

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

Interim Report for the Period Ended 30 June 2015

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KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Bank	
		30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
ASSETS					
Cash and short-term funds		1,340,277	1,526,907	1,378,710	1,526,002
Deposits and placements with banks and other financial institutions	A3	483,722	52,964	470,313	78,266
Securities held-for-trading	A4	3,726	17,483	3,726	17,483
Hedging financial instruments	A7	10,272	11,361	10,272	11,361
Securities available-for-sale	A4	1,176,477	1,395,879	1,071,083	1,271,419
Securities held-to-maturity	A4	81,471	81,494	81,471	81,494
Financing, advances and other receivables	A5	6,699,411	6,703,522	6,699,411	6,703,522
Other assets	A6	222,313	221,216	221,682	220,277
Statutory deposits with Bank Negara Malaysia		224,800	222,200	224,800	222,200
Musyarakah capital investment	A8	5,898	5,898	5,898	5,898
Investment in subsidiaries		-	-	18,680	19,432
Property and equipment		22,304	26,900	22,073	26,596
Intangible assets		6,895	7,660	6,379	7,049
Deferred tax assets		187,709	198,097	187,709	198,028
		10,465,275	10,471,581	10,402,207	10,389,028
LIABILITIES					
Deposits from customers	A9	3,923,283	4,060,371	3,838,447	3,963,543
Deposits and placements of banks and other financial institutions	A10	4,324,199	4,180,232	4,371,545	4,217,000
Hedging financial instruments	A7	452	147	452	147
Subordinated Murabahah Tawarruq	A12	380,522	352,627	380,522	352,627
Other liabilities	A11	103,708	172,096	103,128	171,173
		8,732,164	8,765,473	8,694,094	8,704,490
SHAREHOLDER'S EQUITY					
Share capital	A13	1,425,272	1,425,272	1,425,272	1,425,272
Reserves		307,839	280,836	282,841	259,265
		1,733,111	1,706,108	1,708,113	1,684,537
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY					
		10,465,275	10,471,581	10,402,207	10,389,027
COMMITMENTS AND CONTINGENCIES					
	A18	975,382	977,418	975,382	977,418
CAPITAL ADEQUACY					
Common Equity Tier I/ Tier I Capital Ratio	A20	19.552%	19.598%	18.934%	18.885%
Total Capital Ratio	A20	25.590%	25.298%	24.992%	24.628%
NET ASSETS PER SHARE (RM)					
		1.22	1.20	1.20	1.18

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

<u>Group</u>	Note	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations					
Operating revenue		120,610	113,134	241,067	224,934
Income derived from investment of depositors' funds and others	A14	100,424	89,749	198,658	178,739
Income derived from investment of shareholder's equity	A15	20,186	23,385	42,409	46,195
Total gross income		120,610	113,134	241,067	224,934
Impairment loss on others		-	-	-	-
Impairment write-back/(loss) on securities		(1,049)	3,327	(1,049)	3,327
Impairment write-back on financing	A16	2,064	5,607	4,809	46,856
Total distributable income		121,626	122,068	244,827	275,117
Income attributable to the depositors	A17	(64,523)	(45,957)	(122,723)	(89,563)
Total net income		57,102	76,111	122,104	185,554
Personnel expenses		(21,194)	(26,567)	(42,741)	(52,969)
Other overheads and expenditures		(20,236)	(26,135)	(41,245)	(52,287)
Finance cost		(2,906)	(3,757)	(5,704)	(7,540)
Profit before zakat and taxation		12,766	19,652	32,414	72,758
Taxation		(3,720)	(5,283)	(10,089)	(22,570)
Net profit for the period		9,046	14,369	22,325	50,188
Attributable to:					
Equity holders of the Bank		9,046	14,369	22,325	50,188
Earnings per share attributable to equity holders of the Bank					
- Basic/Diluted (sen)		0.63	1.01	1.57	3.52

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Group	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net profit for the period	9,046	14,369	22,325	50,188
Other comprehensive income/(loss):				
Securities available-for-sale:				
Net income/(loss) taken to equity	207	(397)	2,105	(475)
Reclassified to income				
Income tax relating to components of other comprehensive (loss)/income	452	(2,861)	(858)	(5,860)
Other comprehensive income/(loss) for the period, net of tax	(1,150)	8,187	4,678	17,104
Total comprehensive income for the period	7,896	22,556	27,003	67,292
Total comprehensive income for the period attributable to equity holders of the Bank	7,896	22,556	27,003	67,292

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

(672174-T)

(Incorporated in Malaysia)

INTERIM CONDENSED INCOME STATEMENTS

Bank

Continuing operations

Operating revenue

Income derived from investment of depositors' funds
and others

Income derived from investment of shareholder's equity

Total gross income

Impairment loss on others

Impairment write-back/(loss) on securities

Impairment write-back on financing

Total distributable income

Income attributable to the depositors

Total net income

Personnel expenses

Other overheads and expenditures

Finance cost

Profit before zakat and taxation

Taxation

Net profit for the period

Note	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
	118,380	110,805	236,898	220,847
A14	100,182	89,452	197,946	178,112
A15	18,198	21,353	38,952	42,735
	118,380	110,805	236,898	220,847
	-	-	-	-
	(1,049)	116	(1,049)	116
A16	2,064	5,607	4,809	46,857
	119,395	116,528	240,658	267,820
A17	(64,534)	(45,956)	(122,750)	(89,550)
	54,861	70,572	117,908	178,270
	(20,652)	(25,524)	(41,207)	(50,951)
	(19,660)	(25,301)	(39,984)	(50,659)
	(2,906)	(3,757)	(5,704)	(7,540)
	11,643	15,990	31,013	69,120
	(3,784)	(5,264)	(10,079)	(22,531)
	7,859	10,726	20,934	46,589

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

Bank

Net profit for the period

Other comprehensive income/(loss):

Items that may be reclassified subsequently to profit or loss:

Securities available-for-sale:

- Net unrealised gain/(loss) on securities
available-for-sale

- Net realised (loss)/gain on securities

available-for-sale reclassified to the income statement

Income tax relating to components of other comprehensive
(loss)/income

Other comprehensive income/(loss) for the period, net of tax

Total comprehensive income for the period

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
7,859	10,726	20,934	46,589
(1,870)	10,772	1,862	21,579
563	-	1,659	2
327	(2,693)	(879)	(5,395)
(980)	8,079	2,642	16,186
6,879	18,805	23,576	62,775

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable			Distributable	Total Equity RM'000	
	Share Capital RM'000	Statutory Reserve RM'000	Translation Reserve RM'000	Available- for-sale Reserve RM'000		Retained Earnings RM'000
Group						
At 1 Jan 2015	1,425,272	158,385	(2,951)	(5,340)	130,742	1,706,108
Total comprehensive (loss)/income	-	-	2,105	2,573	22,325	27,003
At 30 Jun 2015	1,425,272	158,385	(846)	(2,767)	153,067	1,733,111
At 1 Jan 2014	1,425,272	113,895	(5,088)	(26,871)	82,406	1,589,614
Total comprehensive income/(loss)	-	-	(475)	17,579	50,188	67,292
At 30 Jun 2014	1,425,272	113,895	(5,563)	(9,292)	132,594	1,656,906
Bank						
At 1 Jan 2015	1,425,272	158,385	-	(5,982)	106,862	1,684,537
Total comprehensive income	-	-	-	2,642	20,934	23,576
At 30 Jun 2015	1,425,272	158,385	-	(3,340)	127,796	1,708,113
At 1 Jan 2014	1,425,272	113,895	-	(26,142)	62,372	1,575,397
Total comprehensive (loss)/income	-	-	-	16,186	46,589	62,775
At 30 Jun 2014	1,425,272	113,895	-	(9,956)	108,961	1,638,172

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD

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INTERIM CONDENSED STATEMENTS OF CASH FLOWS

	Group		Bank	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
Profit before zakat and taxation	32,414	72,758	31,013	69,120
Adjustments for non-cash items	16,997	(24,733)	13,867	(22,729)
Operating profit before changes in working capital	49,411	48,025	44,880	46,391
<u>Changes in the working capital</u>				
Net changes in operating assets	(429,908)	(549,939)	(387,719)	(574,466)
Net changes in operating liabilities	(41,120)	668,803	(20,469)	685,274
Zakat and taxation refund/(paid)	(20)	3,118	-	3,138
Net cash generated from operating activities	(471,048)	121,982	(408,188)	113,946
Net purchases of assets	235,853	(20,557)	216,016	(44,140)
Net cash used in investing activities	235,853	(20,557)	216,016	(44,140)
Net change in cash and cash equivalents	(185,784)	149,450	(147,292)	116,197
Cash and cash equivalents at beginning of the period	1,526,907	1,406,209	1,526,002	1,431,875
Exchange differences on translation of opening balances	(846)	(5,563)	-	-
Cash and cash equivalents at end of the period	1,340,277	1,550,096	1,378,710	1,548,072

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A1 Performance Review

The Group and the Bank recorded a profit before zakat and taxation of RM32.4 million and RM31 million respectively for the period ended 30 June 2015.

A2 Prospects for 2015

The Malaysian economy is expected to remain on a broadly steady growth at 4.5% - 5.5% in 2015. In the 1Q 2015, the gross domestic product (GDP) grew by 5.6%, compared to 5.7% in 4Q 2014. Domestic demand will continue to be the main driver of overall growth in 2015 with gross fixed investment is expected to expand during the year as more infrastructure projects get under way. The implementation of the final year of the 10th Malaysian Plan (10MP) in 2015 and the start of the 11th Malaysian Plan (11MP) the following year will continue to support investment growth. The consumer price inflation is expected to average between 2.0% - 3.0% in 2015. A quickening in the pace of subsidy rationalisation will be one of the factors underpinning price rises in 2015, while another will be the implementation of the GST, although the impact of the new tax on overall price levels is likely to be modest. The impact of the GST's introduction will fall out of the year-on-year price comparison by mid-2016. Given the global economic growth is projected to improve at a moderate pace, we expect Bank Negara Malaysia (BNM) to focus on supporting economic growth in 2015 as lower global oil prices help to prevent a rapid acceleration in consumer price inflation. And we expect BNM to keep its main interest rate, the overnight policy rate (OPR) steady at 3.25% throughout 2015.

A3 Deposits and Placements with Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Bank Negara Malaysia	300,027	-	300,027	-
Other financial institutions	183,695	52,964	170,286	78,266
	483,722	52,964	470,313	78,266

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A4 Securities

i) Securities Held-For-Trading

At fair value

Unquoted Islamic private
debt securities/sukuk

Group		Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
3,726	17,483	3,726	17,483

ii) Securities Available-For-Sale

At fair value

Unquoted securities
- Islamic private debt
securities/sukuks
- Government guaranteed sukuk
Mutual Fund

Group		Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
564,295	638,747	496,352	565,093
452,437	604,320	432,683	572,029
76,127	70,558	76,127	70,558
1,092,859	1,313,625	1,005,162	1,207,680
36,100	36,100	36,100	36,100
17,697	18,515	-	-
29,821	27,639	29,821	27,639
83,618	82,254	65,921	63,739
1,176,477	1,395,879	1,071,083	1,271,419

At cost

Unquoted shares in Malaysia
Property funds
Collective Investment Scheme

iii) Securities Held-To-Maturity

At amortised cost

Unquoted Islamic private
debt securities/sukuk

Group		Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
81,471	81,494	81,471	81,494

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5 Financing, Advances and Other Receivables

i) At amortised cost

Term financing

- House financing
- Personal financing
- Leasing financing
- Cashline financing
- Syndicated financing
- Hire purchase receivables
- Other term financing

Staff financing

Less: Impairment allowances on financing

- Collective assessment
- Individual assessment

Net financing, advances and other receivables

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
529,939	468,663
1,343,604	1,378,094
120,191	130,791
5,844	51
278,286	396,596
334,755	322,243
4,409,442	4,410,615
14,223	11,643
7,036,284	7,118,696
(121,212)	(148,032)
(215,661)	(267,142)
6,699,411	6,703,522

ii) By contract

Ijarah Muntahia Bittamlik

(lease ended with ownership)

Murabahah (cost-plus)

Mudharabah (profit sharing)

Qard (benevolent financing)

Musarakah (profit and loss sharing)

Istisna'

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
1,793,807	1,698,017
4,897,705	5,025,767
76,872	77,313
2,876	1,157
263,491	314,876
1,533	1,566
7,036,284	7,118,696

iii) By type of customer

Domestic business enterprises

- Small medium enterprises
- Others

Individuals

Foreign entities

Domestic non-bank financial institutions

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
1,247,371	1,379,336
3,309,930	3,360,473
2,267,670	2,112,654
59,413	128,364
151,899	137,869
7,036,284	7,118,696

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5 Financing, Advances and Other Receivables (cont'd.)

(iv) By residual contractual maturity

Maturity within one year
More than one year to three years
More than three years to five years
More than five years

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
4,221,307	4,363,325
40,815	49,628
337,141	305,351
2,437,021	2,400,392
7,036,284	7,118,696

(v) By geographical distribution

Malaysia
Middle East
Other countries

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
7,002,656	7,072,249
7,023	7,251
26,605	39,196
7,036,284	7,118,696

vi) By profit rate sensitivity

Fixed rate
- House financing
- Hire purchase receivables
- Syndicated financing
- Term financing
Variable rate
- House financing
- Term financing

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
65,808	75,996
334,755	326,025
278,286	396,596
1,491,024	1,458,317
464,131	395,664
4,402,280	4,466,098
7,036,284	7,118,696

vii) By economic purpose

Merger and acquisition
Purchase of securities
Purchase of transport vehicles
Purchase of landed properties
- residential
- non-residential
Purchase of fixed assets
Working capital
Construction
Personal use
Other purposes

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
209,937	229,321
24,435	30,349
344,610	333,113
628,173	559,194
545,484	575,251
216,374	241,335
2,765,196	2,631,284
454,679	592,010
1,340,090	1,369,611
507,307	557,228
7,036,284	7,118,696

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5 Financing, Advances and Other Receivables (cont'd.)

viii) By sector

Construction
Electricity, gas and water
Finance, insurance and business services
Household
Manufacturing
Mining and quarrying
Agriculture, hunting, forestry & fishing
Real Estate
Transports, storage and communication
Wholesale & retail trade and restaurants & hotels
Others

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
514,168	610,463
144,020	93,132
373,428	369,789
2,225,505	2,125,573
951,988	1,032,532
-	37,845
249,385	236,545
1,373,088	1,378,557
499,866	489,675
613,964	505,781
90,872	238,804
7,036,284	7,118,696

(ix) Financing by types and Shariah contract

	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	495,469	98	-	32,838	-	1,533	529,939
Personal financing	-	1,341,904	-	-	1,700	-	1,343,604
Leasing financing	45,494	41,530	33,167	-	-	-	120,191
Syndicated financing	65,626	212,660	-	-	-	-	278,286
Cashline financing	-	5,844	-	-	-	-	5,844
Hire purchase receivables	328,692	-	-	6,063	-	-	334,755
Other term financing	847,511	3,294,355	43,705	223,871	-	-	4,409,442
Staff financing	11,014	1,314	-	719	1,176	-	14,223
	1,793,807	4,897,705	76,872	263,491	2,876	1,533	7,036,284

	Group and Bank						
	Ijarah Muntahia Bittamlik/ Al-Ijarah Thumma Al-Bai'/ (lease ended with ownership)	Murabahah (cost- plus)	Mudharabah (profit sharing)	Musarakah (profit and loss sharing)	Qard (benevolent financing)	Istisna'	Total
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
House financing	433,097	100	-	33,901	-	1,565	468,663
Personal financing	-	1,377,684	-	-	410	-	1,378,094
Leasing financing	51,688	45,495	33,608	-	-	-	130,791
Syndicated financing	66,154	330,442	-	-	-	-	396,596
Overdraft financing	-	51	-	-	-	-	51
Hire purchase receivables	272,568	-	-	49,675	-	-	322,243
Other term financing	865,814	3,270,584	43,705	230,512	-	-	4,410,615
Staff financing	8,697	1,411	-	788	747	-	11,643
	1,698,018	5,025,767	77,313	314,876	1,157	1,565	7,118,696

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Part A - Explanatory Notes Pursuant to Guidelines on Financial Reporting for Licensed Islamic Bank (BNM/GP8-i) Issued by Bank Negara Malaysia

A5 Financing, Advances and Other Receivables (cont'd.)

x) Purpose and Source of Qard financing

As at 1 January	1,157	805
Source of Qard fund:	2,394	621
- Depositors' Fund	1,978	504
- Shareholders' Fund	416	117
Uses of Qard fund:	(675)	(269)
- Financing for asset purchase	(558)	(218)
- Staff Benevolent	(117)	(51)
Closing balance	2,876	1,157

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
1,157	805
2,394	621
1,978	504
416	117
(675)	(269)
(558)	(218)
(117)	(51)
2,876	1,157

xi) Movements in impaired financing, advances and other receivables

At 1 Jan	526,625	690,626
Impaired during the period/year	(12,377)	(164,001)
- Impaired during the period/year	126,639	180,757
- Reclassified to performing during the year	(3,727)	(107,477)
- Amount recovered	(58,103)	(132,130)
- Amount written off	(77,186)	(105,151)
Closing balance	514,248	526,625

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
526,625	690,626
(12,377)	(164,001)
126,639	180,757
(3,727)	(107,477)
(58,103)	(132,130)
(77,186)	(105,151)
514,248	526,625
4.38%	3.79%

Ratio of net impaired financing, advances and other receivables to gross financing, advances and other receivables less individual impairment		
	4.38%	3.79%

xii) Movements in impairment and allowance on financing

Collective impairment

At 1 Jan	148,032	190,926
Allowance charged during the year	(26,820)	(42,894)
Closing balance	121,212	148,032
As % of total gross financing, advances and other receivables less individual impairment	1.78%	2.16%

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
148,032	190,926
(26,820)	(42,894)
121,212	148,032
1.78%	2.16%

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A5 Financing, Advances and Other Receivables (cont'd.)

xii) Movements in impairment and allowance on financing (cont'd.)

