>	<u>3,164,402</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Licensed Islamic banks	168,939	104,725
Development financial institutions	44,000	-
	<u>212,939</u>	<u>104,725</u>

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11. Financial assets held-for-trading

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	320,238	50,767	320,238	50,767
Bank Negara Negotiable Notes	-	394,808	-	394,808
Islamic Debt Securities	121,285	191,336	121,285	191,336
Negotiable Islamic Debt Certificate	79,864	279,628	79,864	279,628
Malaysian Islamic Treasury Bills	99,375	-	99,375	-
Unit Trust	5,209	5,090	-	-
	625,971	921,629	620,762	916,539

12. Derivative financial assets/liabilities

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss and hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
30.09.2015	RM'000	RM'000	RM'000
Forward contracts	2,951,489	159,285	(138,537)
Profit rate swaps	868,979	17,913	(4,124)
Structured deposits	-	-	-
	3,820,468	177,198	(142,661)

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
31.12.2014	RM'000	RM'000	RM'000
Forward contracts	1,840,778	45,508	(28,798)
Profit rate swaps	1,187,694	17,018	(3,594)
Structured deposits	106,680	15	(15)
	3,135,152	62,541	(32,407)

Structure deposits (Ziyad) matured in January 2015 and was repaid in full to depositors.

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13. Financial assets available-for-sale

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	2,511,139	1,202,058	2,511,139	1,202,058
Islamic Debt Securities	7,486,553	8,998,120	7,487,010	8,998,577
	<u>9,997,692</u>	<u>10,200,178</u>	<u>9,998,149</u>	<u>10,200,635</u>
At fair value				
Unit trust - in Malaysia	103,392	3,229	103,392	3,229
- outside Malaysia	1,647	1,647	1,647	1,647
	<u>105,039</u>	<u>4,876</u>	<u>105,039</u>	<u>4,876</u>
At cost				
Unquoted shares in Malaysia	28,954	24,450	28,954	24,450
Less: Accumulated impairment loss *	(19,778)	(15,734)	(19,778)	(15,734)
	<u>9,176</u>	<u>8,716</u>	<u>9,176</u>	<u>8,716</u>
At cost				
Unquoted shares outside Malaysia	22,893	22,893	22,893	22,893
	<u>10,134,800</u>	<u>10,236,663</u>	<u>10,135,257</u>	<u>10,237,120</u>

* Movement in accumulated impairment loss is due to translation difference.

14. Financial assets held-to-maturity

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Debt Securities	66,905	67,771
Less: Accumulated impairment loss	(7,019)	(7,019)
	<u>59,886</u>	<u>60,752</u>

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15. Financing, advances and others

(a) By type and Shariah contract

Group and Bank 30 September 2015	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai' RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
At amortised cost									
Cash line	-	-	86,199	927,161	-	-	-	-	1,013,360
Term financing									
House financing	4,935,914	-	-	5,837,873	-	-	63,543	-	10,837,330
Syndicated financing	11,883	-	168,389	995,237	-	149,389	-	-	1,324,898
Leasing financing	-	-	-	-	79,183	2,287	-	-	81,470
Bridging financing	-	-	-	-	-	-	88,660	-	88,660
Personal financing	-	-	94,550	9,950,680	-	-	-	-	10,045,230
Other term financing	2,728,705	622,574	18,806	4,145,041	-	-	1,776	-	7,516,902
Staff financing	99,501	932	-	58,760	-	-	16,985	-	176,178
Credit cards	-	-	20,152	410,981	-	-	-	-	431,133
Trade bills discounted	-	1,273,546	-	-	-	-	-	-	1,273,546
Trust receipts	-	21,642	-	-	-	-	-	-	21,642
Pawn broking	-	-	-	-	-	-	-	68,129	68,129
	7,776,003	1,918,694	388,096	22,325,733	79,183	151,676	170,964	68,129	32,878,478
Allowance for impaired financing, advances and others									
- collective assessment allowance									(505,438)
- individual assessment allowance									(138,345)
Net financing, advances and others									32,234,695

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15. Financing, advances and others (continued)

(a) By type and Shariah contract (continued)

