

**THE ROYAL BANK OF SCOTLAND BERHAD**

(Company No. 301932 - A)

(Incorporated in Malaysia)

**Unaudited Condensed Interim Financial Statements  
For Period Ended  
31 March 2015**

Domiciled in Malaysia  
Registered office  
Level 9,  
Menara Maxis,  
Kuala Lumpur City Centre,  
50088 Kuala Lumpur

**THE ROYAL BANK OF SCOTLAND BERHAD**  
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2015**

	Note	Group		Bank	
		31-Mar 2015 RM'000	31-Dec 2014 RM'000	31-Mar 2015 RM'000	31-Dec 2014 RM'000
<b>ASSETS</b>					
Cash and short-term funds	2	1,995,625	1,682,256	1,995,625	1,682,256
Securities available-for-sale	3	386,074	385,332	386,074	385,332
Loans, advances and financing	4	726,912	731,157	726,912	731,157
Derivatives financial assets		841,138	689,173	841,138	689,173
Statutory deposits with					
Bank Negara Malaysia	5	1,337	4,741	1,337	4,741
Other assets	6	42,318	49,710	42,318	49,710
Investments in subsidiary					
companies		-	-	20	20
Investment in associated					
company		1,300	1,300	1,300	1,300
Property, plant and equipment	7	7,349	9,121	7,349	9,121
Intangible assets	8	-	666	-	666
Deferred tax assets		18,844	19,170	18,844	19,170
<b>TOTAL ASSETS</b>		<b>4,020,897</b>	<b>3,572,626</b>	<b>4,020,917</b>	<b>3,572,646</b>
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>					
Deposits from customers	9	1,248,549	1,215,387	1,248,569	1,215,407
Deposits and placements					
from banks and other					
financial institutions	10	896,795	705,952	896,795	705,952
Derivatives financial liabilities		1,060,701	837,976	1,060,701	837,976
Other liabilities	11	52,813	70,295	52,813	70,295
<b>TOTAL LIABILITIES</b>		<b>3,258,858</b>	<b>2,829,610</b>	<b>3,258,878</b>	<b>2,829,630</b>

**THE ROYAL BANK OF SCOTLAND BERHAD**  
**(Incorporated in Malaysia)**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2015 (CONT'D)**

	Note	Group		Bank	
		31-Mar 2015 RM'000	31-Dec 2014 RM'000	31-Mar 2015 RM'000	31-Dec 2014 RM'000
Share capital	12	343,000	343,000	343,000	343,000
Reserves	13	419,039	400,016	419,039	400,016
<b>SHAREHOLDER'S FUNDS</b>		<u>762,039</u>	<u>743,016</u>	<u>762,039</u>	<u>743,016</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS</b>		<u>4,020,897</u>	<u>3,572,626</u>	<u>4,020,917</u>	<u>3,572,646</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	20	<u>28,944,642</u>	<u>31,758,198</u>	<u>28,944,642</u>	<u>31,758,198</u>

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

**THE ROYAL BANK OF SCOTLAND BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

	Note	Group		Bank	
		31-Mar 2015 RM'000	31-Mar 2014 RM'000	31-Mar 2015 RM'000	31-Mar 2014 RM'000
Operating revenue		<u>33,974</u>	<u>20,748</u>	<u>33,974</u>	<u>20,748</u>
Interest income	14	18,466	13,427	18,466	13,427
Interest expense	15	<u>(2,931)</u>	<u>(6,260)</u>	<u>(2,931)</u>	<u>(6,260)</u>
Net interest income		15,535	7,167	15,535	7,167
Other operating income	16	15,508	7,321	15,508	7,321
Other operating expenses	17	(10,409)	(12,114)	(10,409)	(12,114)
(Allowance)/ Write back for impairment on loans, advances and financing	18	(811)	961	(811)	961
Share of loss of associated company		-	78	-	-
Profit before taxation		<u>19,823</u>	<u>3,413</u>	<u>19,823</u>	<u>3,335</u>
Taxation		<u>(1,778)</u>	<u>(834)</u>	<u>(1,778)</u>	<u>(834)</u>
Profit for the period attributable to equity holder of the Bank		<u>18,045</u>	<u>2,579</u>	<u>18,045</u>	<u>2,501</u>
Other comprehensive profit:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net profit on securities available-for-sale		<u>978</u>	<u>475</u>	<u>978</u>	<u>475</u>
Total comprehensive profit for for the period		<u>19,023</u>	<u>3,054</u>	<u>19,023</u>	<u>2,976</u>
Earnings per share (sen)		<u>5.26</u>	<u>0.75</u>	<u>5.26</u>	<u>0.73</u>

