

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

31 MARCH 2015

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the 1st quarter and three months ended 31 March 2015 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Revised Guidelines on Financial Reporting for Banking Institutions issued by Bank Negara Malaysia in June 2013.

YUAN BIN

Chief Executive Officer

Date: 28 April 2015

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	31 Mar 2015 RM'000	31 Dec 2014 RM'000
ASSETS			
Cash and short-term funds	10	918,489	1,639,495
Deposits and placements with banks and other financial institutions	11	224,604	107,600
Financial investments available-for-sale	12	55,390	55,156
Loans, advances and financing	13	2,292,208	2,210,784
Derivative financial assets	26	2,115	592
Other assets	14	4,097	7,164
Statutory deposits with Bank Negara Malaysia		12,620	10,340
Plant and equipment		3,787	4,303
Intangible asset		1,214	1,344
Deferred tax assets		3,029	3,102
TOTAL ASSETS		3,517,553	4,039,880
LIABILITIES			
Deposits from customers	15	2,212,755	1,949,828
Deposits and placements of banks and other financial institutions	16	841,061	1,650,218
Derivative financial liabilities	26	2,207	542
Other liabilities	17	67,841	51,986
Provision for taxation		920	960
TOTAL LIABILITIES		3,124,784	3,653,534
EQUITY			
Share capital		331,000	331,000
Reserves		61,769	55,346
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		392,769	386,346
TOTAL LIABILITIES AND EQUITY		3,517,553	4,039,880
COMMITMENTS AND CONTINGENCIES	24	2,152,661	2,498,328

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014 and accompanying explanatory notes on pages 5 to 19 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 28 April 2015.

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UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Note	1st quarter ended		Year-To-Date ended	
		31 Mar 2015 RM'000	31 Mar 2014 RM'000	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Interest income	18	27,165	38,625	27,165	38,625
Interest expense	19	(13,348)	(22,419)	(13,348)	(22,419)
Net interest income		13,817	16,206	13,817	16,206
Net fee income	20	2,347	2,993	2,347	2,993
Net trading income	21	3,195	7,501	3,195	7,501
Net operating income		19,359	26,700	19,359	26,700
Other operating expenses	22	(10,942)	(9,964)	(10,942)	(9,964)
Operating profit		8,417	16,736	8,417	16,736
Allowance for impairment on loans, advances and financing	23	(138)	116	(138)	116
Profit before taxation		8,279	16,852	8,279	16,852
Tax expense		(2,075)	(4,348)	(2,075)	(4,348)
Profit for the period		6,204	12,504	6,204	12,504
Other comprehensive income for the period, net of tax					
Fair value reserve					
- Net changes in fair value		292	702	292	702
- Deferred tax adjustment		(73)	(52)	(73)	(52)
Total other comprehensive income for the period		219	650	219	650
Total comprehensive income for the period		6,423	13,154	6,423	13,154
Basic earnings per ordinary share (sen):		1.87	3.78	1.87	3.78

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Non-distributable			Distributable		
	Share Capital	Statutory Reserve	Available-for-sale Reserve	Regulatory Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	331,000	16,607	(251)	6,175	13,602	367,133
Total comprehensive income for the period						
Profit for the period	-	-	-	-	12,504	12,504
Other comprehensive income for the period, net of tax						
Fair value reserve						
- Net changes in fair value	-	-	702	-	-	702
- Deferred tax adjustment	-	-	(52)	-	-	(52)
Total other comprehensive income for the period	-	-	650	-	-	650
Total comprehensive income for the period	-	-	650	-	12,504	13,154
At 31 March 2014	331,000	16,607	399	6,175	26,106	380,287
At 1 January 2015	331,000	26,227	(278)	11,051	18,346	386,346
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,204	6,204
Other comprehensive income for the period, net of tax						
Fair value reserve						
- Net changes in fair value	-	-	292	-	-	292
- Deferred tax adjustment	-	-	(73)	-	-	(73)
Total other comprehensive income for the period	-	-	219	-	-	219
Total comprehensive income for the period	-	-	219	-	6,204	6,423
Transfer to regulatory reserve	-	-	-	5,264	(5,264)	-
At 31 March 2015	331,000	26,227	(59)	16,315	19,286	392,769