Group and Bank	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Bai Al-Inah RM'000	At-Tawarruq RM'000	Ijarah Muntahiah Bit-Tamleek RM'000	Ijarah Thumma Al-Bai' RM'000	Istisna' RM'000	Ar-Rahnu RM'000	Total RM'000
31 December 2014									
At amortised cost									
Cash line	-	-	133,369	711,351	-	-	-	-	844,720
Term financing									
House financing	5,205,901	-	-	3,869,009	-	-	66,730	-	9,141,640
Syndicated financing	19,841	-	180,731	998,462	-	148,543	-	-	1,347,577
Leasing financing	-	-	-	-	64,141	5,030	-	-	69,171
Bridging financing	-	-	-	-	-	-	72,533	-	72,533
Personal financing	-	-	372,209	9,234,012	-	-	-	-	9,606,221
Other term financing	3,137,330	403,814	21,576	3,717,813	-	-	1,822	-	7,282,355
Staff financing	111,203	-	69	44,610	-	-	18,466	-	174,348
Credit cards	-	-	89,635	346,003	-	-	-	-	435,638
Trade bills discounted	-	1,013,823	-	-	-	-	-	-	1,013,823
Trust receipts	-	33,398	-	-	-	-	-	-	33,398
Pawn broking	-	-	-	-	-	-	-	90,288	90,288
	8,474,275	1,451,035	797,589	18,921,260	64,141	153,573	159,551	90,288	30,111,712
Allowance for impaired financing, advances and others									
- collective assessment allowance									(444,388)
- individual assessment allowance									(142,753)
Net financing, advances and others									29,524,571

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15. Financing, advances and others (continued)

(b) By type of customer

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Domestic non-bank financial institutions	540,942	471,181
Domestic business enterprise	5,763,441	5,884,575
Small medium industries	961,690	658,763
Government and statutory bodies	319,420	292,201
Individuals	24,635,082	22,336,404
Other domestic entities	8,584	8,230
Foreign entities	649,319	460,358
	<u>32,878,478</u>	<u>30,111,712</u>

(c) By profit rate sensitivity

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Fixed rate		
House financing	1,435,841	1,563,643
Others	4,934,706	7,553,928
Floating rate		
Others	26,507,931	20,994,141
	<u>32,878,478</u>	<u>30,111,712</u>

(d) By remaining contractual maturity

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Maturity within one year	3,172,978	3,147,023
More than one year to three years	1,144,468	992,088
More than three years to five years	1,673,532	1,468,082
More than five years	26,887,500	24,504,519
	<u>32,878,478</u>	<u>30,111,712</u>

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15. Financing, advances and others (continued)

(e) By geographical distribution

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Central Region	14,734,582	13,567,565
Eastern Region	5,641,423	5,037,536
Northern Region	5,148,085	4,722,950
Southern Region	4,556,505	4,411,954
East Malaysia Region	2,797,883	2,371,707
	<u>32,878,478</u>	<u>30,111,712</u>

(f) By sector

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Primary agriculture	408,634	331,524
Mining and quarrying	12,611	20,481
Manufacturing (including agro-based)	997,372	1,011,749
Electricity, gas and water	628,445	549,284
Wholesale & retail trade, and hotels & restaurants	1,221,795	879,627
Construction	2,124,756	2,316,754
Real estate	928,520	693,563
Transport, storage and communications	411,315	563,955
Finance, insurance and business activities	972,517	924,120
Education, health and others	537,485	483,863
Household sectors	24,635,028	22,336,792
	<u>32,878,478</u>	<u>30,111,712</u>

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15. Financing, advances and others (continued)

(g) Movement in impaired financing and advances (“impaired financing”) are as follows:

	Group and Bank	
	30.09.2015	31.12.2014
	RM’000	RM’000
At 1 January 2015/ 2014	344,539	285,302
Classified as impaired during the period/year	373,783	438,837
Reclassified as not impaired during the period/year	(142,598)	(194,739)
Amount recovered	(89,220)	(72,983)
Amount written off	(124,996)	(115,145)
Exchange differences	13,258	3,267
	<hr/> 374,766 <hr/>	<hr/> 344,539 <hr/>
Gross impaired financing as a percentage of gross financing, advances and others	<hr/> 1.14% <hr/>	<hr/> 1.14% <hr/>

(h) Impaired financing by geographical distribution

	Group and Bank	
	30.09.2015	31.12.2014
	RM’000	RM’000
Central Region	157,398	148,240
Eastern Region	45,106	44,509
Northern Region	36,910	30,618
Southern Region	26,602	13,307
East Malaysia Region	108,750	107,865
	<hr/> 374,766 <hr/>	<hr/> 344,539 <hr/>

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15. Financing, advances and others (continued)

(i) Impaired financing by sector

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
Primary agriculture	1,311	1,854
Manufacturing (including agro-based)	5,674	7,669
Electricity, gas and water	-	54
Wholesale & retail trade, and hotels & restaurants	28,992	14,732
Construction	48,121	72,192
Transport, storage and communications	38,589	42,689
Finance, insurance and business activities	71,421	60,258
Education, health and others	4,816	590
Household sectors	175,842	144,501
	374,766	344,539

(j) Movement of allowance for impaired financing

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2015/ 2014	444,388	365,375
Allowance made during the period/year	138,979	162,878
Amount written off	(80,815)	(84,416)
Exchange differences	2,886	551
At 30 September 2015/ 31 December 2014	505,438	444,388
<u>Individual assessment allowance</u>		
At 1 January 2015/ 2014	142,753	136,197
Allowance made during the period/year	26,841	34,055
Amount written off	(44,020)	(30,802)
Exchange differences	12,771	3,303
At 30 September 2015/ 31 December 2014	138,345	142,753