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**THE ROYAL BANK OF SCOTLAND BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

Group	← Non-distributable Reserves →					Distributable Reserve Retained earnings RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Regulatory reserves RM'000		
At 1 January 2014	203,000	76,182	163,742	(809)	-	144,067	586,182
Issuance of ordinary shares	140,000	-	-	-	-	-	140,000
Profit for the year	-	-	-	-	-	16,981	16,981
Transfer to statutory reserves	-	-	8,517	-	-	(8,517)	-
Transfer to regulatory reserves	-	-	-	-	4,237	(4,237)	-
Net loss on securities available-for-sale	-	-	-	(196)	-	-	(196)
Deferred tax	-	-	-	49	-	-	49
Other comprehensive loss	-	-	-	(147)	-	-	(147)
At 31 December 2014	343,000	76,182	172,259	(956)	4,237	148,294	743,016
At 1 January 2015	343,000	76,182	172,259	(956)	4,237	148,294	743,016
Profit for the period	-	-	-	-	-	18,045	18,045
(Release)/Transfer to regulatory reserve	-	-	-	-	(791)	791	-
Net gain on securities available-for-sale	-	-	-	1,304	-	-	1,304
Deferred tax	-	-	-	(326)	-	-	(326)
Other comprehensive profit	-	-	-	978	-	-	978
At 31 March 2015	343,000	76,182	172,259	22	3,446	167,130	762,039

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

**THE ROYAL BANK OF SCOTLAND BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

Bank	← Non-distributable Reserves →					Distributable Reserve Retained earnings RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Regulatory reserves RM'000		
At 1 January 2014	203,000	76,182	163,742	(809)	-	144,015	586,130
Issuance of ordinary shares	140,000	-	-	-	-	-	140,000
Profit for the year	-	-	-	-	-	17,033	17,033
Transfer to statutory reserves	-	-	8,517	-	-	(8,517)	-
Transfer to regulatory reserves	-	-	-	-	4,237	(4,237)	-
Net loss on securities available-for-sale	-	-	-	(196)	-	-	(196)
Deferred tax	-	-	-	49	-	-	49
Other comprehensive loss	-	-	-	(147)	-	-	(147)
At 31 December 2014	343,000	76,182	172,259	(956)	4,237	148,294	743,016
At 1 January 2015	343,000	76,182	172,259	(956)	4,237	148,294	743,016
Profit for the period	-	-	-	-	-	18,045	18,045
(Release)/Transfer to regulatory reserve	-	-	-	-	(791)	791	-
Net gain on securities available-for-sale	-	-	-	1,304	-	-	1,304
Deferred tax	-	-	-	(326)	-	-	(326)
Other comprehensive profit	-	-	-	978	-	-	978
At 31 March 2015	343,000	76,182	172,259	22	3,446	167,130	762,039

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

**THE ROYAL BANK OF SCOTLAND BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	19,823	3,413	19,823	3,335
Adjustments for:				
Depreciation of property, plant and equipment	193	888	193	888
Net gain on disposal of property and equipment	(15,348)	-	(15,348)	-
Amortisation of intangible assets	666	79	666	79
Net allowance/(write back) for impairment on loans, advances and financing	811	(961)	811	(961)
Amortisation of premium less accretion of discount	626	1,348	626	1,348
Loss from sale of securities available-for-sale	-	20	-	20
Unrealised foreign exchange loss/(gain)	33,037	(40,742)	33,037	(40,742)
Unrealised (gain)/loss on derivatives trading	(5,356)	39,181	(5,356)	39,181
Amortisation of cost and premium relating to subordinated debt capital	-	2,460	-	2,460
Share of loss of associated company	-	(78)	-	-
Operating profit before working capital changes	<u>34,452</u>	<u>5,608</u>	<u>34,452</u>	<u>5,608</u>