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014 and accompanying explanatory notes on pages 5 to 19 attached to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Note	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Cash flows generated from operating activities			
Profit before taxation		8,279	16,852
Adjustments for:			
Depreciation of plant and equipment		527	553
Amortisation of intangible asset		130	130
Allowance for impairment on loans, advances and financing		138	(116)
Net unrealised losses/(gains) arising from derivative trading		142	(3,239)
Operating profit before working capital changes		9,216	14,180
(Increase)/Decrease in operating assets			
Deposits and placements with banks and other financial institutions		(117,004)	166,808
Loans, advances and financing		(81,562)	(154,347)
Other assets		1,345	5,992
Statutory deposits with Bank Negara Malaysia		(2,280)	(10,559)
Increase/(Decrease) in operating liabilities			
Deposits from customers		262,927	298,658
Deposits and placements of banks and other financial institutions		(809,157)	(846,635)
Other liabilities		17,378	8,124
Cash used in operations		(719,137)	(517,779)
Income taxes paid		(2,035)	-
Net cash used in operating activities		(721,172)	(517,779)
Cash flows generated from investing activities			
Purchase of plant and equipment		(11)	(97)
Net proceeds of financial investments available-for-sale		177	6,745
Net cash generated from investing activities		166	6,648
Net decrease in cash and cash equivalents		(721,006)	(511,131)
Cash and cash equivalents at beginning of the financial period		1,639,495	2,478,860
Cash and cash equivalents at end of the financial period		918,489	1,967,729
Cash and cash equivalents comprise:			
Cash and short-term funds	10	918,489	1,967,729

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2014 and accompanying explanatory notes on pages 5 to 19 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 28 April 2015.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2015**

1. General Information

Industrial and Commercial Bank of China (Malaysia) Berhad is principally engaged in the provision of banking and other related financial services.

There were no significant changes in these activities during the financial period.

2. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter and three months ended 31 March 2015 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”).

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2014. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2014.

All other 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 year ended 31 December 2014, except for the adoption of the following MFRSs and amendments to MFRSs.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Bank.

MFRSs, Interpretations and amendments effecting for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual improvements 2012 - 2014 Cycle)*

Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012 - 2014 Cycle)*

Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*

MFRS 14, *Regulatory Deferral Accounts*

Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*

Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*

Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012 - 2014 Cycle)*

Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*

Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)*

MFRSs, Interpretations and amendments effecting for annual periods beginning on or after 1 January 2017

MFRS 15, *Revenue From Contracts with Customers*

MFRSs, Interpretations and amendments effecting for annual periods beginning on or after 1 January 2018

MFRS 9, *Financial Instruments (2014)*

2. Basis of Preparation (continued)

The Bank plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 5, Amendments to MFRS 10 and MFRS 128, Amendments to MFRS 10 and MFRS 12, Amendments to MFRS 11 and Amendments to MFRS 127 as they are not applicable to the Bank.
- from the annual period beginning on 1 January 2017 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 118, Revenue. The adoption of MFRS 15 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

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

3. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

4. Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

5. Unusual Items due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the 1st quarter and three months ended 31 March 2015.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the 1st quarter and three months ended 31 March 2015.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the 1st quarter and three months ended 31 March 2015.

8. Dividend Paid

No dividend was paid during the 1st quarter and three months ended 31 March 2015.

9. Significant Events

There were no material events subsequent to the statement of financial position date that require disclosure or adjustments to the unaudited condensed interim financial statements.

