

The Bank of Nova Scotia Berhad

(Company No. 308035 U)

(Incorporated in Malaysia)

and its subsidiaries

Unaudited Condensed Interim Financial Statements

30 April 2015

Domiciled in Malaysia
Registered office
Menara Boustead
No. 69, Jalan Raja Chulan
50200 Kuala Lumpur
P.O. Box 11056
50734 Kuala Lumpur

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2015

	Note	Group		Bank	
		30 April 2015 RM'000	31 October 2014 RM'000	30 April 2015 RM'000	31 October 2014 RM'000
ASSETS					
Cash and short-term funds	11	859,384	1,130,502	859,354	1,130,472
Deposits and placements with financial institutions	12	11,000	360,000	11,000	360,000
Financial investments available-for-sale	13	490,400	418,974	490,400	418,974
Loans and advances	14	2,166,102	2,742,819	2,166,102	2,742,819
Derivative financial assets	30	150,448	30,493	150,448	30,493
Other assets	16	80,220	40,457	80,220	40,457
Statutory deposits with Bank Negara Malaysia		459	18,174	459	18,174
Investment in subsidiaries		-	-	30	30
Plant and equipment		2,934	3,133	2,934	3,133
Deferred tax assets		3,283	3,715	3,283	3,715
Tax recoverable		9,803	6,003	9,803	6,003
TOTAL ASSETS		3,774,033	4,754,270	3,774,033	4,754,270
LIABILITIES					
Deposits from customers	17	567,410	1,074,196	567,410	1,074,196
Deposits and placements of banks and other financial institutions	18	227,587	791,580	227,587	791,580
Derivative financial liabilities	30	107,349	18,309	107,349	18,309
Other liabilities	19	127,318	62,100	127,318	62,100
Amounts owing to holding company		1,834,043	1,924,528	1,834,043	1,924,528
Amounts owing to related company		11	11	11	11
TOTAL LIABILITIES		2,863,718	3,870,724	2,863,718	3,870,724

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2015 (CONTD.)

	Group		Bank	
	30 April 2015 RM'000	31 October 2014 RM'000	30 April 2015 RM'000	31 October 2014 RM'000
EQUITY				
Share capital	122,375	122,375	122,375	122,375
Reserves	787,940	761,171	787,940	761,171
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK	<u>910,315</u>	<u>883,546</u>	<u>910,315</u>	<u>883,546</u>
TOTAL LIABILITIES AND EQUITY	<u>3,774,033</u>	<u>4,754,270</u>	<u>3,774,033</u>	<u>4,754,270</u>
COMMITMENTS AND CONTINGENCIES				
31	<u>5,190,505</u>	<u>4,369,733</u>	<u>5,190,505</u>	<u>4,369,733</u>

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

THE BANK OF NOVA SCOTIA BERHAD

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 APRIL 2015

	Note	Group and Bank 2nd Quarter		Group and Bank Half Year To	
		30 April 2015 RM'000	30 April 2014 RM'000	30 April 2015 RM'000	30 April 2014 RM'000
Interest income	21	36,256	36,870	78,718	81,175
Interest expense	22	(16,098)	(17,007)	(37,042)	(38,936)
Net interest income		20,158	19,863	41,676	42,239
Net fee and commission income	23	3,294	4,530	5,444	7,687
Net trading income	24	3,468	2,500	6,472	5,472
Other operating income	25	49	49	65	49
Net income		26,969	26,942	53,657	55,447
Other operating expenses	26	(9,088)	(8,139)	(17,613)	(16,170)
Operating profit		17,881	18,803	36,044	39,277
Loans impairment charges	27	(519)	11	(1,424)	(309)
Impairment on other assets	28	-	-	-	(128)
Profit before taxation		17,362	18,814	34,620	38,840
Tax expense		(4,260)	(4,722)	(8,437)	(9,569)
Profit for the period		13,102	14,092	26,183	29,271
Other comprehensive income, net of income tax					
Fair value reserve (financial investments available-for-sale):-					
Net changes in fair value		406	(73)	586	(580)
Total other comprehensive income, net of income tax		406	(73)	586	(580)
Total comprehensive income for the period		13,508	14,019	26,769	28,691

