

Deutsche Bank (Malaysia) Berhad
(Company No. 312552-W)
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Interim Financial Statements
- 31 March 2014

Domiciled in Malaysia
Registered office
Level 18, Menara IMC
No. 8 Jalan Sultan Ismail
50250 Kuala Lumpur



DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014 - UNAUDITED

| | Note | Group | | Bank | |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 31 March 2014 RM'000 | 31 December 2013 RM'000 | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Assets | | | | | |
| Cash and short term funds | | 1,204,255 | 2,496,327 | 1,204,255 | 2,496,327 |
| Securities purchased under resale agreements | | 2,640,524 | 3,015,904 | 2,640,524 | 3,015,904 |
| Financial assets held-for-trading | 12 | 1,882,998 | 2,853,972 | 1,882,998 | 2,853,972 |
| Financial investments available-for-sale | 13 | 1,591 | 1,591 | 1,591 | 1,591 |
| Loans, advances and financing | 14 | 1,894,997 | 2,004,478 | 1,894,997 | 2,004,478 |
| Other assets | 15 | 2,254,268 | 2,040,137 | 2,254,268 | 2,040,137 |
| Statutory deposit with Bank Negara Malaysia | | 6,000 | 6,000 | 6,000 | 6,000 |
| Investments in subsidiary companies | | - | - | 20 | 20 |
| Property, plant and equipment | | 2,588 | 2,766 | 2,588 | 2,766 |
| Deferred tax assets | | 19,410 | 22,644 | 19,410 | 22,644 |
| Tax recoverable | | 30,342 | 27,188 | 30,342 | 27,188 |
| Total assets | | <u>9,936,973</u> | <u>12,471,007</u> | <u>9,936,993</u> | <u>12,471,027</u> |
| Liabilities and shareholders' funds | | | | | |
| Deposits from customers | 16 | 4,801,221 | 4,748,311 | 4,801,241 | 4,748,331 |
| Deposits and placements of banks and other financial institutions | 17 | 850,016 | 1,538,371 | 850,016 | 1,538,371 |
| Obligations on securities sold under repurchase agreements | | 49,713 | 2,089,672 | 49,713 | 2,089,672 |
| Other liabilities | 18 | 2,646,828 | 2,522,919 | 2,646,828 | 2,522,919 |
| Total liabilities | | <u>8,347,778</u> | <u>10,899,273</u> | <u>8,347,798</u> | <u>10,899,293</u> |
| Share capital | | <u>173,599</u> | <u>173,599</u> | <u>173,599</u> | <u>173,599</u> |
| Reserves | | <u>1,415,596</u> | <u>1,398,135</u> | <u>1,415,596</u> | <u>1,398,135</u> |
| Shareholders' funds | | <u>1,589,195</u> | <u>1,571,734</u> | <u>1,589,195</u> | <u>1,571,734</u> |
| Total liabilities and shareholders' funds | | <u>9,936,973</u> | <u>12,471,007</u> | <u>9,936,993</u> | <u>12,471,027</u> |
| Commitments and contingencies | 26 | <u>146,505,186</u> | <u>141,760,260</u> | <u>146,505,186</u> | <u>141,760,260</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 2013.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE FIRST FINANCIAL QUARTER ENDED
31 MARCH 2014 - UNAUDITED

| | Note | Group and Bank | | | |
|---|------|---|----------------------------|--|----------------------------|
| | | 1 st Quarter ended 31 March 2014 RM'000 | 31 March 2013 RM'000 | Three months ended 31 March 2014 RM'000 | 31 March 2013 RM'000 |
| Interest income | 19 | 56,462 | 55,112 | 56,462 | 55,112 |
| Interest expense | 20 | (27,410) | (18,264) | (27,410) | (18,264) |
| Net interest income | | <u>29,052</u> | <u>36,848</u> | <u>29,052</u> | <u>36,848</u> |
| Net income from Islamic Banking Operations | 27 | 273 | 230 | 273 | 230 |
| Non-interest income | 21 | 32,272 | 12,225 | 32,272 | 12,225 |
| Operating income | | <u>61,597</u> | <u>49,303</u> | <u>61,597</u> | <u>49,303</u> |
| Other operating expenses | 22 | (35,972) | (27,060) | (35,972) | (27,060) |
| Operating profit | | <u>25,625</u> | <u>22,243</u> | <u>25,625</u> | <u>22,243</u> |
| Allowance for impairment on loans, advances and financing | 23 | (930) | (2,582) | (930) | (2,582) |
| Profit before taxation | | <u>24,695</u> | <u>19,661</u> | <u>24,695</u> | <u>19,661</u> |
| Tax expense | | (7,234) | (5,313) | (7,234) | (5,313) |
| Net profit / Total comprehensive income for the period | | <u>17,461</u> ===== | <u>14,348</u> ===== | <u>17,461</u> ===== | <u>14,348</u> ===== |
| Earnings per share (sen) | | 10.1 sen ===== | 8.3 sen ===== | 10.1 sen ===== | 8.3 sen ===== |

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 2013.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

| | <-----Attributable to equity holders of the Bank-----> | | | | | |
|---|--|----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------|
| | <--Non-distributable--> | | | Distributable | | |
| Group and Bank | Share capital RM'000 | Share premium RM'000 | Other reserves RM'000 | Retained profits RM'000 | Total reserves RM'000 | Total RM'000 |
| At 1 January 2014 | 173,599 | 357,763 | 188,280 | 852,092 | 1,398,135 | 1,571,734 |
| Net profit / Total comprehensive income for the period | - | - | - | 17,461 | 17,461 | 17,461 |
| Transfer to regulatory reserves | - | - | 13,558 | (13,558) | - | - |
| At 31 March 2014 | 173,599 | 357,763 | 201,838 | 855,995 | 1,415,596 | 1,589,195 |
| At 1 January 2013 | 173,599 | 357,763 | 174,722 | 748,583 | 1,281,068 | 1,454,667 |
| Net profit / Total comprehensive income for the period | - | - | - | 14,348 | 14,348 | 14,348 |
| At 31 March 2013 | 173,599 | 357,763 | 174,722 | 762,931 | 1,295,416 | 1,469,015 |