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16. Other assets

	Group		Bank	
	30.09.2015 RM'000	31.12.2014 RM'000	30.09.2015 RM'000	31.12.2014 RM'000
Other receivables	17,263	90,027	16,337	89,068
Deposit and prepayments	44,649	36,508	43,181	35,637
Related companies	11	-	296	197
	61,923	126,535	59,814	124,902

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	30.09.2015 RM'000	31.12.2014 RM'000	30.09.2015 RM'000	31.12.2014 RM'000
Saving Deposit	4,836,682	5,091,650	4,836,682	5,091,650
<i>Wadiah</i>	4,836,682	3,052,428	4,836,682	3,052,428
<i>Mudharabah</i>	-	2,039,222	-	2,039,222
Demand Deposit				
<i>Wadiah</i>	9,251,390	10,535,088	9,258,734	10,539,744
Term Deposit	25,919,192	25,296,865	25,926,152	25,303,433
Special Investment Accounts				
<i>Mudharabah</i>	28,716	5,022,921	28,716	5,025,258
General Investment Accounts				
<i>Mudharabah</i>	493,711	919,816	493,711	919,816
Term & Special term deposit-i				
<i>Tawarruq</i>	23,565,318	17,895,591	23,572,278	17,899,695
Negotiable Islamic Debt				
Certificates (NIDC)	1,821,095	1,229,025	1,821,095	1,229,025
Waheed-i	10,352	134,453	10,352	134,580
Ziyad	-	95,059	-	95,059
Others	86,681	86,729	86,681	86,729
Total Deposits	40,093,945	41,010,332	40,108,249	41,021,556

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17. Deposits from customers (continued)

b) Maturity structure of term deposits are as follows:

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Due within six months	20,941,956	22,201,248	20,944,014	22,207,468
More than six months to one year	4,319,272	2,834,535	4,324,174	2,834,883
More than one year to three years	619,649	224,132	619,649	224,132
More than three years to five years	38,315	36,950	38,315	36,950
	<u>25,919,192</u>	<u>25,296,865</u>	<u>25,926,152</u>	<u>25,303,433</u>

c) By type of customer

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	9,622,743	7,022,205	9,622,743	7,022,205
Business enterprises	9,383,862	9,970,005	9,383,862	9,970,005
Individuals	5,511,520	5,565,494	5,511,520	5,565,494
Others	15,575,820	18,452,628	15,590,124	18,463,852
	<u>40,093,945</u>	<u>41,010,332</u>	<u>40,108,249</u>	<u>41,021,556</u>

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18. Investment accounts

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
<i>Unrestricted investment accounts</i>		
At 1 January 2015/2014	-	-
New placement during the year	638,634	-
At 30 September 2015/31 December 2014	638,634	-
Investment portfolio :		
House Financing	638,634	-

The Bank launched its Investment Accounts on 1 June 2015 under the Mudharabah and Wakalah concept.

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.09.2015	31.12.2014
	RM'000	RM'000
<i>Mudharabah fund</i>		
Licensed Islamic banks	400,000	280,000
Development financial institutions	300,000	20,000
	700,000	300,000

20. Subordinated Sukuk Murabahah

Group and Bank

The RM300 million subordinated Sukuk ('the Sukuk') is part of the Tier-2 Sukuk programme which was approved by the Securities Commission on 7 October 2014. Under the programme, the Bank is allowed to raise Tier-2 capital of up to RM1.0 billion in nominal value outstanding at any one time.

The Sukuk of RM300 million under the first issuance was issued at par on 22 April 2015 and is due on 22 April 2025, with optional redemption on 22 April 2020 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.75% per annum payable semi-annually in arrears.

The RM300 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

21. Other liabilities

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Other payables	410,364	455,931	403,049	453,384
Accruals	77,611	120,297	77,013	119,215
	487,975	576,228	480,062	572,599

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22. Share capital

Group and Bank	Number of shares		Amount	
	30.09.2015 '000	31.12.2014 '000	30.09.2015 RM'000	31.12.2014 RM'000
<i>Authorised:</i>				
Ordinary shares of RM1.00 each	<u>2,540,000</u>	<u>2,540,000</u>	<u>2,540,000</u>	<u>2,540,000</u>
<i>Issued and fully paid</i>				
Ordinary shares of RM1.00 each				
At 1 January 2015/ 2014	2,319,907	2,298,165	2,319,907	2,298,165
Allotment of new ordinary shares during the period/ year	43,376	21,742	43,376	21,742
At 30 September 2015/31 December 2014	<u>2,363,283</u>	<u>2,319,907</u>	<u>2,363,283</u>	<u>2,319,907</u>

The Bank increased its issued and paid-up capital on 30 June 2015 from RM2,319,907,000 to RM2,342,706,000 via the issuance of 22,799,000 new ordinary shares of RM1.00 each at a consideration of RM2.90 each arising from the Dividend Reinvestment Plan of the fifty percent of the final dividend of approximately 5.75 sen in respect of financial year ended 31 December 2014.