10. Cash and short-term funds

	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Cash and balances with banks and other financial institutions	54,580	67,619
Money at call and deposit placements maturing within one month	863,909	1,571,876
	<u>918,489</u>	<u>1,639,495</u>

11. Deposits and placements with banks and other financial institutions

	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Foreign banks	<u>224,604</u>	<u>107,600</u>

12. Financial investments available-for-sale

	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
At fair value		
Malaysian Government Securities	50,435	50,185
Private debt securities	4,955	4,971
	<u>55,390</u>	<u>55,156</u>
The maturity structure of financial investments available-for-sale are as follows:		
More than one years to three years	<u>55,390</u>	<u>55,156</u>

13. Loans, advances and financing

At amortised cost	31 Mar 2015	31 Dec 2014
(i) By type	RM'000	RM'000
Overdrafts	132,246	118,152
Term loans		
- Housing loans	39,167	34,895
- Syndicated term loans	158,024	145,186
- Other term loans	484,282	623,518
Bills receivable	3,324	2,156
Trust receipt	-	320
Revolving credit	1,397,860	1,223,503
Bankers' acceptances	87,687	73,221
Staff loans	1,848	1,867
Credit card loans	1,177	1,235
Gross loans, advances and financing	<u>2,305,615</u>	<u>2,224,053</u>
Less: Allowance for impairment		
- Collective allowance for impairment	(11,327)	(11,189)
- Individual allowance for impairment	(2,080)	(2,080)
Net loans, advances and financing	<u>2,292,208</u>	<u>2,210,784</u>

13. Loans, advances and financing (continued)

(ii) By type of customer	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	20,049	12,038
Domestic business enterprises		
- Small medium enterprises	63,832	61,154
- Others	1,187,780	1,067,624
Individuals	35,232	31,575
Foreign entities	998,722	1,051,662
	<u>2,305,615</u>	<u>2,224,053</u>
(iii) By interest rate sensitivity	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Fixed rate loans	3,025	3,103
Variable rate		
- Base Lending Rate plus	72,415	44,226
- Cost plus	863,241	800,013
- Other variable rates	1,366,934	1,376,711
	<u>2,305,615</u>	<u>2,224,053</u>
(iv) By sector	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Primary agriculture	29,163	23,481
Manufacturing	58,097	41,460
Construction	36,399	41,337
Real estate	214,787	221,591
Wholesale & retail trade and restaurants & hotels	1,024,887	972,074
Transport, storage and communication	439,334	416,813
Finance, insurance and business services	335,605	396,749
Education, health and others	111,857	62,831
Household	55,486	47,717
	<u>2,305,615</u>	<u>2,224,053</u>
(v) By purpose	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Purchase of landed properties		
- Non residential	97,929	99,998
- Residential	40,347	36,074
Purchase of transport vehicles	152	166
Construction	10,385	9,034
Credit card	1,177	1,235
Personal use	809	778
Mergers and acquisitions	3,704	3,496
Working capital	2,125,968	2,047,214
Other purpose	25,144	26,058
	<u>2,305,615</u>	<u>2,224,053</u>

13. Loans, advances and financing (continued)

(vi) By geographical distribution	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Within Malaysia	1,238,636	1,099,833
Outside Malaysia	1,066,979	1,124,220
	<u>2,305,615</u>	<u>2,224,053</u>

Concentration by location for loans, advances and financing is based on the location where the credit risk resides.

(vii) By residual contractual maturity	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Maturity within one year	1,974,248	1,887,523
More than one year to three years	80,028	105,753
More than three years to five years	142,123	133,248
More than five years	109,216	97,529
	<u>2,305,615</u>	<u>2,224,053</u>

(viii) Impaired loans, advances and financing

(a) Movement in impaired loans, advances and financing	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
At beginning of the financial period/year	2,080	-
Impaired during the financial period/year	-	2,080
At end of the financial period/year	2,080	2,080
Less: Individual allowance for impairment	(2,080)	(2,080)
Net impaired loans, advances and financing	<u>-</u>	<u>-</u>
As % of gross loans, advances and financing (net of individual allowance for impairment)	<u>0%</u>	<u>0%</u>