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

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 APRIL 2015

	←	Non-distributable		→	Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Regulatory Reserve RM'000	Other Reserve RM'000	Retained Profit RM'000	Total RM'000
Group and Bank							
As at 1 November 2013	122,375	42,625	122,375	1,710	938	540,789	830,812
Profit for the period	-	-	-	-	-	29,271	29,271
Other comprehensive income net of tax	-	-	-	-	(580)	-	(580)
Total comprehensive income for the year	-	-	-	-	(580)	29,271	28,691
As at 30 April 2014	122,375	42,625	122,375	1,710	358	570,060	859,503
As at 1 November 2014	122,375	42,625	122,375	1,710	(377)	594,838	883,546
Profit for the period	-	-	-	-	-	26,183	26,183
Other comprehensive income net of tax	-	-	-	-	586	-	586
Total comprehensive income for the period	-	-	-	-	586	26,183	26,769
Transfer to Regulatory Reserve	-	-	-	-	-	-	-
As at 30 April 2015	122,375	42,625	122,375	1,710	209	621,021	910,315

Note 20

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

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UNAUDITED CONDENSED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 APRIL 2015

	Group		Bank	
	30 April 2015 RM'000	30 April 2014 RM'000	30 April 2015 RM'000	30 April 2014 RM'000
Cash flows from operating activities				
Profit before taxation	34,620	38,840	34,620	38,840
Adjustments for non-cash item	62	(1,376)	62	(1,376)
Operating profit before working capital changes	34,682	37,464	34,682	37,464
Changes in working capital:				
Net changes in operating assets	433,256	14,644	433,256	14,644
Net changes in operating liabilities	(1,005,541)	(348,727)	(1,005,541)	(348,727)
Income taxes paid	(12,000)	(12,000)	(12,000)	(12,000)
Net cash used in operating activities	(549,603)	(308,619)	(549,603)	(308,619)
Net cash (used in)/generated from investing activities	(70,515)	216,077	(70,515)	216,077
Net decrease in cash and cash equivalents	(620,118)	(92,542)	(620,118)	(92,542)
Cash and cash equivalents at beginning of the financial period	1,490,502	1,478,379	1,490,472	1,478,349
Cash and cash equivalents at end of the financial period	870,384	1,385,837	870,354	1,385,807
Cash and cash equivalents comprise:				
Cash and short term funds	859,384	1,285,837	859,354	1,285,807
Deposits and placements with financial institutions	11,000	100,000	11,000	100,000
	870,384	1,385,837	870,354	1,385,807

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

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HALF YEARLY REVIEW OF PERFORMANCE

The Bank recorded profit after tax of RM26.18 million for the half year ended 30 April 2015, a decrease of RM3.09 million or 10.55% compared to the corresponding period last year.

Net income decreased by RM1.79 million due to lower net fee and commission income of RM2.24 million or 29.2% as compared to the corresponding period last year. The lower net fee and commission income was due to lower loan fees of RM0.84 million and lower guarantee fees of RM0.76 million (note 23 to the financial statements). In addition, the net interest income decreased by RM0.563 million to RM41.68 million for the half year ended 30 April 2015.

This however, compensated by higher net trading income of RM1.0 million from RM5.47 million to RM6.47 million.

Other operating cost registered an increase of RM1.44 million or 8.92% due to higher insurance cost and higher personnel cost.

The fundings of the assets were mainly through holding company borrowings, interbank borrowings, deposits from customers and shareholders equity. During the period, the total assets of the Bank showed a decrease of RM0.98 billion or 20.6% to RM3.77 billion mainly due to decrease in loans and advances by RM0.58 billion as the result of loan settlements and also lower placement of deposits with financial institutions of RM0.35 billion. The settlement of loans is almost entirely as a result of compliance with Single Counterparty Exposure Limit Policy issued by Bank Negara Malaysia.

BUSINESS PROSPECTS

Malaysia registered a strong economic growth of 5.6 per cent in the first quarter of 2015, with the private sector remaining the anchor of growth. Malaysian economy remained resilient with a gross domestic product (GDP) value of RM277.2 billion in the quarter under review.

In the first quarter, the major economic sectors grew further, supported by domestic and trade activities. Private consumption growth remained strong at 7.1%, supported by stable employment conditions and continued wage growth, while private investments grew at a robust 14.1% amid a contraction in public-sector investment. The recently-implemented GST will likely curb household consumption, while low oil global prices will continue to hurt export performance.