Individual impairment

At 1 Jan

Allowance reversed during the year

- Allowance made

- Allowance written-back

Amount written off

Closing balance

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
267,142	316,077
25,705	56,217
53,438	114,539
(27,733)	(58,322)
(77,186)	(105,152)
215,661	267,142

xiii) Impaired financing by sector

Agriculture, hunting, forestry and fishing

Electricity, gas and water

Finance, insurance and business services

Household

Manufacturing

Real Estate

Transport, storage and communication

Wholesale & retail trade and restaurants & hotels

Group and Bank	
30 Jun 2015 RM'000	31 Dec 2014 RM'000
12,021	-
79	79
24,738	34,796
24,858	26,055
299,529	313,902
17,852	27,946
37,269	87,512
97,902	36,335
514,248	526,625

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A6 Other Assets

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Deposits and prepayments	11,169	9,723	11,029	9,569
Amount due from holding company	-	-	-	-
Amount due from subsidiaries	-	-	4	4
Amount due from other related parties	51,561	51,600	51,561	51,600
Fee receivable	-	119	-	119
Sundry debtors	805	936	310	146
Gold depository	158,778	158,838	158,778	158,839
	222,313	221,216	221,682	220,277

The amount due from holding company, subsidiaries and related parties are unsecured, profit-free and repayable on demand.

A7 Hedging Financial Instruments

	Notional Amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
<u>Group and Bank</u>			
At 30 Jun 2015			
Ijarah rental swap related contracts	238,714	10,272	452
Total	238,714	10,272	452
At 31 Dec 2014			
Forward foreign exchange related contracts	13,868	12	22
Ijarah rental swap related contracts	241,906	11,349	125
Total	255,774	11,361	147

A8 Musyarakah Capital Investment

The Bank grants Musyarakah financing as part of the Bank's activities in accordance with the principles of Shariah. The equity participation that forms part of the financing structure is called Musyarakah capital investment which is carried at cost less any impairment loss. The Bank's participation in these entities involved is limited to safeguarding its interest under the Musyarakah financing.

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A9 Deposits from Customers

(i) By type of deposit

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Non Mudharabah				
- Demand deposits	408,109	501,170	353,887	432,717
- Gold deposits	158,716	158,748	158,716	158,748
- Wakalah deposits	415	10,766	-	10,382
Mudharabah				
- Savings deposits	50,574	56,192	50,574	56,192
- Investment deposits	2,512	-	2,512	-
Murabahah	3,302,957	3,333,495	3,272,758	3,305,504
	3,923,283	4,060,371	3,838,447	3,963,543

(ii) By type of customer

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Business enterprises	1,851,631	1,731,786	1,681,957	1,538,128
Individuals	355,883	387,940	355,884	387,940
Subsidiaries	-	-	84,837	96,829
Government and statutory bodies	1,186,109	1,443,160	1,186,109	1,443,160
Other enterprises	529,660	497,485	529,660	497,486
	3,923,283	4,060,371	3,838,447	3,963,543

(iii) By contractual maturity

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Due within six months	1,737,211	3,509,764	1,682,989	3,412,935
More than six months to one year	1,736,066	381,615	1,705,452	381,615
More than one year to three years	450,006	168,993	450,006	168,993
	3,923,283	4,060,372	3,838,447	3,963,543

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A10 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<u>Murabahah</u>				
Licensed Islamic banks	4,204	223,336	4,204	223,335
Other financial institutions	4,293,617	3,923,807	4,367,341	3,993,665
<u>Wakalah</u>				
Other financial institutions	26,378	33,089	-	-
	4,324,199	4,180,232	4,371,545	4,217,000

A11 Other Liabilities

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Sundry creditors	58,016	124,925	57,910	124,860
Accrued restoration cost	5,470	5,514	5,362	5,407
Undistributed charity funds	4,406	2,241	4,406	2,241
Provision for tax				
Other provisions and accruals	35,816	39,416	35,450	38,665
	103,708	172,096	103,128	171,173

(i) The amount due from holding company, subsidiaries and related parties are unsecured, profit-free and repayable on demand.

(ii) Sources and uses of charity funds:

	Group and Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Sources of charity funds:		
Undistributed charity funds as at 1 January	2,241	1,259
Penalty charges on late payment	2,221	2,046
Total sources of funds during the year	4,462	3,305
Uses of charity funds:		
Contribution to Baitulmal	(6)	-
Compensation of late payment charges	-	(680)
Contribution to non profit organisations	(50)	(202)
Aid to needy family	-	(182)
Total uses of funds during the year	(56)	(1,064)
Closing balance	4,406	2,241

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A12 Subordinated Murabahah Tawarruq

The principal of subordinated Murabahah Tawarruq is a facility agreement with the holding company of the Bank, Kuwait Finance House K.S.C. The facility with principal and profit amount of USD100,847,362 or equivalent RM380,522,310 (31 Dec 2014: USD100,829,862 or equivalent RM352,627,235) is unsecured with a tenure of five years and forms part of the Bank's Tier-2 capital. The Murabahah profit is determined with reference to London Interbank Offer Rate ("LIBOR").

A13 Share Capital

Authorised:

At 1 January/At closing balance

Issued and fully paid:

At 1 January

At 1 January/At closing balance

Number of ordinary shares at RM1.00 each		Amount	
30 Jun 2015 Units'000	31 Dec 2014 Units'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
3,000,000	3,000,000	3,000,000	3,000,000
1,425,272	1,425,272	1,425,272	1,425,272
1,425,272	1,425,272	1,425,272	1,425,272

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A14 Income derived from Investment of Depositors' Funds and Others

Group

Income derived from investment of:

- General investment deposits
- Other deposits

Bank

Income derived from investment of:

- General investment deposits
- Other deposits

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
-	1,068	9	3,364
100,424	88,681	198,649	175,375
100,424	89,749	198,658	178,739
-	1,070	9	3,366
100,182	88,382	197,937	174,746
100,182	89,452	197,946	178,112

(i) Income derived from investment of general investment deposits

Group

Finance income from financing, advances and other receivables

Finance income from impaired financing

Securities

- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Foreign exchange gain

- Realised

Gain/(loss) on Ijarah rental swap obligation

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
-	887	7	2,805
-	2	-	13
-	86	1	269
-	10	-	32
-	61	1	164
-	1,046	9	3,283
-	(12)	-	(36)
-	1,034	9	3,247
-	23	-	81
-	11	-	36
-	1,068	9	3,364

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A14 Income derived from Investment of Depositors' Funds and Others (cont'd.)

(i) Income derived from investment of general investment deposits

Bank

Finance income from financing, advances and other receivables

Finance income from impaired financing

Securities

- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Gain arising from sale of securities

- Held-for-trading

Foreign exchange gain

- Realised

Gain/(loss) on Ijarah rental swap obligation

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
-	892	7	2,820
-	2	-	13
-	82	1	256
-	10	-	32
-	61	1	164
-	1,047	9	3,285
-	(12)	-	(37)
-	1,035	9	3,248
-	1	-	1
-	23	-	81
-	11	-	36
-	1,070	9	3,366

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A14 Income derived from Investment of Depositors' Funds and Others (cont'd.)

(ii) Income derived from investment of other deposits

<u>Group</u>	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income from financing, advances and other receivables	79,593	73,633	160,308	146,081
Finance income from impaired financing	(280)	48	22	465
Securities				
- Held-for-trading	27	60	95	77
- Available-for-sale	7,188	7,145	14,225	14,075
- Held-to-maturity	867	839	1,715	1,650
Money at call and deposits with financial institutions	10,873	5,085	16,406	8,905
	98,267	86,810	192,771	171,253
Amortisation of premium less accretion of discounts	(469)	(952)	(423)	(1,894)
Total finance income and hibah	97,799	85,858	192,348	169,359
Gain arising from sale of securities				
- Held-for-trading	(192)	41	145	41
- Available-for-sale	-	-	813	-
Foreign exchange gain				
- Realised	1,906	1,866	3,505	4,125
Gain/(loss) on Ijarah rental swap obligation	911	916	1,838	1,850
	100,424	88,681	198,649	175,375

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A14 Income derived from Investment of Depositors' Funds and Others (cont'd.)

(ii) Income derived from investment of other deposits

Bank

Finance income from financing, advances and other receivables

Finance income from impaired financing

Securities

- Held-for-trading
- Available-for-sale
- Held-to-maturity

Money at call and deposits with financial institutions

Amortisation of premium less accretion of discounts

Total finance income and hibah

Gain arising from sale of securities

- Held-for-trading
- Available-for-sale

Foreign exchange gain

- Realised

Gain/(loss) on Ijarah rental swap obligation

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
79,770	73,696	160,509	146,201
(280)	48	22	465
27	61	96	77
6,758	6,783	13,311	13,350
869	839	1,717	1,652
10,892	5,089	16,427	8,894
98,035	86,516	192,082	170,639
(469)	(953)	(423)	(1,896)
97,565	85,563	191,659	168,743
(192)	41	145	41
-	-	814	-
1,895	1,861	3,479	4,110
913	917	1,840	1,852
100,182	88,382	197,937	174,746

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A15 Income derived from Investment of Shareholder's Equity

Group	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income from financing, advances and other receivables	16,400	17,228	34,031	35,158
Finance income from impaired financing	(52)	16	14	120
Securities				
- Held-for-trading	6	14	21	18
- Available-for-sale	1,483	1,672	3,016	3,387
- Held-to-maturity	179	196	364	397
Money at call and deposits with financial institutions	2,219	1,186	3,427	2,129
	20,234	20,312	40,872	41,209
Amortisation of premium less accretion of discounts	(98)	(223)	(87)	(456)
Total finance income and hibah	20,136	20,089	40,784	40,753
Fee income				
- Commission	667	1,126	1,296	2,136
- Other fee income	843	1,886	1,621	3,842
- Fund management fee	1,236	1,305	2,312	1,952
Gain arising from sale of securities				
- Held-for-trading	(42)	10	32	10
- Available-for-sale	-	-	181	-
Unrealised (loss)/gain on revaluation of securities held-for-trading and Ijarah rental swap (net)	(1,206)	(1,321)	(2,305)	(2,581)
Foreign exchange gain/(loss)				
- Realised	395	439	734	1,003
- Unrealised	(2,701)	(836)	(3,809)	(2,266)
Gain on disposal of property, plant and equipment	12	-	0	11
Management fee	77	96	135	96
Gain/(loss) on Ijarah rental swap obligation	188	215	390	446
Other income	581	48	1,036	132
Gross dividend from property funds	-	328	-	661
	20,186	23,385	42,409	46,195

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A15 Income derived from Investment of Shareholder's Equity (cont'd.)

	2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank				
Finance income from financing, advances and other receivables	16,223	17,159	33,830	35,023
Finance income from impaired financing	(52)	15	14	118
Securities				
- Held-for-trading	5	14	20	18
- Available-for-sale	1,376	1,579	2,801	3,198
- Held-to-maturity	177	196	362	396
Money at call and deposits with financial institutions	2,200	1,181	3,406	2,116
	19,929	20,144	40,433	40,869
Amortisation of premium less accretion of discounts	(97)	(222)	(87)	(454)
Total finance income and hibah	19,832	19,922	40,347	40,415
Fee income				
- Commission	758	1,127	1,491	2,138
- Other fee income	841	1,885	1,616	3,834
Gain arising from sale of securities				
- Held-for-trading	(42)	10	32	10
- Available-for-sale	-	-	180	-
Unrealised (loss)/gain on revaluation of securities held-for-trading and Ijarah rental swap (net)	(1,206)	(1,321)	(2,305)	(2,581)
Foreign exchange gain/(loss)				
- Realised	388	436	723	995
- Unrealised	(2,720)	(829)	(3,823)	(2,253)
Gain on disposal of property, plant and equipment	0	-	0	11
Management fee	161	(91)	303	(278)
Gain/(loss) on Ijarah rental swap obligation	186	214	388	444
	18,198	21,353	38,952	42,735

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A16 Impairment and Allowance on Financing, Advances and Other Receivables

Group

Impairment and allowance on financing

- Collective impairment (net)
- Individual write-back (net)
- Allowance charge during the period*
- Allowance written-back during the period*

- Bad debt recovered on financing

Bank

Impairment and allowance on financing

- Collective impairment (net)
- Individual write-back (net)
- Allowance charge during the period*
- Allowance written-back during the period*

- Bad debt recovered on financing

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(27,120)	20,946	(26,820)	30,946
28,010	(18,488)	25,705	(22,856)
43,116	21,098	53,438	25,428
(15,106)	(39,586)	(27,733)	(48,284)
(2,954)	(8,064)	(3,694)	(54,946)
(2,064)	(5,606)	(4,809)	(46,856)
(27,120)	20,946	(26,820)	30,946
28,010	(18,489)	25,705	(22,857)
43,116	21,097	53,438	25,427
(15,106)	(39,586)	(27,733)	(48,284)
(2,954)	(8,064)	(3,694)	(54,946)
(2,064)	(5,607)	(4,809)	(46,857)

A17 Income Attributable to the Depositors

Group

Deposits from customers

- Mudharabah
- Murabahah
- Wakalah
- Negotiable Instrument Deposit

Deposits and placements of banks and other financial institutions

- Murabahah and Wakalah

Others

Bank

Deposits from customers

- Mudharabah
- Murabahah
- Wakalah
- Negotiable Instrument Deposit

Deposits and placements of banks and other financial institutions

- Murabahah and Wakalah

Others

2nd Quarter ended 30 Jun		Half-year ended 30 Jun	
2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(80)	1,074	398	2,664
26,952	27,646	54,733	49,937
6	3,623	21	11,557
-	42	-	1,195
37,449	13,458	67,285	23,973
196	114	285	237
64,523	45,957	122,723	89,563
(80)	1,074	398	2,664
26,893	27,634	54,616	49,925
(0)	3,415	(0)	11,156
-	42	-	1,195
37,525	13,677	67,452	24,372
196	114	284	238
64,534	45,956	122,750	89,550

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A18 Commitments and Contingencies

- (a) In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	As at 30 Jun 2015			As at 31 Dec 2014		
	Principal amount RM'000	Credit equivalent amount** RM'000	Risk weighted amount** RM'000	Principal amount RM'000	Credit equivalent amount** RM'000	Risk weighted amount** RM'000
Group and Bank						
Direct credit substitutes	109,917	109,917	97,857	104,544	104,544	94,303
Transaction related contingencies	95,244	47,622	41,266	116,969	58,484	32,340
Trade related contingencies	14,875	2,975	2,975	10,892	2,178	2,178
Irrevocable commitments to extend credit						
- maturity less than one year	346,944	69,389	69,308	371,642	74,328	56,641
- maturity more than one year	169,687	84,844	78,548	117,597	58,798	55,345
Foreign exchange related contracts *						
- less than one year				13,868	13	4
Profit rate related contracts (Ijarah rental swap obligation) *						
- five years and above	238,714	17,321	14,457	241,906	18,477	15,574
	975,382	332,068	304,411	977,418	316,822	256,385

* The foreign exchange related contracts and Ijarah rental swap related contracts are subject to market risk and credit risk.

** The credit equivalent and risk-weighted amounts are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB").

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A19 Credit transactions and exposures with connected parties

Bank

Financing, credit facility and leasing (except guarantee)
Equities and Islamic Private Debt Securities held
Off-balance sheet exposures

As at 30 Jun 2015			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
403,636	2	403,669	-
36,100	1	36,100	-
520	1	641	-
440,256	4	440,410	-
Total exposure to connected parties as % capital base		22.9%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		5.2%	0.0%

Bank

Financing, credit facility and leasing (except guarantee)
Equities and Islamic Private Debt Securities held
Off-balance sheet exposures

As at 31 Dec 2014			
Total outstanding value RM'000	Total number of accounts	Total exposure * RM'000	Total non- performing credit exposure RM'000
402,267	2	403,669	-
36,100	1	36,100	-
27,624	2	27,745	-
465,991	5	467,514	-
Total exposure to connected parties as % capital base		24.9%	0.0%
Total exposure to connected parties as % of total outstanding credit exposures		5.3%	0.0%

included total outstanding and utilised limit.