(b) By sector	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Wholesale & retail trade and restaurants & hotels	2,029	2,029
Household	51	51
	<u>2,080</u>	<u>2,080</u>

(c) By purpose	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Working capital	2,029	2,029
Credit card	51	51
	<u>2,080</u>	<u>2,080</u>

(d) By geographical distribution	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Within Malaysia	<u>2,080</u>	<u>2,080</u>

13. Loans, advances and financing (continued)

(ix) Movements in allowance for impairment on loans, advances and financing	31 Mar 2015 RM'000	31 Dec 2014 RM'000
<u>Collective allowance for impairment</u>		
At beginning of the financial period/year	11,189	8,466
Allowance made during the financial period/year	798	6,082
Allowance written back during the financial period/year	(660)	(3,359)
At end of the financial period/year	<u>11,327</u>	<u>11,189</u>
<u>Individual allowance for impairment</u>		
At beginning of the financial period/year	2,080	-
Allowance made during the financial period/year	-	2,080
At end of the financial period/year	<u>2,080</u>	<u>2,080</u>

14. Other assets

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Interest receivable	1,564	4,664
Deposits	1,728	1,375
Other receivables and prepayments	805	1,125
	<u>4,097</u>	<u>7,164</u>

15. Deposits from customers

(i) By type of deposit	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Demand deposits	292,401	321,759
Fixed deposits	675,971	570,577
Savings deposits	73,643	69,198
Money market deposits	612,295	634,888
Short-term deposits	556,910	349,650
Other deposits	1,535	3,756
	<u>2,212,755</u>	<u>1,949,828</u>
(ii) By type of customer	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Business enterprises	1,287,184	1,292,592
Individuals	165,067	153,872
Foreign entities	759,473	502,383
Others	1,031	981
	<u>2,212,755</u>	<u>1,949,828</u>
(iii) By maturity structure of term deposit	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Due within six months	2,012,752	1,720,079
More than six months to one year	199,169	228,292
More than one year to three years	834	1,457
	<u>2,212,755</u>	<u>1,949,828</u>

16. Deposits and placements of banks and other financial institutions	31 Mar 2015	31 Dec 2014		
	RM'000	RM'000		
Licensed Malaysian banks	153,263	826,095		
Licensed investment banks	36	31		
Licensed Islamic banks	481	111		
Other financial institutions	138,398	185,915		
Foreign banks	548,883	638,066		
	<u>841,061</u>	<u>1,650,218</u>		
17. Other liabilities	31 Mar 2015	31 Dec 2014		
	RM'000	RM'000		
Interest payable	10,617	10,556		
Other payables and accruals	57,224	41,430		
	<u>67,841</u>	<u>51,986</u>		
18. Interest income	1st quarter ended		Year-To-Date ended	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing:	18,051	13,495	18,051	13,495
Money at call and deposit placements with financial institutions	8,658	24,186	8,658	24,186
Investment securities available-for-sale	456	939	456	939
Others	-	5	-	5
	<u>27,165</u>	<u>38,625</u>	<u>27,165</u>	<u>38,625</u>
19. Interest expense				
Deposits and placements of banks and other financial institutions	(4,436)	(16,051)	(4,436)	(16,051)
Deposits from customers	(8,904)	(6,362)	(8,904)	(6,362)
Others	(8)	(6)	(8)	(6)
	<u>(13,348)</u>	<u>(22,419)</u>	<u>(13,348)</u>	<u>(22,419)</u>
Net interest income	<u>13,817</u>	<u>16,206</u>	<u>13,817</u>	<u>16,206</u>

All items of interest income and expenses were recognised from assets and liabilities that were not at fair value through profit or loss.