**THE ROYAL BANK OF SCOTLAND BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>
Operating profit before working capital changes brought forward	34,452	5,608	34,452	5,608
(Increase)/Decrease in:				
Loans, advances and financing	3,436	(41,320)	3,436	(41,320)
Other assets and derivatives financial assets	(155,516)	29,631	(155,516)	29,631
Statutory deposits with Bank Negara Malaysia	3,403	5,590	3,403	5,590
Cash collateral pledged for derivative transactions	(42,094)	(516)	(42,094)	(516)
Increase/(Decrease) in:				
Deposits from customers	33,163	(182,700)	33,163	(182,700)
Deposits and placements from banks and other financial institutions	190,843	(58,049)	190,843	(58,049)
Other liabilities and derivative financial liabilities	205,958	(75,940)	205,958	(75,940)
Cash used in operations	273,645	(317,696)	273,645	(317,696)
Income taxes paid	(1,243)	(1,626)	(1,243)	(1,626)
Income taxes refunded	-	6,039	-	6,039
Net cash from/(used) in operating activities	272,402	(313,283)	272,402	(313,283)
<b>Cash Flows from/(used in) Investing Activities</b>				
Purchase of property, plant and equipment	(1,062)	(926)	(1,062)	(926)
Proceeds from securities available-for-sale upon maturity	60,000	-	60,000	-
Net (purchase)/sale of securities available-for-sale	(60,064)	170,138	(60,064)	170,138
Net cash (used in)/generated from investing activities	(1,126)	169,212	(1,126)	169,212



**THE ROYAL BANK OF SCOTLAND BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	271,276	(144,071)	271,276	(144,071)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>1,530,832</u>	<u>1,364,034</u>	<u>1,530,832</u>	<u>1,364,034</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>1,802,108</u>	<u>1,219,963</u>	<u>1,802,108</u>	<u>1,219,963</u>

Cash and cash equivalents comprise  
the following:

Cash and short-term funds	1,995,625	1,267,401	1,995,625	1,267,401
Cash collateral pledged	<u>(193,517)</u>	<u>(45,516)</u>	<u>(193,517)</u>	<u>(45,516)</u>
	<u>1,802,108</u>	<u>1,221,885</u>	<u>1,802,108</u>	<u>1,221,885</u>

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

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**A. NOTES TO THE FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation of the Financial Statements**

The unaudited interim financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards 134 ("MFRS 134"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual audited financial statements of the Group and the Bank for the year ended 31 December 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2014.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent financial statements for the year ended 31 December 2014.

The adoption of all the other MFRS and amendments to MFRSs generally did not have any material financial impact on the results of the Group and the Bank.

On 4 February 2014, Bank Negara Malaysia (BNM) issued a letter requiring banking institutions to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions, pursuant to paragraph 13 of the BNM's Policy Document on Classification and Impairment Provisions for Loan/Financing. The regulatory reserves is maintained in addition to the impairment provisions required under MFRSs, and it will be set aside from the retained profits to a separate reserves within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015.

The Bank has early adopted the above requirement and as a result, any additional or reduction in impairment required is transferred between other reserves and retained earnings.

The following MFRSs 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:

Effective for annual periods commencing on or after 1 January 2016:

Equity Method in Separate Financial Statements

(Amendments to MFRS 127)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Amendments to MFRS 10 and MFRS 128)

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012–2014 Cycle"

Disclosure Initiative (Amendments to MFRS 101)

Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)

Effective for annual periods commencing on or after 1 January 2017:

MFRS 15 Revenue from Contracts with Customers

Effective for annual periods commencing on or after 1 January 2018

MFRS 9 Financial Instruments (2014)

## **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

The financial impact of the above MFRSs and amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

### **Auditors' report on preceding annual financial statements**

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

### **Significant Event**

In February 2015, The Royal Bank of Scotland Group Plc (“RBS Group”) announced that it will reduce its geographical footprint to approximately 13 countries, compared with 38 at the end of 2014, and the RBS Group is evaluating the options to implement the strategy announced. In addition to its main distribution and trading hubs in the UK, US and Singapore, RBS Group will remain present in a number of Western European countries with coverage teams.