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A20 Capital Adequacy

The Group has adopted Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks ("CAFIB") guidelines to further improve capital adequacy assessment; enhance risk management processes, measurements and management capabilities; as well as to promote thorough and transparent reporting.

For the purpose of the computation of capital adequacy ratios, the Group has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The definition and classification of the counterparty, exposure and asset types applied for the purpose of Capital Adequacy's reports are as per the Bank Negara Malaysia's CAFIB.

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Common Equity Tier I/ Tier I Capital Ratio				
Credit risk	21.086%	21.191%	20.379%	20.389%
Credit, market, operational and large exposure risks	19.552%	19.598%	18.934%	18.885%
Total Capital Ratio				
Credit risk	27.597%	27.356%	26.899%	26.590%
Credit, market, operational and large exposure risks	25.590%	25.298%	24.992%	24.628%

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A20 Capital Adequacy (Cont' d.)

(b) The CET I and Tier II capital of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
<u>CET I capital</u>				
Paid-up share capital	1,425,272	1,425,272	1,425,272	1,425,272
Statutory reserve	158,385	158,385	158,385	158,385
Other reserves	126,687	122,450	103,522	100,879
	1,710,344	1,706,107	1,687,179	1,684,536
Less: Deferred tax assets (net)	(198,028)	(198,080)	(198,028)	(198,028)
Less: Investment in subsidiaries	-	-	(30,200)	(46,193)
Total CET I capital	1,512,316	1,508,027	1,458,951	1,440,315
<u>Tier II capital</u>				
Subordinated Murabahah Tawarruq	377,325	349,725	377,325	349,725
Collective impairment on financing	89,653	88,954	89,490	88,301
Total Tier II capital	466,978	438,679	466,815	438,026
Total capital	1,979,294	1,946,706	1,925,766	1,878,341

(c) The Common Equity Tier I/ Tier I Capital Ratio and Total Capital Ratio of the Group and the Bank are as follows:

	Group		Bank	
	30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Computation of Total Risk-Weighted Assets (RWA)				
Total Credit RWA	7,172,224	7,116,278	7,159,207	7,064,119
Total Market RWA	46,427	48,843	46,427	48,843
Total Operational RWA	496,082	509,794	479,881	493,770
Large Exposure Risk RWA for Equity Holdings	20,048	20,048	20,048	20,048
Total Risk-Weighted Assets	7,734,780	7,694,963	7,705,563	7,626,780
Computation of Capital Ratios				
Total CET I capital	1,512,316	1,508,027	1,458,951	1,440,315
Total capital	1,979,294	1,946,706	1,925,766	1,878,341
Common Equity Tier I/ Tier I Capital Ratio	19.552%	19.598%	18.934%	18.885%
Total Capital Ratio	25.590%	25.298%	24.992%	24.628%

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A20 Capital Adequacy (Cont'd)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group are as follows:

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,873,322	1,873,322	59,627	59,627	4,770
Banks, Development Financial Institutions & MDBs	694,938	694,938	182,338	182,338	14,587
Corporates	4,455,829	4,455,829	3,897,994	3,897,994	311,839
Regulatory Retail	1,815,061	1,815,061	1,354,033	1,354,033	108,323
Residential Mortgages	390,093	390,093	140,365	140,365	11,229
Higher Risk Assets ¹	392,514	392,514	588,771	588,771	47,102
Other Assets	332,550	332,550	138,666	138,666	11,093
Defaulted Exposures ²	430,475	430,475	506,019	506,019	40,482
	10,384,780	10,384,780	6,867,813	6,867,813	549,425
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	17,321	17,321	14,457	14,457	1,157
Off balance sheet exposures other than OTC hedging financial instruments	314,747	314,747	289,954	289,954	23,196
	332,068	332,068	304,411	304,411	24,353
Total On and Off-Balance Sheet Exposures	10,716,848	10,716,848	7,172,224	7,172,224	573,778
(ii) Large Exposures Risk Requirement	41,998	41,998	20,048	20,048	1,604
	Long Position	Short Position			
(iii) Market Risk					
Benchmark Rate Risk	179,058	165,609	13,450	26,742	2,139
Foreign Currency Risk ⁴	18,673	19,623	(950)	19,685	1,575
			12,500	46,427	3,714
(iv) Operational Risk			496,082	496,082	39,687
(v) Total RWA and Capital Requirements		10,771,346	7,734,780	7,734,780	618,782

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A20 Capital Adequacy (Cont'd)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Group are as follows:

Group	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	2,033,354	2,033,354	58,161	58,161	4,653
Banks, Development Financial Institutions & MDBs	448,528	448,528	130,663	130,663	10,453
Corporates	4,577,588	4,577,588	4,025,027	4,025,027	322,002
Regulatory Retail	1,894,135	1,894,135	1,410,367	1,410,367	112,829
Residential Mortgages	227,367	227,367	80,088	80,088	6,407
Higher Risk Assets ¹	434,670	434,670	652,006	652,006	52,161
Other Assets	474,828	474,828	169,809	169,810	13,585
Defaulted Exposures ²	302,202	302,202	333,773	333,773	26,702
	10,392,672	10,392,672	6,859,893	6,859,895	548,792
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	18,490	18,489	15,577	15,577	1,246
Off balance sheet exposures other than OTC hedging financial instruments	298,332	298,333	240,808	240,808	19,265
	316,822	316,822	256,385	256,385	20,511
Total On and Off-Balance Sheet Exposures	10,709,494	10,709,494	7,116,278	7,116,280	569,303
(ii) Large Exposures Risk Requirement	41,998	41,998	20,048	20,048	1,604
	Long Position	Short Position			
(iii) Market Risk					
Benchmark Rate Risk	192,637	164,030	28,607	26,709	2,137
Foreign Currency Risk ⁴	22,044	18,142	3,902	22,134	1,771
		32,509	48,843	48,843	3,908
(iv) Operational Risk			509,794	509,794	40,783
(v) Total RWA and Capital Requirements			7,694,963	7,694,965	615,598

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A20 Capital adequacy (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Bank are as follows:

		Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
		RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
As at 30 Jun 2015						
(i) Credit Risk						
(a) On-Balance Sheet Exposures						
Sovereigns/Central Banks		1,835,620	1,835,620	50,205	50,205	4,016
Banks, Development Financial Institutions & MDBs		704,821	704,821	220,592	220,592	17,647
Corporates		4,458,269	4,458,269	3,900,434	3,900,434	312,035
Regulatory Retail		1,815,061	1,815,061	1,354,033	1,354,033	108,323
Residential Mortgages		390,093	390,093	140,365	140,365	11,229
Higher Risk Assets ¹		392,514	392,514	588,771	588,771	47,102
Other Assets		276,180	276,180	94,377	94,377	7,550
Defaulted Exposures ²		430,475	430,475	506,019	506,019	40,482
		10,303,032	10,303,032	6,854,796	6,854,796	548,384
(b) Off-Balance Sheet Exposures*						
OTC Hedging Financial Instruments ³		17,321	17,321	14,457	14,457	1,157
Off balance sheet exposures other than OTC hedging financial instruments		314,747	314,747	289,954	289,954	23,196
		332,068	332,068	304,411	304,411	24,353
		10,635,100	10,635,100	7,159,207	7,159,207	572,737
(ii) Large Exposures Risk Requirement						
		41,998	41,998	20,048	20,048	1,604
		Long Position	Short Position			
(iii) Market Risk						
Benchmark Rate Risk		179,058	165,609	13,450	26,742	2,139
Foreign Currency Risk ⁴		18,673	19,623	(950)	19,685	1,575
				12,500	46,427	3,714
(iv) Operational Risk						
				479,881	479,881	38,391
(v) Total RWA and Capital Requirements						
			10,689,597	7,705,563	7,705,563	616,445

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A20 Capital adequacy (Cont'd.)

(d) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category of the Bank are as follows:

Bank	Gross Exposures	Net Exposures **	Risk Weighted Assets	Total Risk Weighted Assets After Effects of PSIA	Capital Requirement
As at 31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk					
(a) On-Balance Sheet Exposures					
Sovereigns/Central Banks	1,994,662	1,994,662	46,585	46,585	3,727
Banks, Development Financial Institutions & MDBs	458,769	458,769	135,542	135,542	10,843
Corporates	4,580,262	4,580,262	4,027,701	4,027,701	322,216
Regulatory Retail	1,894,135	1,894,135	1,410,367	1,410,367	112,829
Residential Mortgages	227,367	227,367	80,088	80,088	6,407
Higher Risk Assets ¹	434,670	434,670	652,006	652,006	52,161
Other Assets	398,687	398,687	121,672	121,672	9,734
Defaulted Exposures ²	302,202	302,202	333,773	333,773	26,702
	10,290,754	10,290,754	6,807,734	6,807,734	544,619
(b) Off-Balance Sheet Exposures*					
OTC Hedging Financial Instruments ³	18,489	18,489	15,577	15,577	1,246
Off balance sheet exposures other than OTC hedging financial instruments	298,333	298,333	240,808	240,808	19,265
	316,822	316,822	256,385	256,385	20,511
Total On and Off-Balance Sheet Exposures	10,607,576	10,607,576	7,064,119	7,064,119	565,130
(ii) Large Exposures Risk Requirement	41,998	41,998	20,048	20,048	1,604
	Long Position	Short Position			
(iii) Market Risk					
Benchmark Rate Risk	192,637	164,030	28,607	26,709	2,137
Foreign Currency Risk ⁴	22,044	18,142	3,902	22,134	1,771
			32,509	48,843	3,908
(iv) Operational Risk			493,770	493,770	39,502
(v) Total RWA and Capital Requirements			7,626,780	7,626,780	610,144

Note:

* Credit equivalent of off-balance sheet items

** After netting and credit risk mitigation

¹ Higher risk assets are defined in section B.2.2 : Definition of Exposures of CAFIB guidelines issued by Bank Negara Malaysia.

² Defaulted exposures are classified based on Appendix 3 'Definition of Default' of CAFIB guidelines issued by Bank Negara Malaysia.

³ Credit equivalent amount for the OTC derivative positions are calculated based on 'current-exposure method' stipulated in CAFIB guidelines - Appendix VI issued by Bank Negara Malaysia.

⁴ Computation is as per Part D - Market Risk of CAFIB guidelines issued by Bank Negara Malaysia.

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A20 Capital adequacy (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) of the Group, are as follows:

Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
As at 30 Jun 2015								
Risk-Weights								
0%	1,603,453	54,822	340,757	13,526	3,246	.	169,722	2,185,526
20%	251,025	462,646	260,567	.	.	.	30,203	1,004,441
35%	.	.	.	.	353,835	.	.	353,835
50%	18,844	181,050	105,576	-	33,639	.	.	339,110
75%	.	.	.	1,829,292	.	.	.	1,829,292
100%	.	.	4,265,572	14	3,782	.	132,626	4,401,993
150%	.	.	153,658	6,710	.	442,282	.	602,651
	1,873,321	698,518	5,126,130	1,849,543	394,503	442,282	332,550	10,716,848
As at 31 Dec 2014								
Risk-Weights								
0%	1,768,759	53,463	354,394	16,930	1,587	-	170,660	2,365,793
20%	247,123	258,847	251,469	-	-	-	167,948	925,387
35%	-	-	-	-	219,376	-	-	219,376
50%	17,472	190,497	84,075	773	7,523	-	-	300,340
75%	-	-	.	1,896,633	-	-	-	1,896,633
100%	-	-	4,302,567	26	3,534	-	136,220	4,442,347
150%	-	-	112,555	4,341	-	442,722	-	559,618
	2,033,354	502,807	5,105,060	1,918,703	232,020	442,722	474,828	10,709,494

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A20 Capital adequacy (Cont'd.)

(e) The breakdown of credit risk disclosure by risk-weights (including deducted exposures) of the Bank, are as follows:

Exposures after Netting and Credit Risk Mitigation							Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets		
Bank								
As at 30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk-Weights								
0%	1,584,594	39,681	340,757	13,526	3,246	.	169,722	2,151,527
20%	251,025	376,839	260,567	.	.	.	15,101	903,533
35%	.	.	.	.	353,835	.	.	353,835
50%	.	291,881	105,576	-	33,639	.	.	431,097
75%	.	.	.	1,829,292	.	.	.	1,829,292
100%	.	.	4,268,012	14	3,782	.	91,357	4,363,164
150%	.	.	153,658	6,710	.	442,282	.	602,651
	1,835,620	708,402	5,128,571	1,849,543	394,503	442,282	276,180	10,635,100
As at 31 Dec 2014								
Risk-Weights								
0%	1,761,736	39,307	354,394	16,930	1,588	-	170,660	2,344,615
20%	232,926	283,244	251,469	-	-	-	132,944	900,583
35%	-	-	-	-	219,376	-	-	219,376
50%	-	190,497	84,075	773	7,523	-	-	282,868
75%	-	-	-	1,896,634	-	-	-	1,896,634
100%	-	-	4,305,241	26	3,534	-	95,083	4,403,884
150%	-	-	112,555	4,341	-	442,722	-	559,618
	1,994,662	513,048	5,107,734	1,918,704	232,021	442,722	398,687	10,607,578

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A20 CAPITAL ADEQUACY (Cont'd.)

(f) The breakdown of risk-weighted assets by risk-weights are as follows:

	Group		Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
As at 30 Jun 2015				
0%	2,185,526	-	2,151,527	-
20%	1,004,441	200,888	903,533	180,707
35%	353,835	123,842	353,835	123,842
50%	339,110	169,555	431,097	215,548
75%	1,829,292	1,371,969	1,829,292	1,371,969
100%	4,401,993	4,401,993	4,363,164	4,363,164
150%	602,651	903,976	602,651	903,976
Risk-weighted assets for credit risk	10,716,848	7,172,224	10,635,100	7,159,207
Risk-weighted assets for market risk		46,427		46,427
Risk-weighted assets for operational risk		496,082		479,881
Large exposure risk-weighted assets for equity holdings		20,048		20,048
Total risk-weighted assets		7,734,779		7,705,563
As at 31 Dec 2014				
0%	2,365,793	-	2,344,615	-
20%	925,387	185,077	900,583	180,117
35%	219,376	76,782	219,376	76,782
50%	300,340	150,170	282,868	141,434
75%	1,896,633	1,422,475	1,896,634	1,422,476
100%	4,442,347	4,442,347	4,403,884	4,403,883
150%	559,618	839,427	559,618	839,427
Risk-weighted assets for credit risk	10,709,494	7,116,278	10,607,578	7,064,119
Risk-weighted assets for market risk		48,843		48,843
Risk-weighted assets for operational risk		509,794		493,770
Large exposure risk-weighted assets for equity holdings		20,048		20,048
Total risk-weighted assets		7,694,963		7,626,780

(g) The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	As at 30 Jun 2015		As at 31 Dec 2014	
Group and Bank	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Benchmark Rate Risk	26,742	2,139	26,709	2,137
Foreign Exchange Risk	19,685	1,575	22,134	1,771
Total	46,427	3,714	48,843	3,908

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Group

30 Jun 2015

Financial assets

Securities held-for-trading	3,726	-	3,726
Securities available-for-sale	1,176,477	-	1,176,477
Securities held-to-maturity	80,947	-	80,947
Financing, advances and other receivables	800,911	5,889,857	6,690,768
Hedging financial instruments	10,272	-	10,272
Total	2,072,333	5,889,857	7,962,189

Financial liability

Deposits from customers	3,909,046	-	3,909,046
Hedging financial instruments	452	-	452
Subordinated Murabahah Tawarruq	-	376,827	376,827
Total	3,909,498	376,827	4,286,325

31 Dec 2014

Financial assets

Securities held-for-trading	17,483	-	17,483
Securities available-for-sale	1,313,625	-	1,313,625
Securities held-to-maturity	81,255	-	81,255
Financing, advances and other receivables	723,271	5,977,665	6,700,936
Hedging financial instruments	11,361	-	11,361
Total	2,146,995	5,977,665	8,124,660

Financial liability

Deposits from customers	4,031,404	-	4,031,404
Hedging financial instruments	147	-	147
Subordinated Murabahah Tawarruq	-	342,558	342,558
Total	4,031,551	342,558	4,374,109

Level 2	Level 3	Total
RM'000	RM'000	RM'000
3,726	-	3,726
1,176,477	-	1,176,477
80,947	-	80,947
800,911	5,889,857	6,690,768
10,272	-	10,272
2,072,333	5,889,857	7,962,189
3,909,046	-	3,909,046
452	-	452
-	376,827	376,827
3,909,498	376,827	4,286,325
17,483	-	17,483
1,313,625	-	1,313,625
81,255	-	81,255
723,271	5,977,665	6,700,936
11,361	-	11,361
2,146,995	5,977,665	8,124,660
4,031,404	-	4,031,404
147	-	147
-	342,558	342,558
4,031,551	342,558	4,374,109

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

	Level 2	Level 3	Total
	RM'000	RM'000	RM'000
Bank			
30 Jun 2015			
Financial assets			
Securities held-for-trading	3,726	-	3,726
Securities available-for-sale	1,071,083	-	1,071,083
Securities held-to-maturity	80,947	-	80,947
Financing, advances and other receivables	800,911	5,889,857	6,690,768
Hedging financial instruments	10,272	-	10,272
Total	1,966,938	5,889,857	7,856,795
Financial liability			
Deposits from customers	3,823,971	-	3,823,971
Hedging financial instruments	452	-	452
Subordinated Murabahah Tawarruq	-	376,827	376,827
	3,824,423	376,827	4,201,250
31 Dec 2014			
Financial assets			
Securities held-for-trading	17,483	-	17,483
Securities available-for-sale	1,207,680	-	1,207,680
Securities held-to-maturity	81,255	-	81,255
Financing, advances and other receivables	723,271	5,977,665	6,700,936
Hedging financial instruments	11,361	-	11,361
Total	2,041,050	5,977,665	8,018,715
Financial liability			
Deposits from customers	3,949,559	-	3,949,559
Hedging financial instruments	147	-	147
Subordinated Murabahah Tawarruq	-	342,558	342,558
	3,949,706	342,558	4,292,264

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Financing, advances and other receivables	DCF method	Profit rate	5.5% - 6.0%

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the reporting date.