20. Fee income

	1st quarter ended		Year-To-Date ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Fee income:				
- Commission	11	5	11	5
- Service charges and fees	368	243	368	243
- Loan processing fees	41	224	41	224
- Syndication fees	-	578	-	578
- Guarantee fees	773	343	773	343
- Commitment fees	211	222	211	222
- Other loans related fees income	80	298	80	298
- Credit card	59	26	59	26
- Other fees income	808	1,263	808	1,263
	2,351	3,202	2,351	3,202
Fee expense:				
- Brokerage fees	(4)	(27)	(4)	(27)
- Other fees expense	-	(182)	-	(182)
	(4)	(209)	(4)	(209)
Net fee income	2,347	2,993	2,347	2,993

21. Net trading income

	1st quarter ended		Year-To-Date ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Net (losses)/gains from dealing in foreign exchange	(1,329)	8,620	(1,329)	8,620
Net gains/(losses) arising from derivative trading	4,591	(3,769)	4,591	(3,769)
Net unrealised revaluation gains/(losses) in foreign exchange	75	(589)	75	(589)
Net unrealised (losses)/gains arising from derivative trading	(142)	3,239	(142)	3,239
	3,195	7,501	3,195	7,501

22. Other operating expenses

	1st quarter ended		Year-To-Date ended	
	31 Mar 2015 RM'000	31 Mar 2014 RM'000	31 Mar 2015 RM'000	31 Mar 2014 RM'000
Personnel costs:				
- Salaries, allowances and bonuses	5,177	5,584	5,177	5,584
- Pension fund contributions	579	576	579	576
- Other staff costs	907	596	907	596
Promotion and marketing related expenses:				
- Advertising and promotion	710	169	710	169
- Others	351	302	351	302
Establishment costs:				
- Depreciation of plant and equipment	527	553	527	553
- Amortisation of intangible asset	130	130	130	130
- Rental	1,064	851	1,064	851
- Others	277	221	277	221
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	59	55	59	55
- Professional fees	145	38	145	38
- Licence fee	47	35	47	35
- Membership fee	15	14	15	14
- Others	954	840	954	840
	10,942	9,964	10,942	9,964

23. Allowance for impairment on loans, advances and financing

	1st quarter ended		Year-To-Date ended	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
- made during the financial period	798	637	798	637
- written back during the financial period	(660)	(753)	(660)	(753)
	<u>138</u>	<u>(116)</u>	<u>138</u>	<u>(116)</u>

24. Commitments and contingencies

The commitments and contingencies constitute the following:

	31 Mar 2015			
	Principal Amount	Positive Value of Derivative Contracts ^	Credit Equivalent Amount *	Risk-Weighted Assets *
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	635,859	-	317,930	182,230
Short term self-liquidating trade-related contingencies	12,552	-	2,510	1,975
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	131,251	-	65,626	54,454
- Not exceeding one year	876,859	-	175,372	145,591
Unutilised credit card lines	22,963	-	4,593	3,444
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	473,177	2,115	7,637	3,634
Total	<u>2,152,661</u>	<u>2,115</u>	<u>573,668</u>	<u>391,328</u>

Note 26

24. Commitments and contingencies (continued)

	31 Dec 2014			
	Principal Amount RM'000	Positive Value	Credit	Risk-
		of Derivative Contracts ^ RM'000	Equivalent Amount * RM'000	Weighted Assets * RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	620,391	-	310,196	177,732
Short term self liquidating trade-related contingencies	2,864	-	573	147
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	104,691	-	52,346	40,744
- Not exceeding one year	942,825	-	188,565	169,671
Unutilised credit card lines	20,757	-	4,151	3,114
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	806,800	592	13,647	3,589
Total	2,498,328	592	569,478	394,997

Note 26

^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates) of the underlying instruments. The tables above show the Bank's derivative financial instruments as at the respective reporting dates. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per Bank Negara Malaysia ("BNM") guidelines. The credit conversion factors and risk-weighting rules were based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

25. Capital adequacy

The total risk-weighted assets of the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit risk;
- (ii) Standardised Approach for Market risk;
- (iii) Basic Indicator Approach for Operational risk.