The Bank further increased its issued and paid-up capital on 22 September 2015 from RM2,342,706,000 to RM2,363,283,000 via the issuance of 20,576,700 new ordinary shares of RM1.00 each at a consideration of RM3.00 each arising from the Dividend Reinvestment Plan of the fifty percent of the interim dividend of approximately 5.27 sen in respect of six months ended 30 June 2015.

23. Income derived from investment of depositors' funds

Group and Bank	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Income derived from investment of:				
(i) General investment deposits	14,578	29,243	65,285	86,757
(ii) Other deposits	537,418	495,633	1,587,620	1,413,180
	<u>551,996</u>	<u>524,876</u>	<u>1,652,905</u>	<u>1,499,937</u>

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23. Income derived from investment of depositors' funds (continued)

(i) Income derived from investment of general investment deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	11,801	22,748	53,084	66,832
Financial assets:				
- held-for-trading	264	509	900	1,841
- available-for-sale	2,274	4,631	8,522	15,284
- held-to-maturity	24	36	94	121
Money at call and deposits with financial institutions	342	526	2,228	1,439
	14,705	28,450	64,828	85,517
<i>Other dealing income</i>				
Net gain /(loss) from sale of financial assets held-for-trading	(48)	91	119	(90)
Net (loss)/gain on revaluation of financial assets held-for-trading	(111)	18	(54)	223
	(159)	109	65	133
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	32	684	392	1,107
	32	684	392	1,107
	14,578	29,243	65,285	86,757
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	290	357	968	1,045

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23. Income derived from investment of depositors' funds (continued)

(ii) Income derived from investment of other deposits

Group and Bank	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	464,143	385,449	1,319,733	1,088,788
Financial assets:				
- held-for-trading	7,118	8,642	20,099	29,882
- available-for-sale	60,072	78,454	189,134	248,239
- held-to-maturity	619	607	2,089	1,969
Money at call and deposits with financial institutions	8,874	8,916	48,308	23,468
	540,826	482,068	1,579,363	1,392,346
<i>Other dealing income</i>				
Net gain/(loss) from sale of financial assets held-for-trading	(1,343)	1,547	1,708	(1,260)
Net (loss)/gain on revaluation of financial assets held-for-trading	(2,894)	281	(2,037)	3,468
	(4,237)	1,828	(329)	2,208
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	829	11,737	8,586	18,626
	829	11,737	8,586	18,626
	537,418	495,633	1,587,620	1,413,180
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	7,657	6,065	21,639	17,033

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24. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,480	1,539	4,530	4,591
Financial assets available-for-sale	41,113	32,709	103,833	89,302
Money at call and deposits with financial institutions	1,545	(106)	5,061	5,541
	<u>44,138</u>	<u>34,142</u>	<u>113,424</u>	<u>99,434</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	16,491	20,853	59,212	73,686
Net gain on revaluation of financial assets held-for-trading	43	36	119	36
Net derivatives gain/(loss)	5,733	(1,049)	2,629	(3,350)
	<u>22,267</u>	<u>19,840</u>	<u>61,960</u>	<u>70,372</u>
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	-	(316)
Gross dividend income from securities				
- unit trust outside Malaysia	23	16	82	16
- unit trust in Malaysia	80	-	80	-
- unquoted in Malaysia	1	-	1,612	2,536
	<u>104</u>	<u>16</u>	<u>1,774</u>	<u>2,236</u>
<i>Fees and commission</i>				
Fees	34,295	32,744	107,721	97,510
Commission	5,427	5,671	15,454	17,216
Others	4,016	2,860	10,360	8,242
	<u>43,738</u>	<u>41,275</u>	<u>133,535</u>	<u>122,968</u>
<i>Other income</i>				
Net loss on disposal of property and equipment	(72)	-	(498)	(1,253)
Rental income	1,032	1,192	2,343	2,843
Other income	398	12	435	58
	<u>1,358</u>	<u>1,204</u>	<u>2,280</u>	<u>1,648</u>
	<u>111,605</u>	<u>96,477</u>	<u>312,973</u>	<u>296,658</u>

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24. Income derived from investment of shareholders' funds (continued)

Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	1,480	1,539	4,530	4,591
Financial assets available-for-sale	41,113	32,709	103,833	89,302
Money at call and deposits with financial institutions	1,545	(106)	5,061	5,541
	44,138	34,142	113,424	99,434
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	16,491	20,853	59,212	73,686
Net derivatives gain /(loss)	5,733	(1,049)	2,629	(3,350)
	22,224	19,804	61,841	70,336
<i>Other operating income</i>				
Net loss from sale of financial assets available-for-sale	-	-	-	(316)
Gross dividend income from securities				
- unit trust outside Malaysia	23	16	82	16
- unit trust in Malaysia	80	-	80	-
- unquoted in Malaysia	1	-	1,612	2,536
Gross dividend income from subsidiary	-	-	-	800
	104	16	1,774	3,036
<i>Fees and commission</i>				
Fees	32,650	31,026	103,330	92,806
Commission	5,427	5,671	15,454	17,216
Others	3,966	2,853	10,364	8,022
	42,043	39,550	129,148	118,044
<i>Other income</i>				
Net loss on disposal of property and equipment	(72)	-	(498)	(1,253)
Rental income	1,114	1,279	2,596	3,084
Other income	397	12	422	49
	1,439	1,291	2,520	1,880
	109,948	94,803	308,707	292,730

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25. Allowances for impairment on financing and advances, net of recoveries

Group and Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing, advances and others:				
- collective assessment allowance	42,960	39,447	138,979	118,114
- individual assessment allowance	2,387	14,514	26,841	26,346
Bad debts and financing recovered	(50,684)	(31,000)	(115,189)	(88,277)
	<u>(5,337)</u>	<u>22,961</u>	<u>50,631</u>	<u>56,183</u>

26. Income attributable to depositors and investment account holders

Group	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	4,598	167,015	58,272	499,251
- Non-Mudharabah fund	252,410	44,762	698,308	95,239
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	3,994	2,261	18,845
- Non-Mudharabah fund	2,342	36	2,544	307
	<u>259,350</u>	<u>215,807</u>	<u>761,385</u>	<u>613,642</u>
Unrestricted investment accounts	412	-	413	-
	<u>259,762</u>	<u>215,807</u>	<u>761,798</u>	<u>613,642</u>
Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	4,598	167,075	58,272	499,492
- Non-Mudharabah fund	252,472	44,765	698,466	95,248
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	3,994	2,261	18,845
- Non-Mudharabah fund	2,342	36	2,544	307
	<u>259,412</u>	<u>215,870</u>	<u>761,543</u>	<u>613,892</u>
Unrestricted investment accounts	412	-	413	-
	<u>259,824</u>	<u>215,870</u>	<u>761,956</u>	<u>613,892</u>

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27. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	97,171	98,404	261,486	279,409
Employees' Provident Fund	11,490	11,048	34,518	32,910
Other staff related costs	11,827	14,361	36,725	39,019
	<u>120,488</u>	<u>123,813</u>	<u>332,729</u>	<u>351,338</u>

Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	96,066	97,357	258,207	276,145
Employees' Provident Fund	11,334	10,896	34,047	32,432
Other staff related costs	11,654	14,234	36,266	38,659
	<u>119,054</u>	<u>122,487</u>	<u>328,520</u>	<u>347,236</u>

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28. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
<i>Promotion</i>				
Advertisement and publicity	2,097	1,659	4,110	5,034
Credit and debit card expenses	5,820	4,954	14,271	14,044
Others	2,972	2,292	6,540	6,655
	<u>10,889</u>	<u>8,905</u>	<u>24,921</u>	<u>25,733</u>
<i>Establishment</i>				
Office rental	14,211	12,496	38,866	36,201
Depreciation of property and equipment	17,301	12,393	48,889	36,323
Information technology expenses	13,546	7,001	26,496	21,483
Rental of equipment	1,196	912	2,987	2,957
Office maintenance	3,247	2,162	9,070	7,249
Utilities	3,658	3,647	10,091	10,985
Security services - establishment	5,298	3,503	11,391	10,509
Takaful and insurance	5,105	1,894	9,501	5,756
Others	39	37	306	306
	<u>63,601</u>	<u>44,045</u>	<u>157,597</u>	<u>131,769</u>
<i>General expenses</i>				
Professional fees	986	982	2,252	3,069
Office supplies	2,156	1,914	6,311	6,308
Outsourcing fees	4,704	10,460	13,533	33,194
Travelling & transportation	1,985	1,969	6,210	5,963
Security services - cash in transit	1,942	3,749	7,524	8,657
Others	13,153	11,551	47,033	42,240
	<u>24,926</u>	<u>30,625</u>	<u>82,863</u>	<u>99,431</u>
	<u>99,416</u>	<u>83,575</u>	<u>265,381</u>	<u>256,933</u>

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28. Other overhead expenses (continued)

Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	2,046	1,637	3,981	4,949
Credit and debit card expenses	5,820	4,954	14,271	14,044
Others	2,849	2,024	6,233	5,879
	10,715	8,615	24,485	24,872
<i>Establishment</i>				
Office rental	14,194	12,468	38,821	36,114
Depreciation of property and equipment	17,250	12,365	48,759	36,243
Information technology expenses	13,546	7,001	26,496	21,483
Rental of equipment	1,186	900	2,954	2,920
Office maintenance	3,178	2,114	8,872	7,118
Utilities	3,642	3,624	10,026	10,917
Security services - establishment	5,295	3,501	11,392	10,503
Takaful and insurance	5,087	1,868	9,431	5,675
Others	39	37	306	306
	63,417	43,878	157,057	131,279
<i>General expenses</i>				
Professional fees	990	944	2,187	2,965
Office supplies	2,119	1,896	6,220	6,257
Outsourcing fees	4,704	10,460	13,533	33,194
Travelling & transportation	1,950	1,955	6,125	5,910
Security services - cash in transit	1,942	3,749	7,524	8,657
Others	13,466	11,800	48,503	43,530
	25,171	30,804	84,092	100,513
	99,303	83,297	265,634	256,664

29. Finance cost

Group and Bank	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk Murabahah (Note 20)	4,348	-	7,656	-
	4,348	-	7,656	-

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30. Segmental Reporting on Revenue, Profit and Assets

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2015</u>						
Total Revenue	1,157,366	345,422	341,044	128,048	(6,002)	1,965,878
Net fund based income	604,202	273,292	(9,600)	127,922	-	995,816
Non-fund based income	102,432	27,538	69,206	14,932	(5,844)	208,264
Net income	706,634	300,830	59,606	142,854	(5,844)	1,204,080
Allowances for impairment	(80,514)	29,883	-	-	-	(50,631)
Profit before overheads, zakat & taxation	626,120	330,713	59,606	142,854	(5,844)	1,153,449
Operating expenses						(623,831)
Profit before zakat & taxation						529,618
<u>9 months ended 30 September 2014</u>						
Total Revenue	1,005,333	263,222	419,153	116,978	(8,091)	1,796,595
Net fund based income	547,742	222,477	18,608	174,819	-	963,646
Non-fund based income	93,142	19,658	98,065	16,283	(7,841)	219,307
Net income	640,884	242,135	116,673	191,102	(7,841)	1,182,953
Allowances for impairment	(58,657)	2,474	816	-	-	(55,367)
Profit before overheads, zakat & taxation	582,227	244,609	117,489	191,102	(7,841)	1,127,586
Operating expenses						(621,312)
Profit before zakat & taxation						506,274

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30. Segmental Reporting on Revenue, Profit and Assets (continued)

	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury Division RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
<u>At 30 September 2015</u>						
Segment assets	24,297,776	7,936,919	11,726,307	39,377	(30,730)	43,969,649
Unallocated assets						<u>2,379,686</u>
Total assets						<u><u>46,349,335</u></u>
 <u>At 31 December 2014</u>						
Segment assets	22,053,548	7,471,022	13,772,807	34,500	(27,580)	43,304,297
Unallocated assets						<u>2,516,385</u>
Total assets						<u><u>45,820,682</u></u>

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31. Fair value of financial instruments

Fair value hierarchy

MFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia (BNM) indicative yields or counterparty credit risk.
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include short-term/on demand financial assets and financial liabilities where the carrying amount is a reasonable approximation of their fair value:

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DRAFT**31. Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

Bank 30 September 2015 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
<i>Financial assets</i>							
Financial assets held-for-trading	-	620,762	-	620,762	-	620,762	620,762
Derivative financial assets	-	177,198	-	177,198	-	177,198	177,198
Financial assets available-for-sale	-	10,098,111	4,620	10,102,731	32,526	10,135,257	10,135,257
Financial assets held-to-maturity	-	-	-	-	59,886	59,886	59,886
Financing, advances and others	-	-	-	-	32,295,745	32,295,745	32,234,695
<i>Financial liabilities</i>							
Derivative financial liabilities	-	142,661	-	142,661	-	142,661	142,661
Subordinated Sukuk Murabahah	-	-	-	-	300,000	300,000	300,000

The Group's financial instruments are not materially different from the Bank's financial instruments.

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DRAFT**31. Fair value of financial instruments (continued)****Fair value hierarchy (continued)**

Bank 31 December 2014 RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 3		
<i>Financial assets</i>							
Financial assets held-for-trading	-	916,539	-	916,539	-	916,539	916,539
Derivative financial assets	-	62,541	-	62,541	-	62,541	62,541
Financial assets available-for-sale	-	10,200,434	4,620	10,205,054	32,066	10,237,120	10,237,120
Financial assets held-to-maturity	-	-	-	-	60,752	60,752	60,752
Financing, advances and others	-	-	-	-	29,527,807	29,527,807	29,524,571
<i>Financial liabilities</i>							
Derivative financial liabilities	-	32,407	-	32,407	-	32,407	32,407
Subordinated Sukuk Murabahah	-	-	-	-	-	-	-

The Group's financial instruments are not materially different from the Bank's financial instruments.