The estimated fair values of those on-balance sheets financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statement of financial position, except for the following assets and liabilities:

Group				
30 Jun 2015		31 Dec 2014		
Carrying Value	Fair Value	Carrying Value	Fair Value	
RM'000	RM'000	RM'000	RM'000	
Financial Assets				
Securities held-to-maturity	81,471	80,947	81,494	81,255
Financing, advances and other receivables	6,699,411	6,690,768	6,703,522	6,700,936
	6,780,881	6,771,715	6,785,016	6,782,191
Financial Liabilities				
Deposits from customers	3,923,283	3,909,046	4,060,371	4,031,404
Subordinated Murabahah Tawarruq	380,522	376,827	352,627	342,558
	4,303,806	4,285,873	4,412,998	4,373,962

Bank				
30 Jun 2015		31 Dec 2014		
Carrying Value	Fair Value	Carrying Value	Fair Value	
RM'000	RM'000	RM'000	RM'000	
Financial Assets				
Securities held-to-maturity	81,471	80,947	81,494	81,255
Financing, advances and other receivables	6,699,411	6,690,768	6,703,522	6,700,936
	6,780,881	6,771,715	6,785,016	6,782,191
Financial Liabilities				
Deposits from customers	3,838,447	3,823,971	3,963,543	3,949,559
Subordinated Murabahah Tawarruq	380,522	376,827	352,627	342,558
	4,218,969	4,200,798	4,316,170	4,292,117

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

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

(a) Cash and Short-Term Funds

The carrying amount approximates fair value due to the relatively short maturity of the financial instruments.

(b) Deposits and Placements with Banks and Other Financial Institutions

The fair values of those financial instruments with remaining maturities of less than one year approximate their carrying values due to their relatively short maturities. For those financial instruments with maturities of more than one year, the fair values are estimated based on discounted cash flows using applicable prevailing market rates of similar remaining maturities at the reporting date. As at the reporting date, all deposits and placements with banks and other financial institutions have maturity less than one year.

(c) Securities Held-For-Trading and Available-For-Sale

The fair values of securities actively traded are estimated based on quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity are estimated discounted cash flow techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at reporting date.

(d) Securities Held-To-Maturity

Fair values of securities that are traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. Where discounted cash flows techniques is used, the estimated futures cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(e) Hedging Financial Instruments

Derivatives products valued using a valuation technique with market observable inputs are mainly ijarah rental swaps and promissory foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

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A21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Cont'd.)

Determination of fair value and fair value hierarchy (Cont'd.)

(f) Financing, Advances and Other Receivables

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 loans, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(g) Deposits from Customers, Deposits and Placement of Banks and Other Financial Institutions

The fair values of deposits payable on demand and deposits and placements with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair values of fixed deposits and placements with remaining maturities of more than one year are estimated based on discounted cash flows using applicable rates currently offered for deposits and placements with similar remaining maturities. As at the reporting date, all deposits and placements of banks and other financial institutions have maturity less than one year.

(h) Subordinated Murabahah Tawaruq

The fair values of subordinated murabahah tawaruq with maturity of less than one year approximate their carrying values due to the relatively short maturity of the instruments. The fair values of subordinated murabahah tawaruq with remaining maturities of more than one year are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risk profiles.

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A22 FINANCIAL RISK MANAGEMENT

As an Islamic Bank with diverse financial product offerings, the Group and the Bank are exposed to different types of financial risks arising from financial instruments. Financial risks encompass credit risks, liquidity risks, operational risks and market risks. Due to these, risk management is integral to the Bank's operation.

The main financial risks affecting the Group and the Bank are discussed further as follows:

(a) CREDIT RISK

(i) Maximum exposure to credit risk without taking account of any collateral

The following tables show the maximum exposure to credit risk for the components of the statements of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements.

For on-balance sheet financial assets, the exposure to credit risk equals to their carrying amount. For off-balance sheet, exposures, the maximum exposure to credit risk are maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

	30 Jun 2015		31-Dec-14	
	Total gross maximum exposure		Total gross maximum exposure	
	Group	Bank	Group	Bank
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,340,277	1,378,710	1,526,907	1,526,002
Deposits and placements with banks and other financial institutions	483,722	470,313	52,964	78,266
Securities held-for-trading	3,726	3,726	17,483	17,483
Securities available-for-sale	1,016,732	929,035	1,243,067	1,137,122
Securities held-to-maturity	81,471	81,471	81,494	81,494
Financing, advances and other receivables	6,699,411	6,699,411	6,703,522	6,703,522
Other assets	222,313	221,682	221,216	220,277
Statutory deposits with Bank Negara Malaysia ("BNM")	224,800	224,800	222,200	222,200
Hedging financial instruments - Ijarah rental swap	10,272	10,272	11,361	11,361
Total On-Balance Sheet	10,082,724	10,019,421	10,080,214	9,997,727
Financial guarantees	109,917	109,917	104,544	104,544
Contingent liabilities	110,119	110,119	127,861	127,861
Commitments*	516,631	516,631	489,239	489,239
Total Off-Balance Sheet	736,667	736,667	721,644	721,644
Total On and Off-Balance Sheet	10,819,391	10,756,088	10,801,858	10,719,371

* Exclude ijarah rental swaps as the fair value has already been disclosed within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment:

	Geographic region				Total gross maximum exposure
	Malaysia	Middle east	Others	Collective assessment	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015					
Group					
Cash and short-term funds	1,225,076	2,068	113,133	-	1,340,277
Deposits and placements with banks and other financial institutions	357,326	-	126,396	-	483,722
Securities held-for-trading					
- Unquoted	-	3,726	-	-	3,726
Securities available-for-sale					
- Unquoted	701,762	208,454	106,516	-	1,016,732
Securities held-to-maturity					
- Unquoted	30,363	-	51,108	-	81,471
Financing, advances and other receivables	6,787,337	7,023	26,263	(121,212)	6,699,411
Other assets	69,483	152,830	-	-	222,313
Statutory deposits with BNM	224,800	-	-	-	224,800
Hedging financial instruments					
- Ijarah rental swap	10,272	-	-	-	10,272
Total On-Balance Sheet	9,406,419	374,102	423,416	(121,212)	10,082,724
Financial guarantees	109,917	-	-	-	109,917
Contingent liabilities	110,119	-	-	-	110,119
Commitments*	516,496	135	-	-	516,631
Total Off-Balance Sheet	736,532	135	-	-	736,667
Total On and Off-Balance Sheet	10,142,952	374,237	423,416	(121,212)	10,819,392

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

31 Dec 2014

Group

Cash and short-term funds	
Deposits and placements with banks and other financial institutions	-
Securities held-for-trading	
- Unquoted	17,483
Securities available-for-sale	
- Unquoted	933,645
Securities held-to-maturity	
- Unquoted	30,364
Financing, advances and other receivables	6,805,392
Other assets	68,365
Statutory deposits with BNM	222,200
Hedging financial instruments	
- Ijarah rental swap	11,361
Total On-Balance Sheet	9,467,662
Financial guarantees	104,544
Contingent liabilities	100,757
Commitments*	489,104
Total Off-Balance Sheet	694,405
Total On and Off-Balance Sheet	10,162,067

Geographic region				Total gross maximum exposure
Malaysia	Middle east	Others	Collective assessment	
RM'000	RM'000	RM'000	RM'000	RM'000
1,378,852	6,708	141,347	-	1,526,907
-	-	52,964	-	52,964
17,483	-	-	-	17,483
933,645	245,854	63,568	-	1,243,067
30,364	-	51,130	-	81,494
6,805,392	7,248	38,914	(148,032)	6,703,522
68,365	152,851	-	-	221,216
222,200	-	-	-	222,200
11,361	-	-	-	11,361
9,467,662	412,661	347,923	(148,032)	10,080,214
104,544	-	-	-	104,544
100,757	-	27,104	-	127,861
489,104	135	-	-	489,239
694,405	135	27,104	-	721,644
10,162,067	412,796	375,027	(148,032)	10,801,858

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

30 Jun 2015

Bank

Cash and short-term funds	
Deposits and placements with banks and other financial institutions	
Securities held-for-trading	
- Unquoted	
Securities available-for-sale	
- Unquoted	
Securities held-to-maturity	
- Unquoted	
Financing, advances and other receivables	
Other assets	
Statutory deposits with BNM	
Hedging financial instruments	
- Ijarah rental swap	
Total On-Balance Sheet	
Financial guarantees	
Contingent liabilities	
Commitments*	
Total Off-Balance Sheet	
Total On and Off-Balance Sheet	

Geographic region				Total gross maximum exposure
Malaysia	Middle east	Others	Collective assessment	
RM'000	RM'000	RM'000	RM'000	RM'000
1,263,509	2,068	113,133	-	1,378,710
343,917	-	126,396	-	470,313
-	3,726	-	-	3,726
686,661	193,313	49,060	-	929,035
30,363	-	51,108	-	81,471
6,787,337	7,023	26,263	(121,212)	6,699,411
68,852	152,830	-	-	221,682
224,800	-	-	-	224,800
10,272	-	-	-	10,272
9,415,711	358,961	365,960	(121,212)	10,019,421
109,917	-	-	-	109,917
110,119	-	-	-	110,119
516,496	135	-	-	516,631
736,532	135	-	-	736,667
10,152,243	359,096	365,960	(121,212)	10,756,088

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By geographical segment (Cont'd.)

31 Dec 2014

Bank

Cash and short-term funds
Deposits and placements with banks and
other financial institutions
Securities held-for-trading
- Unquoted
Securities available-for-sale
- Unquoted
Securities held-to-maturity
- Unquoted
Financing, advances and other receivables
Other assets
Statutory deposits with BNM
Hedging financial instruments
- Ijarah rental swap
Total On-Balance Sheet
Financial guarantees
Contingent liabilities
Commitments*
Total Off-Balance Sheet
Total On and Off-Balance Sheet

Geographic region				Total gross maximum exposure
Malaysia	Middle east	Others	Collective assessment	
RM'000	RM'000	RM'000	RM'000	RM'000
1,378,852	6,708	140,442	-	1,526,002
-	-	78,266	-	78,266
17,483	-	-	-	17,483
884,445	231,697	20,980	-	1,137,122
30,364	-	51,130	-	81,494
6,805,392	7,248	38,914	(148,032)	6,703,522
69,026	151,251	-	-	220,277
222,200	-	-	-	222,200
11,361	-	-	-	11,361
9,419,123	396,904	329,732	(148,032)	9,997,727
104,544	-	-	-	104,544
100,757	-	27,104	-	127,861
489,104	135	-	-	489,239
694,405	135	27,104	-	721,644
10,113,528	397,039	356,836	(148,032)	10,719,371

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector:

	Industry						Total gross maximum exposure
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015							
Group							
Cash and short-term funds	-	1,340,277	-	-	-	-	1,340,277
Deposits and placements with banks and other financial institutions	-	483,722	-	-	-	-	483,722
Securities held-for-trading	-	3,726	-	-	-	-	3,726
Securities available-for-sale	-	188,332	30,796	-	503,177	294,427	1,016,732
Securities held-to-maturity	-	56,155	-	5,064	-	20,252	81,471
Financing, advances and other receivables	1,380,871	362,269	1,887,100	499,838	-	2,690,545	6,699,411
Other assets	-	-	-	-	-	222,313	222,313
Statutory deposits with BNM	-	224,800	-	-	-	-	224,800
Hedging financial instruments	-	-	-	10,272	-	-	10,272
Total On-Balance Sheet	1,380,871	2,659,281	1,917,896	515,174	503,177	3,227,537	10,082,724
Financial guarantees	-	-	20,580	754	-	88,583	109,917
Contingent liabilities	12,200	-	24,193	28,639	-	45,087	110,119
Commitments*	78,869	-	174,532	18,055	-	245,175	516,631
Total Off-Balance Sheet	91,069	-	219,305	47,448	-	378,845	736,667
Total On and Off-Balance Sheet	1,471,940	2,659,281	2,137,201	562,621	503,177	3,606,382	10,819,391

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure RM'000
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000	
31 Dec 2014							
Group							
Cash and short-term funds	-	1,526,907	-	-	-	-	1,526,907
Deposits and placements with banks and other financial institutions	-	52,964	-	-	-	-	52,964
Securities held-for-trading	-	17,483	-	-	-	-	17,483
Securities available-for-sale	-	374,223	29,529	-	613,743	225,572	1,243,067
Securities held-to-maturity	-	56,178	-	5,064	-	20,252	81,494
Financing, advances and other receivables	1,263,447	347,143	1,921,118	522,113	-	2,797,733	6,703,522
Other assets	-	-	-	-	-	221,216	221,216
Statutory deposits with BNM	-	222,200	-	-	-	-	222,200
Hedging financial instruments	-	-	-	11,361	-	-	11,361
Total On-Balance Sheet	1,263,447	2,597,098	1,950,647	538,538	613,743	3,264,773	10,080,214
Financial guarantees	62	-	20,580	2,758	-	81,144	104,544
Contingent liabilities	3,331	47,395	28,340	9,852	-	38,943	127,861
Commitments*	96,727	134,709	81,058	45,420	-	131,325	489,239
Total Off-Balance Sheet	100,120	182,104	129,978	58,030	-	251,412	721,644
Total On and Off-Balance Sheet	1,363,567	2,779,202	2,080,625	596,568	613,743	3,516,185	10,801,858

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure
	Trading and manufacturing	Banks and financial institutions	Construction and real estate	Transportation, storage and communication	Government	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015							
Bank							
Cash and short-term funds	-	1,378,710	-	-	-	-	1,378,710
Deposits and placements with banks and other financial institutions	-	470,313	-	-	-	-	470,313
Securities held-for-trading	-	3,726	-	-	-	-	3,726
Securities available-for-sale	-	158,090	30,796	-	465,475	274,674	929,035
Securities held-to-maturity	-	56,155	-	5,064	-	20,252	81,471
Financing, advances and other receivables	1,380,871	362,269	1,887,100	499,838	-	2,690,545	6,699,411
Other assets	-	-	-	-	-	221,682	221,682
Statutory deposits with BNM	-	224,800	-	-	-	-	224,800
Hedging financial instruments	-	-	-	10,272	-	-	10,272
Total On-Balance Sheet	1,380,871	2,654,064	1,917,896	515,174	465,475	3,207,153	10,019,421
Financial guarantees	-	-	20,580	754	-	88,583	109,917
Contingent liabilities	12,200	-	24,193	28,639	-	45,087	110,119
Commitments*	78,869	-	174,532	18,055	-	245,176	516,631
Total Off-Balance Sheet	91,069	-	219,305	47,448	-	378,846	736,667
Total On and Off-Balance Sheet	1,471,940	2,654,064	2,137,201	562,621	465,475	3,585,999	10,756,088

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

By Industry sector (Cont'd.):

	Industry						Total gross maximum exposure RM'000
	Trading and manufacturing RM'000	Banks and financial institutions RM'000	Construction and real estate RM'000	Transportation, storage and communication RM'000	Government RM'000	Others RM'000	
31 Dec 2014							
Bank							
Cash and short-term funds	-	1,526,002	-	-	-	-	1,526,002
Deposits and placements with banks and other financial institutions	-	78,266	-	-	-	-	78,266
Securities held-for-trading	-	17,483	-	-	-	-	17,483
Securities available-for-sale	-	325,064	29,529	-	575,052	207,477	1,137,122
Securities held-to-maturity	-	56,178	-	5,064	-	20,252	81,494
Financing, advances and other receivables	1,263,447	347,143	1,921,118	522,113	-	2,797,733	6,703,522
Other assets	-	-	-	-	-	220,277	220,277
Statutory deposits with BNM	-	222,200	-	-	-	-	222,200
Hedging financial instruments	-	-	-	11,361	-	-	11,361
Total On-Balance Sheet	1,263,447	2,572,336	1,950,647	538,538	575,052	3,245,739	9,997,727
Financial guarantees	62	-	20,580	2,758	-	81,144	104,544
Contingent liabilities	3,331	47,395	28,340	9,852	-	38,943	127,861
Commitments*	96,727	134,709	81,058	45,420	-	131,325	489,239
Total Off-Balance Sheet	100,120	182,104	129,978	58,030	-	251,412	721,644
Total On and Off-Balance Sheet	1,363,567	2,754,440	2,080,625	596,568	575,052	3,497,151	10,719,371