The Bank operates outside RBS Group’s prospective geographical footprint and has ceased marketing to new customers. It continues to serve existing customers and regards its business as a going concern.

### **Seasonal or cyclical factors**

The business operations of the Group and the Bank are not subject to material seasonal or cyclical factors.

### **Unusual items due to their nature, size or incidence**

During the 3 months ended 31 March 2015, the Bank had disposed its freehold land and building located in Penang, Malaysia along with certain office equipment and machinery, furniture, fixtures and fittings. The net gain arising from the disposal is RM15.3m.

### **Changes in Estimates**

There were no material changes in estimates of amounts reported that have a material effect on the financial results and position of the Group and of the Bank in the 3 months ended 31 March 2015.

### **Issuance and Repayment of Debt and Equity Securities**

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities during the 3 months ended 31 March 2015.

### **Dividend**

No dividend was paid during the 3 months ended 31 March 2015.

### **Material Events Subsequent to the Balance Sheet Date**

There are no material events subsequent to the Balance Sheet Date

### **Changes in the composition of the Group**

There were no changes in the composition of the Group in the 3 months ended 31 March 2015.

## **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **PERFORMANCE REVIEW**

The Bank's pre-tax profit for the 3 months ended 31 March 2015 is RM19.8m, as compared to pre-tax profit of RM3.3m of the same period in 2014.

The Bank has reported an increase in net interest income of RM8.4m comparing to the same period in 2014, driven mainly by higher interest income from loans, advances and financing and money market placements coupled with lower interest expense from deposits and placements of banks and other financial institutions and subordinated debt capital which was redeemed in 2014.

Other operating expenses reduced by RM1.7m compared to the same period in 2014, in line with the Bank's continuous effort to reduce cost. Impairment allowances were kept at a minimal level.

Gross loans, advances and financing remained stable despite the announcement that RBS Group is reducing its geographical footprint as mentioned above. Total capital ratio of the Bank is at 20.2% which is above the minimum regulatory requirement of 8%.

### **CURRENT YEAR PROSPECT**

Since the strategic announcement by RBS Group on reducing its geographical footprint, the Bank has ceased accepting new customers but continues to serve existing customers.

From Malaysia market perspective, private consumption is expected to moderate but will remain supported by the additional disposable income freed up by lower oil prices. Investment activity is projected to remain resilient, with broad-based capital spending by both the private and public sectors cushioning the lower oil and gas related investment activity. Export growth, on the other hand, will be affected by lower commodity prices and slower economic growth in Malaysia's large trading partner countries. Malaysia government has revised the projected economic growth to be between 4.5% and 5.5% down from an earlier projection of 6%.

## 2. CASH AND SHORT-TERM FUNDS

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
<b>At Amortised Cost</b>		
Cash and balances with banks and other financial institutions	179,358	357,896
Money at call and deposit placements maturing within one month	1,816,267	1,324,360
	<u>1,995,625</u>	<u>1,682,256</u>

## 3. SECURITIES AVAILABLE-FOR-SALE

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
<b>At Fair Value</b>		
Quoted securities:		
Malaysian Government Securities	384,375	383,633
<b>At Cost</b>		
Unquoted shares in Malaysia	1,699	1,699
	<u>386,074</u>	<u>385,332</u>

## 4. LOANS, ADVANCES AND FINANCING

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
<b>At amortised cost</b>		
<b>(i) By type</b>		
Overdrafts	28,863	38,043
Term loans/financing:		
Housing loans/financing	17,270	17,626
Other term loans/financing	234	196
Factoring receivable	40,969	51,258
Bills receivable	114,389	84,296
Claims on customers under acceptance credits	44,194	47,333
Staff loans	2,107	2,287
Revolving credit	485,091	495,369
Trust receipt	-	141
	<u>733,117</u>	<u>736,549</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(5,362)	(4,592)
- Individual assessment allowance	(843)	(800)
Net loans, advances and financing	<u>726,912</u>	<u>731,157</u>