Based on the positive outlook for the country's economic growth in Q1 2015, the strategic thrust for the year 2015 would be to increase the revenue growth and loan base with conservative packaging of new loan assets booked; second, ensuring credit quality through stringent credit processes and continuous monitoring and finally, expense controls to consolidate the operations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED

30 April 2015

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the half year ended 30 April 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia Guidelines.

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

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group and the Bank:

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

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets* –
Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments (2014)*

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1. Basis of preparation of the financial statements (contd.)

The Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 November 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 except for MFRS 14, Amendments to MFRS 11, Amendments to MFRS 138, Amendments to MFRS 141, Amendments to MFRS 127 and Amendments to MFRS 128 which are not applicable to the Group and the Bank.
- from the annual period beginning on 1 November 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 November 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for the Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. MFRS 15 includes extensive new disclosure requirements.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of 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, and on hedge accounting.

The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 9.

2. Auditor's report on preceding annual financial statements

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

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3. Seasonal or cyclical factors

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the quarter ended 30 April 2015.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the quarter ended 30 April 2015.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities.

7. Dividend

No dividend was paid during the quarter ended 30 April 2015.

8. Carrying amount of revalued assets

The Group's and the Bank's plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

9. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the quarter ended 30 April 2015.

10. Subsequent events

There were no material events subsequent to the reporting date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

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11. Cash and short-term funds

	Group		Bank	
	30 April 2015 RM'000	31 October 2014 RM'000	30 April 2015 RM'000	31 October 2014 RM'000
Cash and balances with banks and other financial institutions	11,613	6,502	11,583	6,472
Money at call and deposit placements maturing within one month	847,771	1,124,000	847,771	1,124,000
	<u>859,384</u>	<u>1,130,502</u>	<u>859,354</u>	<u>1,130,472</u>

12. Deposits and placements with financial institutions

	Group and Bank	
	30 April 2015 RM'000	31 October 2014 RM'000
Licensed banks	<u>11,000</u>	<u>360,000</u>

13. Financial investments available-for-sale

	Group and Bank	
	30 April 2015 RM'000	31 October 2014 RM'000
Quoted money market instruments - at fair value:		
- Bank Negara Malaysia Bills	98,454	-
- Malaysian Government Securities	201,395	201,182
- Bankers' acceptance	188,797	216,038
	<u>488,646</u>	<u>417,220</u>
Unquoted equity securities - at cost:		
- Unquoted shares in Malaysia	<u>1,754</u>	<u>1,754</u>
	<u>490,400</u>	<u>418,974</u>

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14. Loans and advances

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
(i) By type		
Overdrafts	41,747	40,810
Term loans		
- housing loans	154,721	160,800
- syndicated term loans	125,914	66,786
- other term loans	339,560	370,960
Bills receivable	580,371	544,137
Revolving credit	977,502	1,599,653
Staff loans	2,397	3,119
Other loans	-	12,997
	<u>2,222,212</u>	<u>2,799,262</u>
Less: Unearned interest	(615)	(2,368)
	<u>2,221,597</u>	<u>2,796,894</u>
Gross loans and advances	2,221,597	2,796,894
Less: Impairment provisions on loans and advances		
- Individual impairment provisions (Note 15(ii))	(23,542)	(22,122)
- Collective impairment provisions (Note 15(ii))	(31,953)	(31,953)
	<u>2,166,102</u>	<u>2,742,819</u>
Net loans and advances	<u>2,166,102</u>	<u>2,742,819</u>
(ii) By type of customer		
Domestic non-bank financial institutions		
- Others	136,219	182,168
Domestic business enterprises		
- Small medium enterprises	29,484	85,616
- Others	1,138,271	1,871,304
Individuals	241,720	261,914
Foreign entities	675,903	395,892
	<u>2,221,597</u>	<u>2,796,894</u>
Gross loans and advances	<u>2,221,597</u>	<u>2,796,894</u>

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14. Loans and advances (contd.)