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows:

By residual maturity:

	Residual Maturity				Not on demand and no maturity date	Collective assessment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015							
Group							
Cash and short-term funds	1,340,277	-	-	-	-	-	1,340,277
Deposits and placements with banks and other financial institutions	483,722	-	-	-	-	-	483,722
Securities held-for-trading	-	-	3,726	-	-	-	3,726
Securities available-for-sale	56,055	-	477,367	483,310	-	-	1,016,732
Securities held-to-maturity	-	-	81,471	-	-	-	81,471
Financing, advances and other receivables	3,975,372	49,387	378,237	2,417,627	-	(121,212)	6,699,411
Other assets	-	-	-	-	222,313	-	222,313
Statutory deposits with BNM	-	-	-	-	224,800	-	224,800
Hedging financial instruments	-	-	-	10,272	-	-	10,272
Total On-Balance Sheet	5,855,426	49,387	940,801	2,911,209	447,113	(121,212)	10,082,724
Financial guarantees	23,447	-	-	-	86,470	-	109,917
Contingent liabilities	66,035	378	2,869	-	40,837	-	110,119
Commitments*	334,862	21,505	17,852	62,215	80,197	-	516,631
Total Off-Balance Sheet	424,344	21,883	20,721	62,215	207,504	-	736,667
Total On and Off-Balance Sheet	6,279,770	71,270	961,522	2,973,424	654,617	(121,212)	10,819,391

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Collective assessment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2014							
Group							
Cash and short-term funds	1,526,907	-	-	-	-	-	1,526,907
Deposits and placements with banks and other financial institutions	52,964	-	-	-	-	-	52,964
Securities held-for-trading	17,483	-	-	-	-	-	17,483
Securities available-for-sale	251,845	114,370	413,305	463,547	-	-	1,243,067
Securities held-to-maturity	-	-	81,494	-	-	-	81,494
Financing, advances and other receivables	4,080,888	78,111	354,634	2,337,921	-	(148,032)	6,703,522
Other assets	-	-	-	-	221,216	-	221,216
Statutory deposits with BNM	-	-	-	-	222,200	-	222,200
Hedging financial instruments	-	-	11,361	-	-	-	11,361
Total On-Balance Sheet	5,930,087	192,481	860,794	2,801,468	443,416	(148,032)	10,080,214
Financial guarantees	4,177	2,520	20,200	77,647	-	-	104,544
Contingent liabilities	54,833	4,536	33,014	23,524	11,954	-	127,861
Commitments*	101,730	48,481	43,629	182,192	113,207	-	489,239
Total Off-Balance Sheet	160,740	55,537	96,843	283,363	125,161	-	721,644
Total On and Off-Balance Sheet	6,090,827	248,018	957,637	3,084,831	568,577	(148,032)	10,801,858

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Collective assessment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015							
Bank							
Cash and short-term funds	1,378,710	-	-	-	-	-	1,378,710
Deposits and placements with banks and other financial institutions	470,313	-	-	-	-	-	470,313
Securities held-for-trading	-	-	3,726	-	-	-	3,726
Securities available-for-sale	25,814	-	419,911	483,310	-	-	929,035
Securities held-to-maturity	-	-	81,471	-	-	-	81,471
Financing, advances and other receivables	3,975,372	49,387	378,237	2,417,627	-	(121,212)	6,699,411
Other assets	-	-	-	-	221,682	-	221,682
Statutory deposits with BNM	-	-	-	-	224,800	-	224,800
Hedging financial instruments	-	-	-	10,272	-	-	10,272
Total On-Balance Sheet	5,850,209	49,387	883,345	2,911,209	446,482	(121,212)	10,019,421
Financial guarantees	23,447	-	-	-	86,470	-	109,917
Contingent liabilities	66,035	378	2,869	-	40,837	-	110,119
Commitments*	334,862	21,505	17,852	62,215	80,197	-	516,631
Total Off-Balance Sheet	424,344	21,882	20,721	62,215	207,505	-	736,667
Total On and Off-Balance Sheet	6,274,553	71,269	904,065	2,973,423	653,987	(121,212)	10,756,088

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(i) Maximum exposure to credit risk without taking account of any collateral (Cont'd.)

An industry residual maturity analysis of the Bank's financial assets, before taking into account collateral held is as follows: (Cont'd.)

By residual maturity: (Cont'd.)

	Residual Maturity				Not on demand and no maturity date	Collective assessment	Total gross maximum exposure
	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2014							
Bank							
Cash and short-term funds	1,526,002	-	-	-	-	-	1,526,002
Deposits and placements with banks and other financial institutions	78,266	-	-	-	-	-	78,266
Securities held-for-trading	17,483	-	-	-	-	-	17,483
Securities available-for-sale	202,645	100,214	370,716	463,547	-	-	1,137,122
Securities held-to-maturity	-	-	81,494	-	-	-	81,494
Financing, advances and other receivables	4,080,888	78,111	354,634	2,337,921	-	(148,032)	6,703,522
Other assets	-	-	-	-	220,277	-	220,277
Statutory deposits with BNM	-	-	-	-	222,200	-	222,200
Hedging financial instruments	-	-	11,361	-	-	-	11,361
Total On-Balance Sheet	5,905,284	178,325	818,205	2,801,468	442,477	(148,032)	9,997,727
Financial guarantees	4,177	2,520	20,200	77,647	-	-	104,544
Contingent liabilities	54,833	4,536	33,014	23,524	11,954	-	127,861
Commitments*	101,730	48,481	43,629	182,193	113,207	-	489,239
Total Off-Balance Sheet	160,740	55,537	96,843	283,364	125,161	-	721,644
Total On and Off-Balance Sheet	6,066,024	233,862	915,048	3,084,832	567,638	(148,032)	10,719,371

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances.

	Performing	Performing	Past due but not	Restructured &	Impaired	Total
	RM'000	unrated	impaired	rescheduled		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015						
Group						
Cash and short-term funds	1,340,277	-	-	-	-	1,340,277
Deposits and placements with banks and other financial institutions	483,722	-	-	-	-	483,722
Securities held-for-trading	-	3,726	-	-	-	3,726
Securities available-for-sale	949,057	56,963	-	-	10,712	1,016,732
Securities held-to-maturity	81,471	-	-	-	-	81,471
Financing, advances and other receivables	4,008,374	1,866,252	628,988	18,422	514,248	7,036,284
Other assets	221,698	-	-	-	615	222,313
Statutory deposits with BNM	224,800	-	-	-	-	224,800
Hedging financial instruments	10,272	-	-	-	-	10,272
Total On-Balance Sheet	7,319,671	1,926,941	628,988	18,422	525,575	10,419,597
Financial guarantees	109,917	-	-	-	-	109,917
Contingent liabilities	110,119	-	-	-	-	110,119
Commitments*	516,631	-	-	-	-	516,631
Total Off-Balance Sheet	736,667	-	-	-	-	736,667
Total On and Off-Balance Sheet	8,056,338	1,926,941	628,988	18,422	525,575	11,156,264

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Credit quality per class of financial assets (Cont'd)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd)

	Performing	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015						
Bank						
Cash and short-term funds	1,378,710	-	-	-	-	1,378,710
Deposits and placements with banks and other financial institutions	470,313	-	-	-	-	470,313
Securities held-for-trading	-	3,726	-	-	-	3,726
Securities available-for-sale	861,359	56,964	-	-	10,712	929,035
Securities held-to-maturity	81,471	-	-	-	-	81,471
Financing, advances and other receivables	4,008,374	1,866,252	628,988	18,422	514,248	7,036,284
Other assets	221,067	-	-	-	615	221,682
Statutory deposits with BNM	224,800	-	-	-	-	224,800
Hedging financial instruments	10,272	-	-	-	-	10,272
Total On-Balance Sheet	7,256,367	1,926,942	628,988	18,422	525,575	10,356,294
Financial guarantees	109,917	-	-	-	-	109,917
Contingent liabilities	110,119	-	-	-	-	110,119
Commitments*	516,631	-	-	-	-	516,631
Total Off-Balance Sheet	736,667	-	-	-	-	736,667
Total On and Off-Balance Sheet	7,993,035	1,926,942	628,988	18,422	525,575	11,092,961

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Credit quality per class of financial assets (Cont'd.)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd.)

31 Dec 2014 Group	Performing RM'000	Unrated RM'000	Past due but not impaired RM'000	Restructured & rescheduled RM'000	Impaired RM'000	Total RM'000
Cash and short-term funds	1,526,907	-	-	-	-	1,526,907
Deposits and placements with banks and other financial institutions	52,964	-	-	-	-	52,964
Securities held-for-trading	17,483	-	-	-	-	17,483
Securities available-for-sale	1,233,454	-	-	-	9,613	1,243,067
Securities held-to-maturity	81,494	-	-	-	-	81,494
Financing, advances and other receivables	3,104,124	2,057,827	471,149	958,970	526,626	7,118,696
Other assets	220,303	-	-	-	913	221,216
Statutory deposits with BNM	222,200	-	-	-	-	222,200
Hedging financial instruments	11,361	-	-	-	-	11,361
Total On-Balance Sheet	6,470,290	2,057,827	471,149	958,970	537,152	10,495,388
Financial guarantees	104,544	-	-	-	-	104,544
Contingent liabilities	127,861	-	-	-	-	127,861
Commitments*	489,239	-	-	-	-	489,239
Total Off-Balance Sheet	721,644	-	-	-	-	721,644
Total On and Off-Balance Sheet	7,191,934	2,057,827	471,149	958,970	537,152	11,217,032

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(ii) Credit quality per class of financial assets (Cont'd)

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount presented are gross of impairment allowances. (Cont'd.)

	Performing	Performing unrated	Past due but not impaired	Restructured & rescheduled	Impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2014						
Bank						
Cash and short-term funds	1,526,002	-	-	-	-	1,526,002
Deposits and placements with banks and other financial institutions	78,266	-	-	-	-	78,266
Securities held-for-trading	17,483	-	-	-	-	17,483
Securities available-for-sale	1,127,509	-	-	-	9,613	1,137,122
Securities held-to-maturity	81,494	-	-	-	-	81,494
Financing, advances and other receivables	3,104,124	2,057,827	471,149	958,970	526,626	7,118,696
Other assets	219,364	-	-	-	913	220,277
Statutory deposits with BNM	222,200	-	-	-	-	222,200
Hedging financial instruments	11,361	-	-	-	-	11,361
Total On-Balance Sheet	6,387,803	2,057,827	471,149	958,970	537,152	10,412,901
Financial guarantees	104,544	-	-	-	-	104,544
Contingent liabilities	127,861	-	-	-	-	127,861
Commitments*	489,239	-	-	-	-	489,239
Total Off-Balance Sheet	721,644	-	-	-	-	721,644
Total On and Off-Balance Sheet	7,109,447	2,057,827	471,149	958,970	537,152	11,134,545

* Exclude ijarah rental swaps as the fair value has already been disclose within hedging financial instruments.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit risk exposure based on the Bank's internal credit risk rating

The principal objective of credit risk measurement for KFHMB is to produce accurate quantitative assessment of the credit risk to which the Bank is exposed to. To determine the counterparty risk, KFHMB has a risk rating system that enables the rank-ordering of the customers' risk profile to assess the credit quality of customers and assigns them an internal risk rating. Over the year, to ensure that the integrity of the data used is in place, KFHMB has undergone a verification exercise with an independent consultant and is in the midst of further refining the rating process. The rating system is actively monitored and a monthly analysis of the corporate and commercial customers are provided to the senior management and the Board for oversight.

For retail banking, KFHMB has in place a series of scorecards, which will assess the credit worthiness of the individual customers prior to approval. The main attributes of the credit assessment within the scorecard is mostly based on statistically derived default patterns within the customer profile and also credit bureau data. The performance of the scorecard is being monitored to ensure that it continues to effectively discriminate between good and potentially bad customers.

Group and Bank	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Corporate & Commercial		
Excellent	382,120	626,164
Strong	2,112,393	1,756,386
Minimum	913,469	930,375
Pass with condition	582,397	759,204
Early care	118,007	138,092
Impaired	292,887	254,678
New/SPV	98,107	157,498
Unrated *	2,321,244	2,229,157
	6,820,623	6,851,554
Less: Collective assessment	(121,212)	(148,032)
Total Corporate, Commercial and Retail	6,699,411	6,703,522

* Unrated segment includes retail consumer credit exposures

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iii) Credit risk exposure based on the Bank's internal credit risk rating (Cont'd.)

30 Jun 2015

Securities

Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C		Government - guaranteed	
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			Total
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated		RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Securities held-for-trading	-	-	-	-	3,726	-	3,726
Securities available-for-sale	272,915	435,860	58,431	-	67,676	181,849	1,016,732
Securities held-to-maturity	81,471	-	-	-	-	-	81,471
Bank							
Securities held-for-trading	-	-	-	-	3,726	-	3,726
Securities available-for-sale	238,916	420,759	19,834	-	67,676	181,849	929,035
Securities held-to-maturity	81,471	-	-	-	-	-	81,471

31 Dec 2014

Securities

Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C		Government - guaranteed	
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D			
RAM	AAA to AA3	A to A3	BBB to BB	B to D			Total
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated		RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Securities held-for-trading	-	17,483	-	-	-	-	17,483
Securities available-for-sale	229,019	611,339	53,993	-	9,613	339,103	1,243,067
Securities held-to-maturity	81,494	-	-	-	-	-	81,494
Bank							
Securities held-for-trading	-	17,483	-	-	-	-	17,483
Securities available-for-sale	207,840	562,139	18,427	-	9,613	339,103	1,137,122
Securities held-to-maturity	81,494	-	-	-	-	-	81,494

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iv) Aging analysis of past due but not impaired financing by class of financial assets

30 Jun 2015

Group and Bank

Financing and advances to customers

Corporate financing

Commercial financing

Retail & Consumer financing

Less than 30 days	31 to 60 days	61 to 90 days	Total
RM'000	RM'000	RM'000	RM'000
39,336	496	2,000	41,832
18,010	22,931	32	40,972
441,393	67,854	36,937	546,184
498,739	91,280	38,968	628,988

31 Dec 2014

Group and Bank

Financing and advances to customers

Corporate financing

Commercial financing

Retail & Consumer financing

Less than 30 days	31 to 60 days	61 to 90 days	Total
RM'000	RM'000	RM'000	RM'000
41,334	242	-	41,576
55,564	52,874	103	108,542
218,660	51,348	51,024	321,032
315,559	104,464	51,127	471,149

Impaired and past due financing by geographical regions

30 Jun 2015

Group and Bank

Malaysia

Middle East

Others

Total

Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
RM'000	RM'000	RM'000	RM'000	RM'000
493,650	623,634	215,319		77,186
-	569	-		-
20,599	4,785	342		-
514,249	628,988	215,661	121,212	77,186

31 Dec 2014

Group and Bank

Malaysia

Middle East

Others

Total

Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
RM'000	RM'000	RM'000	RM'000	RM'000
495,656	462,706	266,857		105,151
341	1,158	3		-
30,628	7,285	282		-
526,625	471,149	267,142	148,032	105,151

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(iv) Aging analysis of past due but not impaired financing by class of financial assets

Impaired and past due financing by industry sector

30 Jun 2015

Group and Bank

Trading and manufacturing
Banks and financial institutions
Construction and real estate
Transportation, storage and communication
Others
Total

Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
RM'000	RM'000	RM'000	RM'000	RM'000
397,431	41,946	185,081		1,173
24,738	6,406	11,159		17,243
17,852	17,313	156		-
37,269	7,569	28		51,499
36,958	555,754	19,236		7,271
514,248	628,988	215,660	121,212	77,186

31 Dec 2014

Group and Bank

Trading and manufacturing
Banks and financial institutions
Construction and real estate
Transportation, storage and communication
Others
Total

Impaired	Past due but not impaired	Individual impairment	Collective impairment	Write-off
RM'000	RM'000	RM'000	RM'000	RM'000
350,237	83,263	174,730		14
34,796	58,293	22,646		-
27,946	11,703	156		-
87,512	103	48,280		-
26,134	317,787	21,330		105,137
526,625	471,149	267,142	148,032	105,151

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(a) CREDIT RISK (Cont'd.)

(v) Carrying amount by class of financial assets whose terms have been renegotiated

Group and Bank

Financing and advances to customers

Corporate financing

Commercial financing

Retail & Consumer financing

30 Jun 2015	31 Dec 2014
Total	Total
RM'000	RM'000
-	794,469
17,207	161,510
1,215	2,990
18,422	958,970

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Bank has established clear guidelines that have been approved by the management and the Board on the types of acceptable collateral, valuation parameters and processes and secured margins to be taken.