#### 4. LOANS, ADVANCES AND FINANCING (CONTD.)

##### (ii) By type of customer

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Domestic business enterprises:		
Small medium enterprises	634	933
Others	701,708	703,068
Individuals	19,612	20,108
Foreign entity	11,163	11,152
Domestic banking institutions	-	1,288
	733,117	736,549

##### (iii) By interest rate sensitivity

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Fixed rate:		
Housing loans/financing	936	1,450
Other fixed rate loan/financing	999	837
Variable rate:		
BLR plus	22,255	20,224
Cost plus	708,927	714,038
	733,117	736,549

##### (iv) By residual contractual maturity

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Maturity within one year	714,304	717,205
More than one year to three years	681	844
More than three years to five years	840	753
More than five years	17,292	17,747
	733,117	736,549

##### (v) By geographical distribution

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Malaysia:		
Selangor	407,538	449,249
Kuala Lumpur	277,413	234,493
Johor	20,920	20,917
Perak	15,331	19,948
Pulau Pinang	358	388
Negeri Sembilan	325	327
Melaka	69	75
Outside Malaysia	11,163	11,152
	733,117	736,549

#### 4. LOANS, ADVANCES AND FINANCING (CONTD.)

##### (vi) By Sector

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
Manufacturing	223,363	272,200
Construction	4,332	9,583
Purchase of landed properties (Residential)	18,373	18,747
Wholesale and retail	294,204	278,790
Finance, insurance and business services	118,603	80,899
Mining and quarrying	71,209	74,718
Consumption credit	95	115
Transport, storage and communication	1,794	251
Purchase of transport vehicles	1,144	1,246
	<u>733,117</u>	<u>736,549</u>

##### (vii) Movements in impaired loans, advances and financing are as follows:

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
At 1 January	2,028	1,885
Impaired during the period/year	585	674
Reclassified as non-impaired	(306)	(498)
Amount written off	-	(33)
At 31 March/31 December	<u>2,307</u>	<u>2,028</u>
Individual assessment allowance	(843)	(800)
Net impaired loans, advances and financing	<u>1,464</u>	<u>1,228</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.31%</u>	<u>0.28%</u>

##### (viii) Impaired loans, advances and financing by sector

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
Purchase of landed properties (Residential)	1,928	1,646
Purchase of motor vehicles	45	48
Wholesale and retail	334	334
	<u>2,307</u>	<u>2,028</u>

#### 4. LOANS, ADVANCES AND FINANCING (CONTD.)

(ix) Movements in allowance for impaired loans, advances and financing are as follows:

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
<b>Collective Assessment Allowance</b>		
At 1 January	4,592	5,548
Allowance made during the period / year	771	1,700
Amount written back	-	(2,656)
At 31 March/31 December	<u>5,363</u>	<u>4,592</u>
<b>Individual Assessment Allowance</b>		
At 1 January	800	943
Allowance made during the period/year	205	864
Amount written back	(162)	(974)
Amount written off	-	(33)
At 31 March/31 December	<u>843</u>	<u>800</u>

#### 5. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994) to satisfy the Statutory Reserve Requirement ("SRR"), the amounts of which are determined at set percentages of total eligible liabilities.

#### 6. OTHER ASSETS

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
Tax recoverable	11,654	11,654
Other debtors, deposits and prepayments	30,664	38,056
	<u>42,318</u>	<u>49,710</u>



## 7. PROPERTY, PLANT AND EQUIPMENT

<b>Group and Bank</b>	<b>Freehold Land and Building RM'000</b>	<b>Motor Vehicle RM'000</b>	<b>Office Equipment and Machinery RM'000</b>	<b>Furniture, Fixtures and Fittings RM'000</b>	<b>Computer Equipment RM'000</b>	<b>Total RM'000</b>
<b>At 31 March 2015</b>						
<b>Cost</b>						
At 1 January 2015	388	616	3,583	12,670	15,907	33,164
Additions	-	-	-	-	1,062	1,062
Disposals	(388)	-	-	(8,089)	-	(8,477)
At 31 March 2015	-	616	3,583	4,581	16,969	25,749
<b>Accumulated Depreciation</b>						
At 1 January 2015	-	468	3,583	7,932	12,060	24,043
Depreciation charge for the period	-	31	-	-	162	193
Disposals	-	-	-	(5,836)	-	(5,836)
At 31 March 2015	-	499	3,583	2,097	12,222	18,400
<b>Net Book Value</b>	-	117	-	2,485	4,748	7,349