	Group and Bank	
	30 April 2015 RM'000	31 October 2014 RM'000
(iii) By geographical distribution		
Northern region	137,330	214,617
Southern region	374,808	593,454
Central region	989,235	1,579,488
Eastern region	64,783	33,946
Outside Malaysia	655,441	375,389
	<u>2,221,597</u>	<u>2,796,894</u>

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Melaka and Pahang.

The Central region consists of the states of Selangor, Negeri Sembilan and the Federal Territory of Kuala Lumpur.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

	Group and Bank	
	30 April 2015 RM'000	31 October 2014 RM'000
(iv) By interest rate sensitivity		
Fixed rate:		
- Housing loans	2,238	2,900
- Other fixed rate loans	678,517	640,656
Variable rate:		
- Base Lending Rate plus	238,103	352,556
- Cost plus	1,302,739	1,800,782
	<u>2,221,597</u>	<u>2,796,894</u>
Gross loans and advances		

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14. Loans and advances (contd.)

	Group and Bank	
	30 April 2015 RM'000	31 October 2014 RM'000
(v) By sector		
Agriculture	293,257	535,853
Manufacturing	588,283	736,207
Construction	80,000	177,159
Real estate	11,968	34,455
Purchase of landed property:		
- Residential	157,121	168,687
- Non-residential	53,718	56,400
Wholesale & retail trade and restaurants & hotels	79,614	182,470
Transport, storage and communication	172,372	100,098
Finance, insurance and business services	670,604	693,036
Purchase of securities	23,000	26,000
Purchase of transport vehicles	152	182
Consumption credit	66,508	71,305
Others	25,000	15,042
	<u>2,221,597</u>	<u>2,796,894</u>
Gross loans and advances	<u>2,221,597</u>	<u>2,796,894</u>
(vi) By residual contractual maturity		
Within one year	1,905,375	2,508,050
One year to five years	114,498	79,926
Over five years	201,724	208,918
	<u>2,221,597</u>	<u>2,796,894</u>

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15. Impaired loans and advances

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
(i) Movements in impaired loans and advances		
At beginning of financial period	37,770	41,175
Classified as impaired during the financial period	6,575	17,631
Reclassified as performing during the financial period	(2,820)	(3,571)
Amount recovered	(2,933)	(10,063)
Amount written off	(38)	(7,402)
	<u>38,554</u>	<u>37,770</u>
Individual impairment provisions	(23,542)	(22,122)
	<u>15,012</u>	<u>15,648</u>
Net impaired loans and advances		
Ratio of net impaired loans and advances to net loans and advances (less individual impairment provisions)	<u>0.69%</u>	<u>0.57%</u>
(ii) Movements in collective and individual impairment provisions for loans and advances		
Collective impairment provisions		
At beginning of financial period/year	31,953	33,368
Impairment made during the financial period	-	-
Amount written back	-	(1,415)
	<u>31,953</u>	<u>31,953</u>
At end of financial period/year		
As % of gross loans and advances less individual impairment provisions	<u>1.45%</u>	<u>1.15%</u>
Individual impairment provisions		
At beginning of financial period/year	22,122	26,895
Impairment made during the financial period/year	2,473	7,270
Amount written back	(1,015)	(4,641)
Amount written off	(38)	(7,402)
	<u>23,542</u>	<u>22,122</u>
At end of financial period/year		

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15. Impaired loans and advances (contd.)

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
(iii) By geographical distribution		
Southern region	1,517	983
Central region	30,887	30,159
Outside Malaysia	6,150	6,628
	<u>38,554</u>	<u>37,770</u>
(iv) By sector		
Purchase of landed property:		
- Residential	22,420	21,884
- Non-residential	7,882	7,387
Wholesale & retail trade and restaurants & hotels	7,473	7,244
Consumption credit	779	1,255
	<u>38,554</u>	<u>37,770</u>

16. Other assets

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
Interest receivable	8,517	10,063
Other receivables, deposits and prepayments	71,703	30,394
	<u>80,220</u>	<u>40,457</u>

17. Deposits from customers

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
(i) By type of deposit		
Demand deposits	194,325	72,127
Savings deposits	5,152	5,867
Fixed/Investment deposits	305,212	595,693
Others	62,721	400,509
	<u>567,410</u>	<u>1,074,196</u>

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17. Deposits from customers (contd.)