The main types of collateral accepted include real estate, securities, cash and bank guarantees. The Bank also obtains guarantees from parent companies for finance facilities extended to their subsidiaries. In line with the Bank's established credit guidelines, proper due diligence on the guarantor is conducted to ascertain their creditworthiness. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The financial effect of collateral (quantification of the extent to which collateral and other enhancements mitigate credit risk) held for financing, advances and other receivables for the Bank is at 87.5%, (2014: 94.6%) as at 30 June 2015. The financial effect of collateral held for other financial assets is not significant.

Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions

In order to cater for the inherently higher credit risks associated to dealings in Musyarakah and Mudharabah contracts, the Bank has been maintaining an internal credit policy to cover the Bank's activities in such portfolio, in addition to complying with BNM's Guidelines on Musyarakah and Mudharabah Contracts for Islamic Banking Institutions. The internal policy, which sets stricter and more clearly defined guidelines, encompasses areas of managing risks associated to profit-sharing activities such as the business management, strategy, exit mechanisms, business monitoring/control, and trigger alerts for potential watchlist and impaired accounts. The credit policy is enhanced from time to time to cater for latest changes in the risk profile of the portfolio.

In terms of approval of new Musyarakah and Mudharabah contracts, the Bank has introduced greater control where all new proposals are tabled to Management Committee for approval and subsequently to Board Credit and Investment Committee for concurrence. This further augments the Board's credit monitoring oversight role, specifically on the relatively higher risk profit-sharing portfolio.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK

Liquidity risk is defined as the exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner. It arises when the Bank does not have sufficient maturing assets to cover maturing liabilities that are not rolled-over. The Bank uses the Bank Negara Malaysia's New Liquidity Framework as a foundation in managing its liquidity.

The objective of liquidity risk management is to ensure that cash needs always can be met at reasonable cost, either by:

- i) maturity or sale of assets, or
- ii) the acquisition of deposits or additional funding from the Islamic money markets.

Liquidity risk management function is overseen by the Asset and Liability Management Committee ("ALCO"), who is guided by the Bank's Asset and Liability Management Policy.

Contractual maturity of total assets and liabilities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheets assets and liabilities, commitments and counter-guarantees are important factors in assessing liquidity of the Group and the Bank.

The table below provides analysis of assets and liabilities into relevant maturity tenures based on their behavioural profile. The disclosure is made in accordance with the requirement of revised BNM's GP8-i "Guidelines on Financial Reporting for Licensed Islamic Banks".

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
30 Jun 2015						
ASSETS						
Cash and short-term funds	1,340,277	-	-	-	-	1,340,277
Deposits and placements with banks and other financial institutions	483,722	-	-	-	-	483,722
Securities held-for-trading	-	-	3,726	-	-	3,726
Securities available-for-sale	45,343	-	477,367	483,310	170,457	1,176,477
Securities held-to-maturity	-	-	81,471	-	-	81,471
Financing, advances and receivables	3,779,765	492,668	371,555	2,055,423	-	6,699,411
Musyarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	674,293	674,293
Total Assets	5,649,107	492,668	934,119	2,538,733	850,648	10,465,275

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,953,872	285,155	171,653	-	512,603	3,923,283
Deposits and placements of banks and other financial institutions	4,006,140	318,058	-	-	-	4,324,199
Subordinated Murabahah Tawarruq	-	-	380,522	-	-	380,522
Other liabilities	-	-	-	-	104,160	104,160
Total Liabilities	6,960,012	603,214	552,175	-	616,762	8,732,164
Shareholder's equity	-	-	-	-	1,733,111	1,733,111
Total Liabilities and Shareholder's equity	6,960,012	603,214	552,175	-	2,349,873	10,465,275
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	272,016	71,403	123,004	238,004	220,938	925,366
Net maturity mismatch	(1,582,921)	(181,949)	258,939	2,300,729	(1,720,164)	(925,366)

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Group	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Cash and short-term funds	1,526,907	-	-	-	-	1,526,907
Deposits and placements with banks and other financial institutions	52,964	-	-	-	-	52,964
Securities available-for-sale	242,231	114,370	413,305	463,547	162,426	1,395,879
Securities held-to-maturity	-	-	81,494	-	-	81,494
Financing, advances and receivables	3,891,551	78,112	838,800	1,895,062	-	6,703,525
Musyarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	687,431	687,431
Total Assets	5,731,136	192,482	1,333,599	2,358,609	855,755	10,471,581
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,510,625	383,855	165,891	-	-	4,060,371
Deposits and placements of banks and other financial institutions	4,062,434	117,798	-	-	-	4,180,232
Subordinated Murabahah Tawarruq	-	-	-	352,627	-	352,627
Other liabilities	-	-	-	-	172,243	172,243
Total Liabilities	7,573,059	501,653	165,891	352,627	172,243	8,765,473
Shareholder's equity	-	-	-	-	1,706,108	1,706,108
Total Liabilities and Shareholder's equity	7,573,059	501,653	165,891	352,627	1,878,351	10,471,581
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	160,739	54,987	95,679	285,078	125,161	721,644
Net maturity mismatch	(2,002,662)	(364,158)	1,072,029	1,720,904	(1,147,757)	(721,644)

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

	Up to 6 months	>6 - 12 months	>1 - 5 years	Over 5 years	Not on demand & no maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
30 Jun 2015						
ASSETS						
Cash and short-term funds	1,378,710	-	-	-	-	1,378,710
Deposits and placements with banks and other financial institutions	470,313	-	-	-	-	470,313
Securities held-for-trading	-	-	3,726	-	-	3,726
Securities available-for-sale	15,101	-	419,911	483,310	152,760	1,071,082
Securities held-to-maturity	-	-	81,471	-	-	81,471
Financing, advances and receivables	3,779,760	492,673	371,555	2,055,423	-	6,699,411
Musarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	691,596	691,596
Total Assets	5,643,885	492,673	876,663	2,538,733	850,253	10,402,207
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	2,869,035	285,155	171,653	-	512,603	3,838,446
Deposits and placements of banks and other financial institutions	4,053,487	318,058	-	-	-	4,371,545
Subordinated Murabahah Tawarruq	-	-	380,522	-	-	380,522
Murabahah bank financing	-	-	-	-	-	-
Other liabilities	-	-	-	-	103,580	103,580
Total Liabilities	6,922,522	603,214	552,175	-	616,183	8,694,094
Shareholder's equity	-	-	-	-	1,708,113	1,708,113
Total Liabilities and Shareholder's equity	6,922,522	603,214	552,175	-	2,324,296	10,402,207
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	-	-	-	-	-	-
Net maturity mismatch	(1,278,637)	(110,541)	324,488	2,538,733	(1,474,042)	0

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of total assets and liabilities (Cont'd.)

Bank 31 Dec 2014	Up to 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Not on demand & no maturity date RM'000	Total RM'000
ASSETS						
Cash and short-term funds	1,526,002	-	-	-	-	1,526,002
Deposits and placements with banks and other financial institutions	78,266	-	-	-	-	78,266
Securities held-for-trading	17,483	-	-	-	-	17,483
Securities available-for-sale	193,031	100,214	370,716	463,547	143,911	1,271,419
Securities held-to-maturity	-	-	81,494	-	-	81,494
Financing, advances and receivables	3,891,548	78,112	838,800	1,895,062	-	6,703,522
Musarakah capital investment	-	-	-	-	5,898	5,898
Other assets	-	-	-	-	704,943	704,943
Total Assets	5,706,330	178,326	1,291,010	2,358,609	854,752	10,389,027
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from customers	3,413,797	383,855	165,891	-	-	3,963,543
Deposits and placements of banks and other financial institutions	4,099,203	117,797	-	-	-	4,217,000
Subordinated Murabahah Tawarruq	-	-	-	352,627	-	352,627
Other liabilities	-	-	-	-	171,320	171,320
Total Liabilities	7,513,000	501,652	165,891	352,627	171,320	8,704,490
Shareholder's equity	-	-	-	-	1,684,537	1,684,537
Total Liabilities and Shareholder's equity	7,513,000	501,652	165,891	352,627	1,855,857	10,389,027
OFF-BALANCE SHEET LIABILITIES						
Commitments & contingencies	160,739	54,987	97,393	283,364	125,161	721,644
Net maturity mismatch	(1,967,409)	(378,313)	1,027,726	1,722,618	(1,126,266)	(721,644)

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of financial liabilities on an undiscounted basis

The table below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flow. The Group and the Bank manage inherent liquidity risk based on discounted expected cash flows:

	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015						
Group						
Deposits from customers	2,996,812	291,396	187,179	-	512,603	3,987,990
Deposit and placements of banks and other financial institutions	4,075,018	326,296	-	-	-	4,401,314
Subordinated Murabahah Tawarruq	-	-	423,361	-	-	423,361
Other liabilities	-	-	-	-	104,160	104,160
Total	7,071,830	617,692	610,540	-	616,763	8,916,825
Bank						
Deposits from customers	2,911,471	291,505	187,461	-	512,603	3,903,040
Deposit and placements of banks and other financial institutions	4,122,312	326,193	-	-	-	4,448,505
Subordinated Murabahah Tawarruq	-	-	423,361	-	-	423,361
Other liabilities	-	-	-	-	103,580	103,580
Total	7,033,783	617,699	610,822	-	616,183	8,878,487

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(b) LIQUIDITY RISK (Cont'd.)

Contractual maturity of financial liabilities on an undiscounted basis (Cont'd.)

	Up to 6 months	> 6 -12 months	> 1 – 5 years	Over 5 years	Not on demand & no maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2014						
Group						
Deposits from customers	3,535,871	392,196	180,786	-	-	4,108,853
Deposit and placements of banks and other financial institutions	4,096,732	120,806	-	-	-	4,217,538
Subordinated Murabahah Tawarruq	-	-	-	418,755	-	418,755
Other liabilities	-	-	-	-	172,244	172,244
Total	7,632,603	513,002	180,786	418,755	172,244	8,917,390
Bank						
Deposits from customers	3,438,940	392,399	181,161	-	-	4,012,500
Deposit and placements of banks and other financial institutions	4,133,599	120,787	-	-	-	4,254,386
Subordinated Murabahah Tawarruq	-	-	-	418,755	-	418,755
Other liabilities	-	-	-	-	171,321	171,321
Total	7,572,539	513,186	181,161	418,755	171,321	8,856,962

To manage the risk inherent from the above position, limits on the following ratios are imposed to ensure that the Bank has sufficient liquidity to meet the liability obligations:

- The sum of assets to mature within a period of one week and liquefiable assets over the liabilities that will mature within a period of 1 week;
- The sum of assets to mature within a period of one month and liquefiable assets over the liabilities that will mature within a period of 1 month; and
- The sum of cash, bank balances, placements and deposits with banks and financial institutions, and liquefiable assets over the total deposits from the 10 largest depositors of the Bank.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK

Trading

All positions, when the change in fair values will affect the current financial year net profit, are classified as trading positions. Limits on the trading exposures, annual loss and holding period are imposed to manage the potential impact of the trading positions on the Bank's profit and loss. Risk Management Division will review these limits regularly and will recommend to Board Risk Management Committee changes or additional limits, when necessary.

The capital requirement for the Bank's trading exposures is guided by Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank ("CAFIB").

(i) Benchmark Rate Risk

Rate sensitive financial instruments are normally affected by general changes in the market profit rate, known as general risk. Changes in factor related to a specific issuer, in particular issuer's credit quality, which would affect the instrument, are known as specific risk. The Bank has adopted the maturity method as defined in CAFIB in computing the general risk charge of rate sensitive instruments.

The Bank's exposures to benchmark rate risk comprise of exposures in Held-for-Trading (HTM) sukuks, ijarah rental swap (IRS) and forward foreign exchange related contracts. As at 30 June 2015, the total risk weighted assets for exposures with benchmark rate risk was RM 26.74 million (31 December 2014: RM26.71million) with a total capital charge of RM 2.139 million (31 December 2014: RM2.137million).

All positions in IRS were fully squared (2014: Squared). The table below indicates the Basis Point Value ("BPV") sensitivity analysis of the securities held-for-trading against the movement in market benchmark rates.

Securities held-for-trading

	30 Jun 2015			31 Dec 2014		
	Nominal amount RM' 000	Modified duration	BPV	Nominal amount RM	Modified duration	BPV
Group and Bank						
US Dollar (USD)	3,773	4.46	1,624	17,486	0.15	261

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(c) MARKET RISK (Cont'd.)

(ii) Foreign exchange risk

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuation in foreign exchange rates.

As at 30 June 2015, the total risk weighted assets for exposures with foreign exchange rate risk was RM19.69 million (31 December 2014: RM22.26 million) with a total capital charge of RM1.575 million (31 December 2014: RM1.780 million).

The table below indicates the currencies to which the Bank had significant exposure. The analysis calculates the effect of a reasonably possible movement of the currencies' exchange rates against Ringgit Malaysia, with all other variables held constant, on the income statement. A negative amount in the table reflects a potential net reduction in income statement, while a positive amount reflects a net potential increase.

	30 Jun 2015		31 Dec 2014	
	Change in exchange rate %	Effect on Income Statements / Equity RM	Change in exchange rate %	Effect on Income Statements / Equity RM
Group				
Singapore Dollar (SGD)	1	(4)	1	(30)
US Dollar (USD)	1	544	1	703
Euro (EUR)	1	(945)	1	(867)
Bank				
Singapore Dollar (SGD)	1	(4)	1	30
US Dollar (USD)	1	(1,409)	1	(804)
Euro (EUR)	1	(451)	1	(405)

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(c) MARKET RISK (Cont'd.)

Non-Trading

All positions, when the change in fair values will affect the Bank's equity, are classified as non-trading positions. The Bank's exposures in securities available-for-sale are classified as non-trading market risk positions. At present, these exposures are not subject to market risk capital charge requirement.

The table below indicates the Basis Point Value ("BPV") sensitivity analysis of the securities available-for-sale against the movement in market benchmark rates.

Securities available-for-sale

	30 Jun 2015			31 Dec 2014		
	Nominal amount RM' 000	Modified duration	BPV	Nominal amount RM' 000	Modified duration	BPV
Group						
Ringgit Malaysia	370,866	3.74	137,510	512,000	3.04	153,224
US Dollar	974,586	3.97	400,438	695,953	3.35	244,924
Bank						
Ringgit Malaysia	370,866	3.74	137,510	512,000	3.04	153,224
US Dollar	516,935	4.41	242,791	591,035	3.66	227,744

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK

The Group and the Bank are exposed to risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position. The rate of return risk is the potential impacts of market factors affecting rates on returns in comparison with the expected rates on return for investment account holders. Yield/profit rate is monitored and managed by the Asset and Liability Management Committee ("ALCO") to protect the income of its operations. The following table summarises the exposure to rate of return risk. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates.