The capital adequacy ratios of the Bank are analysed as follows:

	31 Mar 2015	31 Dec 2014
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital		
Paid-up share capital	331,000	331,000
Retained earnings	13,082	18,346
Statutory reserve	26,227	26,227
Regulatory reserve	16,315	11,051
Unrealised losses on financial investments available-for-sale	(59)	(278)
	386,565	386,346
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Intangible asset	(1,214)	(1,344)
- Deferred tax assets	(2,930)	(2,930)
- Regulatory reserve attributable to loans, advances and financing	(16,315)	(11,051)
	(20,459)	(15,325)
Total CET1 Capital	366,106	371,021
Tier 2 capital		
Collective impairment allowance	11,327	11,189
Regulatory reserve	16,315	11,051
Total Tier 2 Capital	27,642	22,240
Total Capital	393,748	393,261
CET1 capital ratio	18.604%	17.895%
Tier 1 capital ratio	18.604%	17.895%
Total capital ratio	20.009%	18.968%

Breakdown of gross risk-weighted assets (“RWA”) in the various categories of risk-weights:

	31 Mar 2015		31 Dec 2014	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	4,097,404	1,837,322	4,616,852	1,947,772
Total RWA for market risk	-	1,388	-	1,968
Total RWA for operational risk	-	129,149	-	123,544
	4,097,404	1,967,859	4,616,852	2,073,284

25. Capital adequacy (continued)

- (a) The breakdown of RWA by exposures in each major risk category under standardised approach for the Bank are as follows:

Risk Type	31 Mar 2015			
	Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
	RM'000	RM'000	RM'000	RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	752,836	752,836	-	-
Banks, Development Financial Institutions and MDBs	447,437	447,437	89,487	7,159
Corporates	2,253,056	2,253,056	1,318,248	105,460
Regulatory Retail	14,571	14,571	14,009	1,121
Residential Mortgages	40,863	40,863	15,152	1,212
Other Assets	14,973	14,973	9,098	728
Total On-Balance Sheet Exposures	3,523,736	3,523,736	1,445,994	115,680
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	566,031	566,031	387,694	31,016
OTC derivatives	7,637	7,637	3,634	291
Total Off-Balance Sheet Exposures	573,668	573,668	391,328	31,307
Total On and Off-Balance Sheet Exposures	4,097,404	4,097,404	1,837,322	146,987
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<u>Long position</u>	<u>Short position</u>		
Foreign currency risk	534	1,388	1,388	111
<i>Operational Risk</i>				
	-	-	-	
Total RWA and Capital Requirements			1,967,859	157,430

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

25. Capital adequacy (continued)

Risk Type	31 Dec 2014			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	845,321	845,321	-	-
Banks, Development Financial Institutions and MDBs	957,163	957,163	191,433	15,315
Corporates	2,179,278	2,179,278	1,324,467	105,957
Regulatory Retail	11,069	11,069	10,468	837
Residential Mortgages	36,596	36,596	13,596	1,088
Other Assets	17,947	17,947	12,811	1,025
Total On-Balance Sheet Exposures	4,047,374	4,047,374	1,552,775	124,222
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	555,831	555,831	391,408	31,313
OTC derivatives	13,647	13,647	3,589	287
Total Off-Balance Sheet Exposures	569,478	569,478	394,997	31,600
Total On and Off-Balance Sheet Exposures	4,616,852	4,616,852	1,947,772	155,822
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<u>Long position</u>	<u>Short position</u>		
Foreign currency risk	592	1,968	1,968	157
<i>Operational Risk</i>				
	-	-	123,544	9,884
Total RWA and Capital Requirements			2,073,284	165,863

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

(Company No. 839839 M)

25. Capital adequacy (continued)

(b) The breakdown of credit risk exposures by risk weights for the respective reporting dates are as follows:

31 Mar 2015 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	752,836		583,816	317	464	5,875	1,343,308	-
20%		447,437	103,922			933	552,292	110,458
35%					50,228		50,228	17,580
50%			867,594		7,541	6,514	881,649	440,825
75%				5,871			5,871	4,403
100%			1,237,819	16,417	532	9,288	1,264,056	1,264,056
Total Exposures	752,836	447,437	2,793,151	22,605	58,765	22,610	4,097,404	1,837,322
Risk-Weighted Assets by Exposures	-	89,487	1,692,401	20,820	21,882	12,732	1,837,322	
Average Risk Weight	0.0%	20.0%	60.6%	92.1%	37.2%	56.3%	44.8%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weight of the Bank at the end of the reporting period as required with the adoption of guidelines of the Revised Capital Adequacy Framework on Standardised Approach.

31 Dec 2014 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	845,321	-	525,817	538	552	5,137	1,377,365	-
20%	-	957,163	121,126	-	-	10,886	1,089,175	217,835
35%	-	-	-	-	46,740	-	46,740	16,359
50%	-	-	767,505	-	7,037	2,697	777,239	388,620
75%	-	-	-	5,501	-	-	5,501	4,126
100%	-	-	1,296,440	10,985	533	12,874	1,320,832	1,320,832
Total Exposures	845,321	957,163	2,710,888	17,024	54,862	31,594	4,616,852	1,947,772
Risk-Weighted Assets by Exposures	-	191,433	1,704,418	15,110	20,411	16,400	1,947,772	
Average Risk Weight	0.0%	20.0%	62.9%	88.8%	37.2%	51.9%	42.2%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weight of the Bank at the end of the reporting period as required with the adoption of guidelines of the Revised Capital Adequacy Framework on Standardised Approach.

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

26. Derivative financial instruments

	31 Mar 2015		31 Dec 2014	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Foreign exchange derivatives	2,014	34	336	541
Currency swaps	101	2,173	256	1
Total recognised derivative assets/liabilities (Note 24)	<u>2,115</u>	<u>2,207</u>	<u>592</u>	<u>542</u>

27. Performance review

The Bank registered a profit before taxation of RM8.3 million for the three months ended 31 March 2015, a decrease of RM8.6 million compared against previous corresponding period in 2014. Operating profit decreased by RM8.3 million, mainly due to the drops of net interest income as well as net trading income by RM2.4 million or 14.7% and RM4.3 million or 57.4% respectively comparing previous corresponding period.

As of 31 March 2015, total assets decreased marginally by 12.9% to RM3.5 billion comparing 31 December 2014, mainly due to decrease of cash and short term funds by RM0.7 billion or 44.0% during the financial period. Deposits and placement of banks and other financial institutions also reduced by RM0.8 billion or 49.0% compared against 31 December 2014.

28. Business prospects

Global economic growth is set to accelerate slightly in 2015 to around 3%. The net impact of lower oil prices worldwide is expected to be positive, while stimulus measures in key economies will also help to boost growth. The gap in emerging market performances will continue to widen in 2015, as India and China still rank among the fastest-growing global economies, while Brazil and Russia face significant challenges. The developed countries also show a wide range of growth patterns, from strength in the U.S. and U.K. to modest recoveries in Japan and the Eurozone.

Malaysia growth is expected to moderate to about 4.75% this year while headline inflation will likely increase slightly to about 3.25% in 2015 as a result of an end to fuel subsidies, the introduction of a Goods and Services Tax (GST), and exchange rate depreciation. Inflationary pressures are expected to remain subdued, helped by lower oil and gas prices. Activity will be led by consumption and growth in private investment in the non-oil sector, which is likely to benefit from lower energy costs and higher prices of non-commodity exports.

The Bank will continue to look for opportunities to strengthen its products and fee generating capabilities and at the same time continue to grow its core lending business and maintaining its current liquidity position. Overall, the Bank remains optimistic to achieve satisfactory performance in 2015.