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31. Fair value of financial instruments (continued)

Fair value hierarchy (continued)

The following table presents the changes in Level 3 instruments for the financial period ended 30 September 2015 for Group and Bank:

	30.09.2015	31.12.2014
	RM'000	RM'000
<i>Financial assets available-for-sale</i>		
At 1 January 2015/2014	4,620	4,620
Allowance for impairment	-	-
Settlement	-	-
At 30 September 2015/31 December 2014	<u>4,620</u>	<u>4,620</u>

Unobservable inputs used in measuring fair value

The following tables show the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets available-for-sale	Valued at cost less impairment	Not applicable	Not applicable

(b) Financial instruments not carried at fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Financial investments held-to-maturity (“HTM”)

The fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, the fair values are valued at cost less impairment or estimated using discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Financing and advances

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

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32. Commitment and Contingencies

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows:

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
As at 30 September 2015				
<i>Credit related exposures</i>				
Direct credit substitutes	324,765		324,765	285,120
Assets sold with recourse	2		2	2
Transaction related contingent items	944,216		472,108	416,478
Short term self-liquidating trade related contingencies	324,565		64,913	62,504
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	2,014		403	403
- exceeding one year	834,076		417,038	338,468
Unutilised credit card lines	1,144,813		228,962	173,623
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	5,737,753		-	-
	9,312,204		1,508,191	1,276,598
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	2,951,489	159,285	206,271	108,499
Profit rate related contracts				
- less than one year	-		-	-
- one year to less than five years	600,000	13,212	14,104	2,821
- five years and above	268,979	4,701	10,807	10,807
Equity related contracts				
- less than one year	-	-	-	-
	3,820,468	177,198	231,182	122,127
Total	13,132,672	177,198	1,739,373	1,398,725

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32. Commitment and Contingencies (continued)

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows (continued):

As at 31 December 2014	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	360,433		360,433	355,715
Assets sold with recourse	2		2	2
Transaction related contingent items	1,026,265		513,132	451,601
Short term self-liquidating trade related contingencies	236,874		47,375	45,832
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	6,165		1,233	1,215
- exceeding one year	942,851		471,425	378,793
Unutilised credit card lines	1,023,337		204,668	153,502
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	5,404,888		-	-
	9,000,815		1,598,268	1,386,660
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,840,778	45,508	65,406	36,492
Profit rate related contracts				
- less than one year	300,000	348	308	62
- one year to less than five years	600,000	12,278	20,153	4,031
- five years and above	287,694	4,392	12,996	12,996
Equity related contracts				
- one year to less than five years	106,680	15	6,401	3,200
	3,135,152	62,541	105,264	56,781
Total	12,135,967	62,541	1,703,532	1,443,441

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33. Capital adequacy

With effect from 1 January 2013, total capital and capital adequacy ratios of the Bank have been computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy ratios requirement for Common Equity Tier I ("CET I") capital ratio, Tier I capital ratio and total capital ratio are 4.0%, 5.5% and 8.0% respectively for year 2014. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group and the Bank are set out below:

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
CET I & Tier I capital ratio	11.327%	12.240%	11.288%	12.201%
Total capital ratio	13.365%	13.355%	13.327%	13.316%

The components of CET I, Tier I and Tier II capital:

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	2,363,283	2,319,907	2,363,283	2,319,907
Share premium	175,452	90,981	175,452	90,981
Retained earnings	255,970	388,923	256,825	390,019
Other reserves	915,407	929,779	915,208	929,721
Less: Deferred tax assets	(31,220)	(31,220)	(31,220)	(31,220)
Less: Investment in subsidiaries	-	-	(15,525)	(15,525)
Total CET I and Tier I Capital	<u>3,678,892</u>	<u>3,698,370</u>	<u>3,664,023</u>	<u>3,683,883</u>
Sukuk Murabahah	300,000	-	300,000	-
Collective assessment allowance ^	361,750	336,850	361,706	336,819
Total Tier II Capital	<u>661,750</u>	<u>336,850</u>	<u>661,706</u>	<u>336,819</u>
Total Capital	<u>4,340,642</u>	<u>4,035,220</u>	<u>4,325,729</u>	<u>4,020,702</u>

^ Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets.

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33. Capital adequacy (continued)

The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Credit risk	28,940,032	26,947,994	28,936,492	26,945,514
Market risk	712,338	542,910	712,338	542,910
Operational risk	2,826,513	2,724,074	2,809,700	2,705,152
	<u>32,478,883</u>	<u>30,214,978</u>	<u>32,458,530</u>	<u>30,193,576</u>

34. Performance review for the nine months ended 30 September 2015

The Group reported profit before zakat and tax of RM529.6 million for the nine months ended 30 September 2015. This represents a 4.6% increase compared to the previous corresponding period. The improved performance was mainly attributed to growth in business activities.