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
(ii) Maturity structure of fixed/investment deposits		
Due within six months	282,946	578,276
Six months to one year	21,803	16,742
More than one year	463	675
	<u>305,212</u>	<u>595,693</u>
(iii) By type of customer		
Business enterprises	500,439	998,033
Individuals	66,574	75,611
Others	397	552
	<u>567,410</u>	<u>1,074,196</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
Licensed banks	-	360,000
Other financial institutions	227,587	431,580
	<u>227,587</u>	<u>791,580</u>

19. Other liabilities

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
Interest payable	6,493	8,530
Other payables and accruals	120,825	53,570
	<u>127,318</u>	<u>62,100</u>

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20. Bank Negara Malaysia requires the Bank to maintain, in aggregate, collective impairment provisions and regulatory reserve no less than 1.2% of total outstanding loans, net of individual impairment provisions. As at 31 October 2014, the collective impairment provisions stands at 1.15%. Accordingly, the Bank has transferred RM1.71 million from retained earnings to regulatory reserve.

21. **Interest income**

	Group and Bank 2nd Quarter		Group and Bank Half Year To	
	30 April 2015 RM'000	30 April 2014 RM'000	30 April 2015 RM'000	30 April 2014 RM'000
Loans and advances:				
- Interest income other than recoveries from impaired loans	20,042	25,141	44,902	53,749
- Recoveries from impaired loans	274	224	461	827
Money at call and deposit placements with financial institutions	10,161	9,708	21,716	21,304
Financial investments available-for-sale	2,440	1,711	4,907	3,519
Others	3,339	86	6,732	1,776
Total interest income	36,256	36,870	78,718	81,175

22. **Interest expense**

	Group and Bank 2nd Quarter		Group and Bank Half Year To	
	30 April 2015 RM'000	30 April 2014 RM'000	30 April 2015 RM'000	30 April 2014 RM'000
Deposits and placements of banks and other financial institutions	3,144	5,336	8,467	9,783
Deposits from customers	5,962	7,016	13,740	14,175
Arbitrage interest	3,840	4,459	8,489	12,407
Others	3,152	196	6,346	2,571
	16,098	17,007	37,042	38,936

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23. Net fee and commission income

	Group and Bank		Group and Bank	
	2nd Quarter		Half Year To	
	30 April	30 April	30 April	30 April
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other fees relating to loans	2,593	3,207	3,741	4,580
Commitment fees	192	64	455	765
Guarantee fees	184	653	403	1,159
Acceptance commissions	86	241	206	393
Others	239	365	639	790
	<u>3,294</u>	<u>4,530</u>	<u>5,444</u>	<u>7,687</u>

24. Net trading income

	Group and Bank		Group and Bank	
	2nd Quarter		Half Year To	
	30 April	30 April	30 April	30 April
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Gains arising from dealing in foreign currency	3,498	1,776	5,007	3,357
Unrealised (loss)/gain from derivative	(81)	672	1,567	2,070
Unrealised revaluation gain/(loss) in foreign exchange	51	52	(102)	45
	<u>3,468</u>	<u>2,500</u>	<u>6,472</u>	<u>5,472</u>

25. Other operating income

	Group and Bank		Group and Bank	
	2nd Quarter		Half Year To	
	30 April	30 April	30 April	30 April
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Dividend income:				
- Financial investments available-for-sale	49	49	65	49
	<u>49</u>	<u>49</u>	<u>65</u>	<u>49</u>

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26. Other operating expenses

	Group and Bank 2nd Quarter		Group and Bank Half Year To	
	30 April 2015	30 April 2014	30 April 2015	30 April 2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries and bonuses	3,160	3,137	6,265	6,213
- Pension fund contributions	465	500	976	889
- Other staff costs	1,116	787	2,559	1,528
Marketing expenses:				
- Advertising and promotion	99	13	141	83
- Others	156	166	328	334
Establishment costs:				
- Depreciation of plant and equipment	64	171	134	328
- Rental	485	584	1,078	1,168
- Others	1,388	814	2,440	1,900
Administrative expenses:				
- Fees	1,847	1,717	3,013	2,983
- Others	308	250	679	744
	<u>9,088</u>	<u>8,139</u>	<u>17,613</u>	<u>16,170</u>