Group 30 Jun 2015	Non-trading book					Trading book	Total	Effective profit rate %
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS								
Cash and short-term funds	1,301,228	-	-	-	-	39,049	1,340,277	3.06
Deposits and placements with banks and other financial institutions	-	318,894	164,828	-	-	-	483,722	2.54
Securities held-for-trading	-	-	-	3,726	-	-	3,726	2.79
Securities available-for-sale	-	30,203	15,141	477,367	483,310	170,457	1,176,477	2.90
Securities held-to-maturity	-	-	-	81,471	-	-	81,471	5.24
Financing, advances and receivables	1,897,680	2,674,037	719,028	60,467	1,348,199	-	6,699,411	5.30
Musarakah capital investment	-	-	-	-	-	5,898	5,898	
Other assets	-	-	-	-	-	674,293	674,293	
TOTAL ASSETS	3,198,907	3,023,134	898,997	623,031	1,831,509	889,697	10,465,275	
LIABILITIES AND SHAREHOLDER'S EQUITY								
Deposits from customers	1,477,227	506,686	1,255,115	171,653	-	512,603	3,923,284	2.93
Deposits and placements of banks and other financial institutions	2,051,015	1,376,915	896,269	-	-	-	4,324,199	3.47
Subordinated Murabahah Tawarruq	-	-	380,522	-	-	-	380,522	3.62
Other liabilities	-	-	-	-	-	104,159	104,159	-
Total Liabilities	3,528,242	1,883,601	2,531,906	171,653	-	616,762	8,732,164	
Shareholder's equity	-	-	-	-	-	1,733,111	1,733,111	
Total Liabilities and Shareholder's Equity	3,528,242	1,883,601	2,531,906	171,653	-	2,349,873	10,465,275	
On-balance sheet profit sensitivity gap	(329,335)	1,139,533	(1,632,909)	451,378	1,831,509	(1,460,176)	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	
Total profit sensitivity gap	(329,335)	1,139,533	(1,632,909)	451,378	1,831,509	(1,460,176)	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

Group	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,452,657	-	-	-	-	74,250	-	1,526,907	3.05
Deposits and placements with banks and other financial institutions	-	26,482	26,482	-	-	-	-	52,964	0.27
Securities held-for-trading	-	17,483	-	-	-	-	-	17,483	0.53
Securities available-for-sale	-	228,035	128,567	413,305	463,547	162,425	-	1,395,879	2.73
Securities held-to-maturity	-	-	-	81,494	-	-	-	81,494	5.24
Financing, advances and receivables	1,892,589	2,926,520	70,092	552,896	1,261,425	-	-	6,703,522	5.46
Musarakah capital investment	-	-	-	-	-	5,898	-	5,898	-
Other assets	-	-	-	-	-	687,434	-	687,434	-
TOTAL ASSETS	3,345,246	3,198,520	225,141	1,047,695	1,724,972	930,007	-	10,471,581	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,542,684	942,850	749,028	165,891	-	659,918	-	4,060,371	2.91
Deposits and placements of banks and other financial institutions	2,749,529	942,371	488,332	-	-	-	-	4,180,232	3.42
Subordinated Murabahah Tawarruq	-	352,627	-	-	-	-	-	352,627	3.50
Other liabilities	-	-	-	-	-	172,243	-	172,243	-
Total Liabilities	4,292,213	2,237,848	1,237,360	165,891	-	832,161	-	8,765,473	
Shareholder's equity	-	-	-	-	-	1,706,108	-	1,706,108	-
Total Liabilities and Shareholder's Equity	4,292,213	2,237,848	1,237,360	165,891	-	2,538,269	-	10,471,581	
On-balance sheet profit sensitivity gap	(946,967)	960,672	(1,012,219)	881,804	1,724,972	(1,608,262)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(946,967)	960,672	(1,012,219)	881,804	1,724,972	(1,608,262)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

Bank	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,339,661	-	-	-	-	39,049	-	1,378,710	3.05
Deposits and placements with banks and other financial institutions	-	343,918	126,396	-	-	-	-	470,313	2.44
Securities held-for-trading	-	-	-	3,726	-	-	-	3,726	2.79
Securities available-for-sale	-	15,101	-	419,911	483,310	152,761	-	1,071,083	2.99
Securities held-to-maturity	-	-	-	81,471	-	-	-	81,471	5.24
Financing, advances and receivables	1,897,675	2,674,037	719,033	60,467	1,348,199	-	-	6,699,411	5.30
Musarakah capital investment	-	-	-	-	-	5,898	-	5,898	
Other assets	-	-	-	-	-	691,595	-	691,595	
TOTAL ASSETS	3,237,336	3,033,056	845,429	565,575	1,831,509	889,303	-	10,402,207	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,392,390	506,686	1,255,115	171,653	-	512,603	-	3,838,446	2.98
Deposits and placements of banks and other financial institutions	2,068,161	1,376,915	926,469	-	-	-	-	4,371,545	3.42
Subordinated Murabahah Tawarruq	-	-	380,522	-	-	-	-	380,522	3.62
Other liabilities	-	-	-	-	-	103,580	-	103,580	-
Total Liabilities	3,460,551	1,883,601	2,562,106	171,653	-	616,183	-	8,694,094	
Shareholder's equity	-	-	-	-	-	1,708,113	-	1,708,113	
Total Liabilities and Shareholder's Equity	3,460,551	1,883,601	2,562,106	171,653	-	2,324,296	-	10,402,207	
On-balance sheet profit sensitivity gap	(223,215)	1,149,455	(1,716,677)	393,922	1,831,509	(1,434,993)	-	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(223,215)	1,149,455	(1,716,677)	393,922	1,831,509	(1,434,993)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(d) RATE OF RETURN RISK (Cont'd.)

Bank	Non-trading book						Trading book	Total	Effective profit rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-profit sensitive			
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short-term funds	1,452,657	-	-	-	-	73,345	-	1,526,002	3.05
Deposits and placements with banks and other financial institutions	-	51,783	26,483	-	-	-	-	78,266	0.44
Securities held-for-trading	-	17,483	-	-	-	-	-	17,483	0.53
Securities available-for-sale	-	193,031	100,214	370,716	463,547	143,911	-	1,271,419	2.81
Securities held-to-maturity	-	-	-	81,494	-	-	-	81,494	5.24
Financing, advances and receivables	1,892,589	2,926,520	70,092	552,896	1,261,425	-	-	6,703,522	5.46
Musarakah capital investment	-	-	-	-	-	5,898	-	5,898	-
Other assets	-	-	-	-	-	704,943	-	704,943	-
TOTAL ASSETS	3,345,246	3,188,817	196,789	1,005,106	1,724,972	928,097	-	10,389,027	
LIABILITIES AND SHAREHOLDER'S EQUITY									
Deposits from customers	1,542,684	942,850	720,653	165,891	-	591,465	-	3,963,543	2.98
Deposits and placements of banks and other financial institutions	2,753,305	947,372	516,323	-	-	-	-	4,217,000	3.40
Subordinated Murabahah Tawarruq	-	352,627	-	-	-	-	-	352,627	3.50
Other liabilities	-	-	-	-	-	171,320	-	171,320	-
Total Liabilities	4,295,989	2,242,849	1,236,976	165,891	-	762,785	-	8,704,490	
Shareholder's equity	-	-	-	-	-	1,684,537	-	1,684,537	-
Total Liabilities and Shareholder's Equity	4,295,989	2,242,849	1,236,976	165,891	-	2,447,322	-	10,389,027	
On-balance sheet profit sensitivity gap	(950,743)	945,968	(1,040,187)	839,215	1,724,972	(1,519,225)	-	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(950,743)	945,968	(1,040,187)	839,215	1,724,972	(1,519,225)	-	-	

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and hedging financial instruments caused by fluctuations in foreign exchange rates.

The banking activities of providing financial products and services to customers expose the Group and the Bank to foreign exchange risk. Foreign exchange risk is managed by treasury function, and monitored by Group Risk Management against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is mainly to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group and the Bank by major currencies, which are mainly in Ringgit Malaysia, Singapore Dollar, US Dollar, Euro and Kuwait Dinar.

Group
30 Jun 2015

ASSETS

Cash and short-term funds
Deposits and placements with banks and
other financial institutions
Securities held-for-trading
Securities available-for-sale
Securities held-to-maturity
Financing, advances and receivables
Musyarakah capital investment
Other assets
Total Assets

MYR	SGD	USD	EUR	KWD	Others	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1,243,923	56,165	18,866	-	12,492	8,831	1,340,277
338,453	126,396	18,873	-	-	-	483,722
-	-	3,726	-	-	-	3,726
384,584	-	778,618	13,275	-	-	1,176,477
81,471	-	-	-	-	-	81,471
6,387,334	-	312,077	-	-	-	6,699,411
5,898	-	-	-	-	-	5,898
664,021	-	10,272	-	-	-	674,293
9,105,684	182,561	1,142,433	13,275	12,492	8,831	10,465,275

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) FOREIGN EXCHANGE RISK (Cont'd.)

Group	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2015 (Cont'd.)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,478,406	182,712	259,261	-	-	2,903	3,923,283
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
	3,801,359	-	487,095	35,744	-	-	4,324,199
Subordinated Murabahah Tawarruq	-	-	380,522	-	-	-	380,522
Other liabilities	104,160	-	-	-	-	-	104,160
Total Liabilities	7,383,925	182,712	1,126,878	35,744	-	2,903	8,732,164
Shareholder's equity	1,733,111	-	-	-	-	-	1,733,111
Total Liabilities and Shareholder's equity	9,117,036	182,712	1,126,878	35,744	-	2,903	10,465,275
On-balance sheet open position	(11,352)	(152)	15,554	(22,470)	12,492	5,928	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(11,352)	(152)	15,554	(22,470)	12,492	5,928	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) FOREIGN EXCHANGE RISK (Cont'd.)

Group	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,378,852	54,508	70,617	1,319	5,862	15,749	1,526,907
Deposits and placements with banks and other financial institutions	-	52,964	-	-	-	-	52,964
Securities held-for-trading	-	-	17,483	-	-	-	17,483
Securities available-for-sale	540,713	-	840,751	14,415	-	-	1,395,879
Securities held-to-maturity	81,494	-	-	-	-	-	81,494
Financing, advances and receivables	6,309,852	-	393,670	-	-	-	6,703,522
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	676,073	-	11,361	-	-	-	687,434
Total Assets	8,992,882	107,472	1,333,882	15,734	5,862	15,749	10,471,581
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,664,586	106,339	281,712	-	-	7,734	4,060,371
Deposits and placements with banks and other financial institutions	3,464,804	-	679,292	36,136	-	-	4,180,232
Subordinated Murabahah Tawarruq	-	-	352,627	-	-	-	352,627
Other liabilities	172,096	-	147	-	-	-	172,243
Total Liabilities	7,301,486	106,339	1,313,778	36,136	-	7,734	8,765,473
Shareholder's equity	1,706,108	-	-	-	-	-	1,706,108
Total Liabilities and Shareholder's equity	9,007,594	106,339	1,313,778	36,136	-	7,734	10,471,581
On-balance sheet open position	(14,712)	1,133	20,104	(20,402)	5,862	8,015	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	(14,712)	1,133	20,104	(20,402)	5,862	8,015	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) FOREIGN EXCHANGE RISK (Cont'd.)

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,282,356	56,165	18,866	-	12,492	8,831	1,378,710
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Securities held-for-trading	300,027	126,396	18,873	25,016	-	-	470,313
Securities available-for-sale	-	-	3,726	-	-	-	3,726
Securities held-to-maturity	384,584	-	686,498	-	-	-	1,071,082
Financing, advances and receivables	81,471	-	-	-	-	-	81,471
Musyarakah capital investment	6,387,334	-	312,077	-	-	-	6,699,411
Other assets	5,898	-	-	-	-	-	5,898
Total Assets	691,596	-	-	-	-	-	691,596
	9,133,265	182,561	1,040,041	25,016	12,492	8,831	10,402,207
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,478,406	182,712	170,719	-	-	6,609	3,838,446
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Subordinated Murabahah Tawarruq	3,807,150	-	528,651	35,744	-	-	4,371,545
Other liabilities	-	-	380,522	-	-	-	380,522
Total Liabilities	103,128	-	452	-	-	-	103,580
Shareholder's equity	7,388,685	182,712	1,080,344	35,744	-	6,609	8,694,094
Total Liabilities and Shareholder's equity	1,708,113	-	-	-	-	-	1,708,113
	9,096,797	182,712	1,080,344	35,744	-	6,609	10,402,207
On-balance sheet open position	36,468	(152)	(40,303)	(10,728)	12,492	2,222	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	36,468	(152)	(40,303)	(10,728)	12,492	2,222	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(e) FOREIGN EXCHANGE RISK (Cont'd.)

Bank	MYR	SGD	USD	EUR	KWD	Others	Total
31 Dec 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds	1,378,852	54,508	70,617	1,319	5,862	14,844	1,526,002
Deposits and placements with banks and other financial institutions	-	52,964	-	25,302	-	-	78,266
Securities held-for-trading	-	-	17,483	-	-	-	17,483
Securities available-for-sale	540,713	-	730,706	-	-	-	1,271,419
Securities held-to-maturity	81,494	-	0	-	-	-	81,494
Financing, advances and receivables	6,309,851	-	393,671	-	-	-	6,703,522
Musyarakah capital investment	5,898	-	-	-	-	-	5,898
Other assets	693,582	-	11,361	-	-	-	704,943
Total Assets	9,010,390	107,472	1,223,838	26,621	5,862	14,844	10,389,027
LIABILITIES AND SHAREHOLDER'S EQUITY							
Deposits from customers	3,664,586	106,339	184,884	-	-	7,734	3,963,543
Deposits and placements with banks and other financial institutions	3,471,697	-	709,167	36,136	-	-	4,217,000
Subordinated Murabahah Tawarruq	-	-	352,627	-	-	-	352,627
Other liabilities	171,174	-	147	-	-	-	171,321
Total Liabilities	7,307,457	106,339	1,246,825	36,136	-	7,734	8,704,491
Shareholder's equity	1,684,536	-	-	-	-	-	1,684,536
Total Liabilities and Shareholder's equity	8,991,993	106,339	1,246,825	36,136	-	7,734	10,389,027
On-balance sheet open position	18,397	1,133	(22,987)	(9,515)	5,862	7,110	-
Off-balance sheet open position	-	-	-	-	-	-	-
Net open position	18,397	1,133	(22,987)	(9,515)	5,862	7,110	-

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) Credit Risk Disclosures for portfolios under the Standardised Approach

For the calculation of credit risk-weighted assets under the Standardised Approach for Capital Adequacy Framework for Islamic Bank (CAFIB) issued by BNM, external credit assessments (or external ratings) on the obligor (the issuer) or specific securities issued by the issuer (the issue) form as a basis for the determination of risk weights for exposures to sovereigns, central banks, public sector entities, banking institutions, corporates as well as certain other specific portfolios in the banking book. The Bank captures all available external ratings of obligor or issues and adheres to the conditions stipulated in the BNM CAFIB to choose the applicable rating assessment for exposures with single or multiple external ratings. The Bank then assigns the appropriate risk weight to the banking book exposure that is equivalent to the standard risk-weights in CAFIB for issue-specific rating. The Bank also applies the principles stipulated in CAFIB to determine the applicable risk weights to the exposures that do not have issue-specific rating.

(i) Names of External Credit Assessment Institution ("ECAIs") used are :

Standard & Poor's Rating Services ("S&P")

Moody's Investor's Service ("Moody's")

Fitch Ratings ("Fitch")

Rating Agency Malaysia ("RAM")

Malaysian Rating Corporation Berhad ("MARC")

(ii) Types of exposures for which each ECAI is used :

Exposures to Sovereign and Central Banks

Exposures to Non-Federal Government Public Sector Entities ("PSEs")

Exposures to Multilateral Banks ("MDB"s)

Exposures to Banking Institutions and Corporates

(iii) The breakdown of all rated and unrated exposures risk-weighted assets ("RWA") by exposures in each major risk category for the current financial year are as follows:

30 Jun 2015

Exposure class	Rating of Corporates by approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000
Credit exposures (using corporate risk-weights)						
Group						
Corporates		159,605	173,013	93,708	66,519	4,633,286
		159,605	173,013	93,708	66,519	4,633,286
Bank						
Corporates		159,605	173,013	73,954	66,519	4,655,480
		159,605	173,013	73,954	66,519	4,655,480

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

30 Jun 2015

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Sovereigns/Central Banks		91,140	1,528,025	18,844	-	-	235,312
Bank Sovereigns/Central Banks		72,282	1,528,025	-	-	-	235,312

Exposure class	Rating of Banking Institutions by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Banks, MDBs and FDIs		26,260	289,832	71,154	106	-	311,166
Bank Banks, MDBs and FDIs		11,120	289,832	71,154	106	-	336,190

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

31 Dec 2014

Exposure class	Rating of Corporates by approved ECAls					
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM '000	RM '000	RM '000	RM '000	RM '000
	Credit exposures (using corporate risk-weights)					
	Group Corporates	251,469	13,962	78,523	65,095	4,696,012
		251,469	13,962	78,523	65,095	4,696,012
	Bank Corporates	251,469	13,962	60,429	65,095	4,716,780
		251,469	13,962	60,429	65,095	4,716,780

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(g) Credit Risk Disclosures for portfolios under the Standardised Approach (Cont'd.)

31 Dec 2014

Exposure class	Rating of Sovereigns and Central Banks by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off-Balance Sheet Exposures		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Sovereigns/Central Banks		49,353	1,965,726	17,472	-	-	803
Bank Sovereigns/Central Banks		42,330	1,951,529	-	-	-	803

Exposure class	Rating of Banking Institutions by approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and Off-Balance Sheet Exposures	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Group Banks, MDBs and FDIs		2,174	280,202	83,310	55	-	137,066
Bank Banks, MDBs and FDIs		26,571	280,202	83,310	55	-	122,910

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) PROFIT RATE RISK

Profit rate risk refers to movements in profit rates that can expose the Bank to higher funding costs or lower investment and financing yields. Due to the nature of the Bank's business, changes in profit rates can adversely affect the Bank in the form of lower net revenue depending on the mix and form of assets and liabilities.

The profit rate risk management function is overseen by the Asset and Liability Management Committee ("ALCO"), with the secretariat resided at Risk Management Division. ALCO is chaired by Chief Executive Officer with members comprised of senior management representing major business units, Finance Division, Credit & Risk Management Division.

The primary aim of profit rate risk management is to maintain the Bank's profit rate risk exposure within acceptable parameters when there is a change in the market profit rate. Profit rate risk limits shall provide the means for achieving this objective. ALCO had set the limits for the following ratios:

- i) The total of fixed rate financing over the Bank's total financing; and
- ii) The 3 months rate sensitive assets over the 3 months rate sensitive liabilities.

The following table summarises the Bank's exposures to profit rate risk as at 30 June 2015. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates. All retail deposits (liabilities) are assumed to be re-priced immediately when the market profit rate changes.