**7. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

<b>Group and Bank</b>	<b>Freehold Land and Building RM'000</b>	<b>Motor Vehicle RM'000</b>	<b>Office Equipment and Machinery RM'000</b>	<b>Furniture, Fixtures and Fittings RM'000</b>	<b>Computer Equipment RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2014</b>						
<b>Cost</b>						
At 1 January 2014	388	616	3,459	12,472	15,110	32,045
Additions	-	-	124	198	797	1,119
At 31 December 2014	388	616	3,583	12,670	15,907	33,164
<b>Accumulated Depreciation</b>						
At 1 January 2014	-	345	3,265	6,344	10,580	20,534
Depreciation charge for the year	-	123	318	1,588	1,480	3,509
At 31 December 2014	-	468	3,583	7,932	12,060	24,043
<b>Carrying Amounts</b>	388	148	-	4,738	3,847	9,121

**8. INTANGIBLE ASSETS**

	<b>Group/Bank</b>	
	<b>31-Mar-15</b>	<b>31-Dec-14</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Computer Software:</u>		
<b>Cost</b>		
At 1 January	3,831	3,831
Additions	-	-
Write off	-	-
At 31 March/31 December	3,831	3,831
<b>Accumulated Amortisation</b>		
At 1 January	3,165	2,916
Amortisation for the period/year	666	249
At 31 March/31 December	3,831	3,165
<b>Net Book Value</b>	-	666

## 9. DEPOSITS FROM CUSTOMERS

Type	Group		Bank	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
	RM'000	RM'000	RM'000	RM'000
Demand deposits	1,125,648	1,032,137	1,125,668	1,032,157
Saving deposits	1,624	1,293	1,624	1,293
Fixed deposits	121,277	178,678	121,277	178,678
Negotiable instruments of deposits	-	3,279	-	3,279
	<u>1,248,549</u>	<u>1,215,387</u>	<u>1,248,569</u>	<u>1,215,407</u>

(i) Maturity structure of fixed deposits and negotiable instruments of deposits is as follows:

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Due within six months	119,245	177,352
Six months to one year	2,032	4,605
	<u>121,277</u>	<u>181,957</u>

(ii) The deposits are sourced from the following types of customers:

	Group		Bank	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
	RM'000	RM'000	RM'000	RM'000
Business enterprises	1,111,274	1,089,481	1,111,274	1,089,481
Government and statutory bodies	22,853	22,112	22,853	22,112
Individuals	14,177	14,044	14,177	14,044
Others	100,245	89,750	100,265	89,770
	<u>1,248,549</u>	<u>1,215,387</u>	<u>1,248,569</u>	<u>1,215,407</u>

## 10. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group/Bank	
	31-Mar-15	31-Dec-14
	RM'000	RM'000
Licensed banks	122,749	19,091
Other financial institutions	774,046	686,861
	<u>896,795</u>	<u>705,952</u>

## 11. OTHER LIABILITIES

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
Other liabilities	37,181	33,225
Internal settlement cost	12,935	35,294
Tax liabilities	2,697	1,776
	<u>52,813</u>	<u>70,295</u>

## 12. SHARE CAPITAL

	Group/Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
Balance as at 1 January	343,000	203,000
140,000,000 ordinary shares of RM1 each	-	140,000
Balance as at 30 September/31 December	<u>343,000</u>	<u>343,000</u>

As approved by the shareholder at an Extraordinary General Meeting held on 30 May 2014, the issued and paid-up share capital of the Bank was increased from RM203,000,002, comprising 203,000,002 ordinary shares of RM1.00 each, to RM343,000,002 comprising 343,000,002 ordinary shares of RM1.00 each by way of issuance of 140,000,000 new ordinary shares at RM1.00 each in the Company for the purpose of maintaining a strong Risk Weighted Capital Ratio ("RWCR") through the redemption of subordinate debt capital.