27. Loan impairment charges/(recovery)

	Group and Bank 2nd Quarter		Group and Bank Half Year To	
	30 April 2015	30 April 2014	30 April 2015	30 April 2014
	RM'000	RM'000	RM'000	RM'000
Individual impairment provisions for loans and advances				
- made in the financial period	1,076	1,607	2,473	3,274
- written back in respect of recoveries	(534)	(1,595)	(1,015)	(2,942)
Bad debts on loans and advances:				
- Recovered	(23)	(23)	(34)	(23)
	<u>519</u>	<u>(11)</u>	<u>1,424</u>	<u>309</u>

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28. Impairment on other assets

	Group and Bank		Group and Bank	
	2nd Quarter		Half Year To	
	30 April	30 April	30 April	30 April
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale - equity securities	-	-	-	128

29. Capital adequacy

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

	Group and Bank	
	30 April	31 October
	2015	2014
	RM'000	RM'000
Tier 1 capital		
Paid-up share capital	122,375	122,375
Share premium	42,625	42,625
Retained earnings	594,838	594,838
Reserves	122,375	122,375
	882,213	882,213
Less: Deferred tax assets	(3,590)	(3,590)
Total Tier 1 capital	878,623	878,623
Tier 2 capital		
Collective impairment provisions, representing total Tier 2 capital	31,953	31,953
Regulatory Reserve	1,710	1,710
Total capital	912,286	912,286
Less: Investment in subsidiaries	(30)	(30)
Capital base	912,256	912,256
Core capital ratio	34.20%	30.81%
Risk-weighted capital ratio	35.51%	31.99%

Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

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29. Capital adequacy (contd.)

	30 April 2015		31 October 2014	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
Credit risk	4,351,439	2,344,336	4,985,581	2,634,520
Market risk	-	33,604	-	14,639
Operational risk	-	191,133	-	202,227
	<u>4,351,439</u>	<u>2,569,073</u>	<u>4,985,581</u>	<u>2,851,386</u>

With effect from 1 January 2008, the capital adequacy ratios of the Group and 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 the Basic Indicator Approach for Operational Risk.

30. Derivative financial instruments

	Nominal value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
At 30 April 2015			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	2,680,168	115,130	72,993
Cross currency interest rate swaps	395,706	35,191	34,247
Interest rate swaps	195,047	127	109
	<u>3,270,921</u>	<u>150,448</u>	<u>107,349</u>
At 31 October 2014			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	1,900,828	26,311	15,179
Cross currency interest rate swaps	463,074	4,163	3,122
Interest rate swaps	117,684	19	8
	<u>2,481,586</u>	<u>30,493</u>	<u>18,309</u>

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31. Commitments and contingencies

Group and Bank	Principal Amount	Positive Fair Value of Derivate Contracts	Credit Equivalent Amount	Risk Weighted Assets
30 April 2015	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	-		-	-
Transaction-related contingent items	173,641		86,821	30,053
Short term self liquidating trade-related contingencies	38,080		7,616	7,522
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,207		604	604
- not exceeding one year	435,827		87,165	87,165
Unutilised uncommitted credit lines	1,270,829		-	-
	1,919,584		182,206	125,344
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	2,923,918	150,321	120,680	35,709
- exceeding one year	151,956	-	16,881	8,441
Interest rate related contracts:				
- less than one year	-	-	-	-
- one year to less than five years	195,047	127	4,159	3,119
	3,270,921	150,448	141,720	47,269
Total	5,190,505	150,448	323,926	172,613

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31. Commitments and contingencies (contd.)

Group and Bank 31 October 2014	Principal Amount RM'000	Positive Fair Value of Derivate Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	2,000		2,000	-
Transaction-related contingent items	182,856		91,428	90,439
Short term self liquidating trade-related contingencies	43,176		8,635	8,214
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,287		644	644
- not exceeding one year	322,598		64,520	64,520
Unutilised uncommitted credit lines	1,336,230		-	-
	1,888,147		167,227	163,817
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	1,950,571	30,474	57,135	18,845
- exceeding one year	413,331	-	37,390	17,125
Interest rate related contracts:				
- less than one year	50,000	19	52	26
- one year to less than five years	67,684	-	1,371	1,033
	2,481,586	30,493	95,948	37,029
Total	4,369,733	30,493	263,175	200,846