Year-on-year net financing assets grew by RM4.8 billion or 17.7% to reach RM32.2 billion as at end September 2015. Correspondingly, fund based income from financing increased by RM217.1 million or 18.7%. Non fund based income reported a decrease of 5.0% or RM11.0 million mainly from foreign exchange transactions and lower net gain from sale of financial assets available-for-sale.

As at end of September 2015, customer deposits stood at RM40.1 billion with a year-on-year increase of RM2.0 billion or 5.3%. The CASA ratio as at end September 2015 stood at 35.1% compared to end September 2014 at 37.7%. The Islamic Banking Industry CASA ratio was 25.5% as at end August 2015.

The Group's gross impaired financing ratio remain at 1.14% as at end September 2015 compared to December 2014. The net impaired financing ratio (less IA and CA) reduced to a negative 0.83% as at end September 2015 whilst the net impaired financing ratio (less IA only) was 0.72%. The Banking System gross impaired ratio was 1.60% and the net impaired ratios were 0.04% (less IA and CA) and 1.23% (less IA only) as at end August 2015.

The key performance ratios as at end September 2015 also compared favourably against the Banking System ratio as at end December 2014. The Bank's pre-tax return on equity was 18.4% against the Banking System's 15.2%. The pre-tax return on assets was 1.5% against the Banking System's 1.5%. However, the Risk Weighted Capital Adequacy ratio was 13.3% compared to the Banking System's 15.9% as at end December 2014 in view of the continued growth in financing.

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35. Prospect for 2015

Under the challenging economic conditions, the Malaysian economy exhibited commendable resilience, growing 4.9% y-o-y in the 2Q2015. This, however, represented a marked slowdown from the 5.6% recorded in 1Q2015. The decline, arising from slower domestic demand, was mainly attributed to lower net exports and weaker private sector. On cumulative basis, GDP grew by 5.3% in the 1H2015 from 6.4% in the same period last year. Moving forward, slower economic growth is anticipated with the continuous softening of the domestic demand. On the external factors, uncertainty over the US Fed rate increase (despite the recent decision to maintain the current rate at least until December 2015) and the on-going concern on China's growth trajectory coupled with lower crude oil prices are also likely to have an impact on the Malaysian economy. Nevertheless, as widely reported, the monetary and fiscal policy would serve as a buffer in the event of significant economic slowdown. As for currency, the MYR/USD continues to be on a weak trajectory, in line with markets of other emerging countries. As a result, the economy is expected to remain challenging with sentiments among consumers and businesses remaining weak in the foreseeable future amid higher inflation rate, volatile Ringgit and uneven global growth. Taking cognizance of these challenges and based on realistic assumptions, the recent tabling of 2016 Budget saw the government seeking to shore up domestic demand by boosting consumption, spurring private investment and accelerating selected public infrastructure projects next year. The budget was also carefully drawn up without deepening the budget deficit even as oil revenue shrinks.

Given the challenging times ahead, the Bank maintain its banking industry loan growth forecast between 7% and 8% for 2015 but still with a stable outlook as the industry's credit fundamentals remain strong and well poised to withstand the uncertain environment. For Islamic banking, financing growth is still expected to record double digit growth but perhaps lower than the rate it has previously achieved. Factors that the Bank view will set the pace for the banking sectors in the near term are (1) stiff competition for deposits, (2) further margin compression; and (3) regulatory compliance. Firstly, the race for deposits will continue, as accommodative interest rates steer depositors towards higher-yielding alternative investments, and competition for retail- and transactional-account deposits intensifies to meet the liquidity coverage ratio (LCR) under Basel III which came into force in June 2015. Secondly, heftier funding costs and competition for loans and deposits will continue to exert pressure on the net interest margins of Malaysian banks. Thirdly, meeting regulatory requirements and higher regulatory costs will continue to be the key theme as banks strive to ensure full compliance with some guidelines such as new BNM ruling on R&R (restructured and rescheduled), and the clear segregation of Islamic deposits and investment accounts under the Islamic Financial Services Act 2013. As topline revenue growth remains modest, banks will continue to focus on operational efficiencies as a way to drive financial performance.

In many ways, the Bank is on a more solid footing than it has been several years ago. However, the Bank will continue to be cautious and intend to take measures to defend its position. Moving forward, the pursuit of growth and profitability against the backdrop of uncertain economic cycle and heightened regulatory requirements have led the Bank to focus on liability management, safeguarding asset quality and capital preservation. The Bank will continue its effort to drive growth in demand and saving accounts and aggressively market Investment Account products. The Bank also plans to maintain its cautious and stringent underwriting standards to uphold asset quality and continue with its aggressive collection strategy. In addition, managing capital to ensure healthy capital levels will remain crucial. Meanwhile, creating service excellence remains an ongoing journey for the Bank.

36. Subsequent events

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.