## 13. RESERVES

	Group		Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000	31-Mar-15 RM'000	31-Dec-14 RM'000
Non-distributable:				
Share premium	76,182	76,182	76,182	76,182
Statutory reserves	172,259	172,259	172,259	172,259
Unrealised reserves	22	(956)	22	(956)
Regulatory reserves	3,446	4,237	3,446	4,237
Distributable:				
Retained earnings	<u>167,130</u>	<u>148,294</u>	<u>167,130</u>	<u>148,294</u>
	<u>419,039</u>	<u>400,016</u>	<u>419,039</u>	<u>400,016</u>

#### 14. INTEREST INCOME

	<b>Group/Bank</b>	
	<b>Three months ended</b>	
	<b>31-Mar-15</b>	<b>31-Mar-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	6,629	3,954
Money at call and deposit placements with financial institutions	8,808	4,401
Securities - Available-for-sale	3,655	6,420
	<u>19,092</u>	<u>14,775</u>
Amortisation of premium less accretion of discount	(626)	(1,348)
Total Interest Income	<u>18,466</u>	<u>13,427</u>
Of which:		
Interest income earned on impaired loans, advances and financing	<u>78</u>	<u>150</u>

#### 15. INTEREST EXPENSE

	<b>Group/Bank</b>	
	<b>Three months ended</b>	
	<b>31-Mar-15</b>	<b>31-Mar-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	611	1,289
Deposits from other customers	2,320	2,431
Subordinated debt capital	-	2,540
	<u>2,931</u>	<u>6,260</u>

On 6 June 2014, the Bank redeemed its subordinated debt capital which resulted in a change in estimate of effective interest rate, and the resulting impact to income statement of RM7.9m.

## 16. OTHER OPERATING INCOME

	Group/Bank	
	Three months ended	
	31-Mar-15	31-Mar-14
	RM'000	RM'000
Fee income:		
Commission	244	441
Service charges and fees	428	487
Guarantee fees	693	1,167
Other fee income	264	290
	<u>1,629</u>	<u>2,385</u>
Net gain/ (loss) arising from sale of securities:		
Securities available for sale	-	(20)
	<u>-</u>	<u>(20)</u>
Net gain arising from disposal of property, plant and equipment	15,348	-
	<u>15,348</u>	<u>-</u>
Other income:		
Foreign exchange gain/(loss)		
Unrealised	(33,037)	40,742
Realised	9,991	(23,955)
(Loss)/Gain on derivatives trading		
Unrealised	5,356	(39,181)
Realised	14,201	27,406
Others	2,020	(56)
	<u>(1,469)</u>	<u>4,956</u>
	<u>15,508</u>	<u>7,321</u>

## 17. OTHER OPERATING EXPENSES

	<b>Group/Bank</b>	
	<b>Three months ended</b>	
	<b>31-Mar-15</b>	<b>31-Mar-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Personnel costs (Note a)	4,867	4,941
Establishment costs (Note b)	3,774	5,286
Marketing expenses (Note c)	39	309
Administration and general expenses (Note d)	1,729	1,578
	<u>10,409</u>	<u>12,114</u>
<b>(a) Personnel costs</b>		
Salaries, bonuses and allowances	3,802	3,791
Social security costs	104	168
EPF - defined contribution plan	569	589
Rental of accomodation	21	-
Other staff related expenses	371	393
	<u>4,867</u>	<u>4,941</u>
<b>(b) Establishment costs</b>		
Share of Group costs - current year	2,170	3,108
- prior years	-	281
Depreciation of property, plant and equipment	193	888
Amortisation of intangible assets	666	79
Rental of premises	212	365
Others	533	565
	<u>3,774</u>	<u>5,286</u>
<b>(c) Marketing Expenses</b>		
Advertising	14	125
Others	25	184
	<u>39</u>	<u>309</u>
<b>(d) Administration and general expenses</b>		
Legal and professional fees	701	78
Communication	278	166
Transportation	48	171
Property maintenance	182	166
Others	520	997
	<u>1,729</u>	<u>1,578</u>