Exposures to profit rate risk

30 Jun 2015

Group

<i>RM million</i>	1-3 months	4-6 months	7-12 months	Over 12 months	Non-sensitive	Total
Rate sensitive assets	6,242	398	481	2,715	630	10,465
Rate sensitive liabilities	5,727	1,554	605	175	671	8,732
Monthly mismatch	514	(1,156)	(124)	2,540	(41)	
Cumulative mismatch	1,017	(871)	(5,491)	1,774	1,733	
Bank						
Rate sensitive assets	6,250	383	481	2,657	631	10,402
Rate sensitive liabilities	5,731	1,574	601	172	616	8,694
Monthly mismatch	519	(1,192)	(119)	2,485	14	
Cumulative mismatch	988	(911)	(5,658)	1,694	1,708	

The above analysis is performed on a monthly basis and subsequently, reported to ALCO for review and deliberation.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(f) PROFIT RATE RISK (Cont'd.)

The following table summarises the Bank's exposures to profit rate risk as at 31 December 2014. The assets and liabilities at carrying amount are categorised by the earlier of the next contractual repricing dates and maturity dates. All retail deposits (liabilities) are assumed to be re-priced immediately when the market profit rate changes.

Exposures to profit rate risk

31 Dec 2014

Group

<i>RM million</i>	1-3 months	4-6 months	7-12 months	Over 12 months	Non-sensitive	Total
Rate sensitive assets	6,544	110	115	3,103	600	10,472
Rate sensitive liabilities	6,561	704	502	166	832	8,765
Monthly mismatch	(18)	(595)	(387)	2,938	(233)	
Cumulative mismatch	(1,612)	(1,039)	(4,749)	1,939	1,706	
Bank						
Rate sensitive assets	6,534	96	101	3,061	597	10,389
Rate sensitive liabilities	6,542	732	502	166	762	8,704
Monthly mismatch	(8)	(637)	(401)	2,896	(166)	
Cumulative mismatch	(1,588)	(1,051)	(4,983)	1,851	1,685	

The above analysis is performed on a monthly basis and subsequently, reported to ALCO for review and deliberation.

The following table indicates the sensitivity of the net revenue and the economic value of equity on over the rate of return upward and downward rate shocks.

Profit rate risk simulation sensitivity analysis (%)

30 Jun 2015

Group

Change in Net Revenue
Change in Economic Value of Equity

Bank

Change in Net Revenue
Change in Economic Value of Equity

Movement in market profit rate (%)					
(2.00)	(1.00)	(0.50)	0.50	1.00	2.00
2.13	1.07	0.54	(0.66)	(1.32)	(2.63)
31.12	14.58	7.06	(6.64)	(12.89)	(24.33)
2.01	1.01	0.50	(0.62)	(1.24)	(2.48)
30.84	14.44	6.99	(6.57)	(12.76)	(24.07)

31 Dec 2014

Group

Change in Net Revenue
Change in Economic Value of Equity

Bank

Change in Net Revenue
Change in Economic Value of Equity

Movement in market profit rate (%)					
(2.00)	(1.00)	(0.50)	0.50	1.00	2.00
4.53	2.27	1.13	(1.25)	(2.51)	(5.01)
32.10	15.01	7.27	(6.83)	(13.24)	(24.96)
4.65	2.33	1.17	(1.19)	(2.39)	(4.78)
31.85	14.89	7.21	(6.77)	(13.12)	(24.73)

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach

The Bank's exposures covered by eligible guarantee and collateral under CAFIB are as follows:-

30 Jun 2015

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,873,322	-	-
Banks, Development Financial Institutions & MDBs	694,938	39,681	-
Corporates	4,455,829	142,168	186,285
Regulatory Retail	1,815,061	-	13,409
Residential Mortgages	390,093	-	3,213
Higher Risk Assets ¹	392,514	-	-
Other Assets	332,550	-	-
Defaulted Exposures ²	430,475	-	12,456
Total On Balance Sheet Exposures	10,384,780	181,849	215,363
(b) Off-Balance Sheet Exposures			
OTC Derivatives ³	17,321	-	-
Off-balance sheet exposures other than OTC derivatives ²	314,747	-	-
	-	-	-
Total Off-Balance Sheet Exposures	332,068	-	-
Total On and Off-Balance Sheet Exposures	10,716,848	181,849	215,363

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

31 Dec 2014

Group	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	2,033,354	160,301	-
Banks, Development Financial Institutions & MDBs	448,528	39,307	-
Corporates	4,577,588	168,172	205,775
Regulatory Retail	1,894,135	-	16,928
Residential Mortgages	227,367	-	1,378
Higher Risk Assets ¹	434,670	-	-
Other Assets	474,828	-	-
Defaulted Exposures ²	302,202	-	9,336
Total On Balance Sheet Exposures	10,392,672	367,780	233,417
(b) Off-Balance Sheet Exposures			
OTC Derivatives ³	18,490	-	-
Off-balance sheet exposures other than OTC derivatives ²	298,332	-	-
Total Off-Balance Sheet Exposures	316,822	-	-
Total On and Off-Balance Sheet Exposures	10,709,494	367,780	233,417

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

30 Jun 2015

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,835,620	-	-
Banks, Development Financial Institutions & MDBs	704,821	39,681	-
Corporates	4,458,269	142,168	186,285
Regulatory Retail	1,815,061	-	13,409
Residential Mortgages	390,093	-	3,213
Higher Risk Assets ¹	392,514	-	-
Other Assets	276,180	-	-
Defaulted Exposures ²	430,475	-	12,456
Total On-Balance Sheet Exposures	10,303,032	181,849	215,363
(b) Off-Balance Sheet Exposures			
OTC Derivatives ³	17,321	-	-
Off-balance sheet exposures other than OTC derivatives ²	314,747	-	-
Total Off Balance Sheet Exposures	332,068	-	-
Total On and Off-Balance Sheet Exposures	10,635,100	181,849	215,363

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(h) Credit Risk Mitigation ("CRM") Disclosures under the Standardised Approach (Cont'd.)

31 Dec 2014

Bank	Exposures before CRM	Exposures Covered by Guarantees	Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
(i) Credit Risk			
(a) On-Balance Sheet Exposures			
Sovereigns/Central Banks	1,994,662	160,301	-
Banks, Development Financial Institutions & MDBs	458,769	39,307	-
Corporates	4,580,262	168,172	205,775
Regulatory Retail	1,894,135	-	16,928
Residential Mortgages	227,367	-	1,378
Higher Risk Assets ¹	434,670	-	-
Other Assets	398,687	-	-
Defaulted Exposures ²	302,202	-	9,336
Total On Balance Sheet Exposures	10,290,754	367,780	233,417
(b) Off-Balance Sheet Exposures			
OTC Derivatives ³	18,489	-	-
Off-balance sheet exposures other than OTC derivatives ²	298,333	-	-
Total Off-Balance Sheet Exposures	316,822	-	-
Total On and Off-Balance Sheet Exposures	10,607,576	367,780	233,417

* Credit equivalent of off-balance sheet items

¹ Higher risk assets are defined in CAFIB guidelines issued by Bank Negara Malaysia which comprised of i) exposures structured as Musyarakah and Mudharabah contracts and ii) Investment in equity financial instruments that are non-publicly traded.

² Defaulted exposures are defined as the Islamic bank considers that an obligor is "unlikely to repay" in full its credit obligations; and the obligor has breached its contractual repayment schedule and is past due for more than 90 days. For events under "unlikelihood to repay", please refer to Appendix 3 paragraph 2 of CAFIB guidelines issued by Bank Negara Malaysia.

³ Comprising Ijarah Rental Swaps, Cross Currency Ijarah Rental Swaps and Promissory Foreign Exchange Contracts.

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(i) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 30 June 2015, are as follows:

Group and Bank 30 Jun 2015

Direct Credit Substitutes
Transaction related contingent Items
Short Term Self Liquidating trade related contingencies
Profit rate related contracts
Over five years
Other commitments, such as formal standby facilities
and credit lines, with an original maturity of over one year
Other commitments, such as formal standby facilities
and credit lines, with an original maturity of up to one year

Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
109,917		109,917	97,857
95,244		47,622	41,266
14,875		2,975	2,975
238,714	10,272	17,321	14,457
169,687		84,844	78,548
346,944		69,389	69,308
975,382	10,272	332,068	304,411

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(i) General Disclosure for Off-Balance Sheet exposures and Counterparty Credit Risk (Cont'd.)

Off-balance Sheet exposures and Counterparty Credit Risk (CCR) as at 31 December 2014, are as follows:

Group and Bank 31 Dec 2014	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Direct Credit Substitutes	104,544		104,544	94,303
Transaction related contingent Items	116,969		58,484	32,340
Short Term Self Liquidating trade related contingencies	10,892		2,178	2,178
Foreign exchange related contracts				
Over five years	13,868	12	13	4
Profit rate related contracts				
Over five years	241,906	11,349	18,477	15,574
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	117,597		58,798	55,345
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	371,642		74,328	56,641
	977,418	11,361	316,822	256,385

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A22 FINANCIAL RISK MANAGEMENT (Cont'd.)

(j) Equities (Disclosure for banking book positions)

30 Jun 2015
Group and Bank

Equity

(i) Privately Held

(a) Subsidiaries

Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
KFH Asset Management Sdn. Bhd.
Kuwait Finance House (Australia) Pty Ltd

(b) Investment

Intrared Sdn Bhd
KFH Global Sukuk Fund
Al Faiz Fund 1

(c) Musyarakah Capital Investment

Amount	Unrealised Loss	Risk-Weighted Assets
RM'000	RM'000	RM'000
30,200	(11,520)	
10,200	-	Capital Deduction
-	-	Capital Deduction
20,000	(11,520)	Capital Deduction
-	-	Capital Deduction
142,047	-	213,071
36,100	-	54,150
76,127	-	114,190
29,821	-	44,731
5,898	-	8,847

31 Dec 2014
Group and Bank

Equity

(i) Privately Held

(a) Subsidiaries

Kuwait Finance House (Labuan) Berhad
KFH Nominees (Tempatan) Sdn. Bhd.
KFH Asset Management Sdn. Bhd.
Kuwait Finance House (Australia) Pty Ltd

(b) Investment

Intrared Sdn Bhd
KFH Global Sukuk Fund
Al Faiz Fund 1

(c) Musyarakah Capital Investment

Amount	Unrealised Loss	Risk-Weighted Assets
RM'000	RM'000	RM'000
46,193	(26,761)	
10,200	-	Capital Deduction
-	-	Capital Deduction
20,000	(11,520)	Capital Deduction
15,993	(15,241)	Capital Deduction
134,297	-	201,446
36,100	-	54,150
70,558	-	105,837
27,639	-	41,459
5,898	-	8,847

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**Part B - Explanatory Notes Pursuant to Financial Reporting Standard ("MFRS 134")
Issued by Malaysian Accounting Standards Board**

B1 Basis of Preparation of the Financial Statements

The unaudited condensed interim financial statements for the three months ended 30 June 2015 of the Group and the Bank have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), BNM's Guidelines on Financial Reporting for Islamic Banking Institutions ("BNM/GP8-i") and Shariah principles.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2014.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

B2 Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2014, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2015:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC interpretation 21: Levies

The following FRSS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

FRSs, Amendments to FRSs and Interpretations	Effective for financial period beginning on or after
MFRS 11: <i>Accounting for acquisitions in Joint Operations</i>	1 January 2016
Amendments to MFRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012–2014 Cycle"	1 January 2016
MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141: <i>Agriculture: Bearer Plants</i>	1 January 2016
MFRS 15: <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9: <i>Financial Instruments</i> (IFRS 9 Financial Instruments as issued by IASB in July 2014)	1 January 2018

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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
("MFRS 134") Issued by Malaysian Accounting Standards Board**

B3 Auditors' Report on Preceding Annual Financial Statements

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

B4 Seasonal or Cyclical Factors Affecting Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the six-months ended 30 June 2015.

B5 Unusual Items Due to their Nature, Size or Incidence

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the six-months ended 30 June 2015.

B6 Changes in Estimates

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

B7 Debt and Equity Securities

There were no issuances, cancellation, repurchases, resales or repayments of debt and equity securities during the six-months ended 30 June 2015.

B8 Dividends Paid

There were no dividends paid during the six-months ended 30 June 2015.

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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
("MFRS 134") Issued by Malaysian Accounting Standards Board**

B9 Segment Information on Operating Revenue, Profit Before Zakat & Taxation and Total Assets

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	47,451	88,839	38,510	66,267		241,067
Revenue from other segments	105,655	876	2,313	28,963	(137,808)	-
Total Revenue	153,106	89,715	40,823	95,231	(137,808)	241,067
Segment results	4,054	15,643	(174)	60,320		79,843
Unallocated expenses						(47,429)
Profit from operations						32,414
Taxation						(10,089)
Net profit for the year						22,325
Other information						
Segment assets	3,051,063	3,417,327	1,144,588	2,459,872	(135,415)	9,937,434
Unallocated corporate assets						527,841
Total assets						10,465,275
Segment liabilities	6,643,050	105,522	100,460	1,543,675	(116,735)	8,275,972
Unallocated corporate liabilities						456,192
Total liabilities						8,732,164
Other segment items						
Purchase of property and equipment	-	-	-	(2,749)	-	(2,749)
Purchase of intangible assets	-	-	-	(2,494)	-	(2,494)
Depreciation of property and equipment	-	-	-	4,799	-	4,799
Amortisation of intangible assets	-	-	-	2,003	-	2,003
Other non-cash expense other than depreciation	-	(3,142)	(13,744)	20,646	-	3,760

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2015			
Malaysia	241,067	32,415	10,465,275
Outside Malaysia	-	-	-
	241,067	32,415	10,465,275

KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD
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**Part B - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard
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B9 Segment Information on Operating Revenue, Profit Before Zakat & Taxation and Total Assets (cont'd.)

(i) Primary Segment - By Business Segment

Group	Treasury & Capital Markets	Corporate & Investment Banking	Commercial Banking	Others	Elimination	Total
30 Jun 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	35,215	88,104	35,163	66,452		224,934
Revenue from other segments	60,023	2,986	4,061	38,561	(105,631)	-
Total Revenue	95,238	91,090	39,224	105,013	(105,631)	224,934
Segment results	8,454	68,615	59,417	3,238	-	139,724
Unallocated expenses						(66,966)
Profit from operations						72,758
Zakat						(22,570)
Taxation						
Net profit for the year						50,188
Other information						
Segment assets	3,156,904	3,618,867	945,178	2,310,631	(293,281)	9,738,299
Unallocated corporate assets						453,301
Total assets						10,191,600
Segment liabilities	5,436,081	289,447	247,681	2,153,981	(273,849)	7,853,341
Unallocated corporate liabilities						681,353
Total liabilities						8,534,694
Other segment items						
Purchase of property and equipment	-	-	-	1,309	-	1,309
Purchase of intangible assets	-	-	-	1,247	-	1,247
Depreciation of property and equipment	-	-	-	5,411	-	5,411
Amortisation of intangible assets	-	-	-	4,119	-	4,119
Other non-cash expense other than depreciation	3,211	40,463	41,533	(35,023)	-	50,184

(ii) By Geographical Locations

Group	Operating Revenue RM'000	Profit Before Zakat and Taxation RM'000	Total Assets RM'000
30 Jun 2014			
Malaysia	224,397	72,630	10,191,497
Outside Malaysia	537	128	103
	224,934	72,758	10,191,600

The Group has funds management operations in Australia.

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B10 Valuation of Property and Equipment

There was no change in the valuation of property and equipment that were brought forward from the previous audited financial statements for the year ended 31 December 2014.

B11 Subsequent Events

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

B12 Changes In Composition Of The Group

There were no significant changes in the composition of the Group since the last audited financial statements as at 31 December 2014.

B13 Changes In Contingent Liabilities and Contingent Assets

There were no significant changes in the contingent liabilities and contingent assets since the last annual statements of financial position as at 31 December 2014 other than those as disclosed in note A18.

B14 Capital Commitments

The capital commitments not provided for in the interim financial statements as at 30 June 2015 are as follows:

Capital expenditure

Authorised and contracted for:

- renovation
- purchase of IT hardware & software
- purchase of equipment

Authorised and not contracted for:

- purchase of IT hardware & software
- purchase of equipment

Group	Bank
RM'000	RM'000
696	696
1,826	1,826
-	-
2,522	2,522
-	-
267	267
267	267


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Certification of Financial Statements

I, Mohd Hazran Abd Hadi, being the officer primarily responsible for the financial management of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to the Company's accounting and other records and are in conformity with the approved accounting standards in Malaysia.



Mohd Hazran Abd Hadi
Chief Financial Officer

I, Ahmed S. Al Kharji, being the Chief Executive Officer and Managing Director of Kuwait Finance House (Malaysia) Berhad, hereby certify that the financial statements are to the best of my knowledge and belief, correct and prepared in accordance to requirements stipulated in Bank Negara Malaysia Capital Adequacy Framework for Islamic Bank (CAFIB) - Disclosures Requirements (Pillar 3) guidelines.



Ahmed S. Al Kharji
Chief Executive Officer and Managing Director