## 18. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group/Bank	
	Three months ended	
	31-Mar-15	31-Mar-14
	RM'000	RM'000
Allowance/(Write back) for impaired loans, advances and financing:		
Individual assessment allowance:		
- Made in the financial period	205	45
- Written back in the financial period	(162)	(220)
- Impaired loans, advances and financing recovered	(3)	-
Collective assesment allowance:		
- Made in the financial period	771	-
- Written back in the financial period	-	(786)
	811	(961)

## 19. CAPITAL ADEQUACY

The components of Common Equity Tier-I (CET I), Tier I and Tier II capital are as follows:

	Group		Bank	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
	RM'000	RM'000	RM'000	RM'000
<b>CET I/Tier-I capital</b>				
Paid-up share capital	343,000	343,000	343,000	343,000
Share premium	76,182	76,182	76,182	76,182
Statutory reserves	172,259	172,259	172,259	172,259
Retained earnings	149,085	148,294	149,085	148,294
Unrealised reserve	22	(956)	22	(956)
	740,548	738,779	740,548	738,779
Less :				
- Deferred tax assets	(18,856)	(19,170)	(18,856)	(19,170)
Total CET I/Tier-I capital	721,692	719,609	721,692	719,609

## 19. CAPITAL ADEQUACY (CONTD.)

	Group		Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000	31-Mar-15 RM'000	31-Dec-14 RM'000
<b>Tier-II Capital</b>				
Collective assessment allowance	5,363	4,592	5,363	4,592
Regulatory reserves	3,446	4,237	3,446	4,237
Total Tier-II capital	<u>8,809</u>	<u>8,829</u>	<u>8,809</u>	<u>8,829</u>
Total capital funds	730,501	728,438	730,501	728,438
Less: Investment in subsidiary companies	-	-	(20)	(20)
Capital base	<u>730,501</u>	<u>728,438</u>	<u>730,481</u>	<u>728,418</u>
<b>Capital Ratios</b>				
CET I capital ratio	19.956%	18.541%	19.955%	18.540%
Tier 1 capital ratio	19.956%	18.541%	19.955%	18.540%
Total capital ratio	<u>20.200%</u>	<u>18.769%</u>	<u>20.198%</u>	<u>18.767%</u>

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

	Group		Bank	
	31-Mar-15 RM'000	31-Dec-14 RM'000	31-Mar-15 RM'000	31-Dec-14 RM'000
Credit Risk	2,488,528	2,737,313	2,488,528	2,737,313
Market Risk	1,030,197	1,036,089	1,030,197	1,036,089
Operational Risk	97,653	107,750	97,811	107,907
Total risk-weighted assets	<u>3,616,378</u>	<u>3,881,152</u>	<u>3,616,536</u>	<u>3,881,309</u>

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement remain at 8% for total capital ratio.

## 20. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and their related counterparty credit risk of the group and the Bank are as follows:

	31-Mar-2015			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
<u>Commitments and Contingent Liabilities</u>						
Direct credit substitutes	1,805	1,805	1,805	6,338	6,338	6,338
Transaction-related contingent items	427,965	213,983	207,675	644,368	322,184	314,521
Short-term self-liquidating trade-related contingencies	4,200	840	825	124,068	24,814	24,766
Irrevocable commitments to extend credit:						
- maturity less than one year	1,873,921	374,784	359,397	1,714,432	342,886	327,188
- maturity more than one year	323	162	121	323	162	121
<u>Derivative Financial Contracts</u>						
Foreign exchange related contracts:						
- less than one year	5,589,109	170,897	118,824	5,019,236	159,122	125,160
- one year to less than five years	401,015	39,646	26,544	449,488	38,957	23,763
- five years and above	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	5,003,784	345,676	231,813	5,984,083	154,793	115,634
- one year to less than five years	11,166,578	703,609	266,935	13,058,632	820,425	332,081
- five years and above	4,462,434	578,637	417,588	4,734,832	600,754	391,776
Equity related contracts:						
- less than one year	13,508	1,446	934	22,398	2,074	1,221
	<u>28,944,642</u>	<u>2,431,484</u>	<u>1,632,461</u>	<u>31,758,198</u>	<u>2,472,509</u>	<u>1,662,569</u>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.