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 2013.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

| | Group and Bank | |
|---|----------------------------|----------------------------|
| | 31 March 2014 RM'000 | 31 March 2013 RM'000 |
| Profit before taxation | 24,695 | 19,661 |
| Adjustments for non-operating and non-cash items | 337 | 330 |
| | 25,032 | 19,991 |
| Operating profit before working capital changes | | |
| Changes in working capital: | | |
| Net changes in operating assets | 1,241,703 | (14,740) |
| Net changes in operating liabilities | (2,551,495) | 263,333 |
| Income tax paid | (7,154) | (15,333) |
| | (1,291,914) | 253,248 |
| Net cash used in operations | | |
| Net cash used in investing activities | (158) | (28) |
| | (158) | (28) |
| Net (decrease)/ increase in cash and cash equivalents | (1,292,072) | 253,220 |
| Cash and cash equivalents at beginning of the period | 2,496,327 | 3,429,964 |
| Cash and cash equivalents at end of the period | 1,204,255 | 3,683,184 |
| Analysis of cash and cash equivalents | | |
| Cash and short-term funds | 1,204,255 | 3,683,184 |

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 2013.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 31 MARCH 2014

1. Basis of preparation

The unaudited interim financial statements for the financial first quarter ended 31 March 2014 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited interim financial statements have been prepared in accordance with FRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Bank Negara Malaysia’s Guidelines on Financial Reporting for Banking Institutions. 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 December 2013. 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 2013.

The unaudited interim financial statements incorporated those activities relating to the Islamic banking business. Islamic banking business refers generally to the acceptance of deposits under the principles of Shariah.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2013, except for the adoption of the following Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board (“MASB”):

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

1. Basis of preparation (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“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 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for the annual period beginning on or after 1 January 2014, except for IC Interpretation 21 which is not applicable to the Group and the Bank.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for the annual period beginning on or after 1 July 2014, except for Amendments to MFRS3, Amendments to MFRS 8 and Amendments to MFRS 138 which are not applicable to the Group and the Bank.

The Group and the Bank is still assessing the impact of adoption of MFRS 9. Other than this, the initial application of the standards, amendments and interpretations is not expected to have any material financial impact to the current and prior periods financial statements upon their first adoption.

2. Audit report

The audit report on the audited annual financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

3. Seasonality or Cyclicity of Operations

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

4. 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 Group and of the Bank for the first financial quarter ended 31 March 2014.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the first financial quarter ended 31 March 2014.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the first financial quarter ended 31 March 2014.

7. Dividend Paid

No dividend was paid during the first financial quarter ended 31 March 2014.

8. Material Events Subsequent to the Balance Sheet Date

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group for the first financial quarter ended 31 March 2014.

10. Review of Performance

The Bank recorded profit before taxation for the first financial quarter ended 31 March 2014 of RM24.7 million compared to RM19.7 million profit for the previous corresponding period. Operating income increased by RM12.3 million (+24.9%) from RM49.3 million to RM61.6 million primarily on higher non-interest income from trading activities of RM32.3 million against non-interest income of RM12.2 million in the previous corresponding period. Net interest income decreased by RM7.8 million (-21.2%) from RM36.8 million to RM29.0 million. Operating expenses increased by RM8.9 million (+32.8%) from RM27.1 million to RM36.0 million mainly attributed to intercompany expenses.

Total assets registered a decrease of RM2.6 billion or 20.8% from RM12.5 billion to RM9.9 billion at 31 March 2014. The Bank's total common equity tier 1 ratio and total capital ratio remained strong at 14.28% and 14.49% respectively.

11. Prospects

The overall macroeconomic outlook is improving, with the US reported improved macro data whilst growth has turned positive in the EURO region. However, uncertainty still lingers due to lack of structural reforms in the Europe caused by political and fiscal uncertainties. The Malaysia economy is expected to show GDP growth of 4.5% - 5.5 % in 2014, driven mainly by domestic demand and supported by the better performance of the external sector.

The Bank aims to remain competitive while maintaining strict risk, capital and cost discipline. We will continue to be relentless in our focus on product innovation to broaden and strengthen our suite of products, and at the same time leverage on our global expertise to enhance value-added service to our clients.

The Bank will continue to focus on building our franchise in Markets and Transaction Banking, with emphasis on client flows in foreign exchange, fixed income, interest rate derivatives, credit derivatives, structured transactions, money markets, repo, capital market instruments, cash management, securities services, trade finance and islamic banking.

The Bank looks forward to serve the best interest of our clients, employees and communities in which we operate in 2014 and beyond.

12. Financial assets held-for-trading

| | Group and Bank | |
|-----------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| At fair value | | |
| Malaysian Government Securities | 232,864 | 575,054 |
| Malaysian Investment Issue | 82,050 | 182,722 |
| Bank Negara Malaysia Bills | 849,959 | 1,466,387 |
| Treasury Bills | - | 29,705 |
| Cagamas bonds | 228,310 | 11,298 |
| Negotiable instruments of deposit | 350,000 | 449,959 |
| Private debt securities | 139,815 | 138,847 |
| | <u>1,882,998</u> | <u>2,853,972</u> |
| | ===== | ===== |

13. Financial investments available-for-sale

| | Group and Bank | |
|---------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| At cost | | |
| Unquoted securities | 1,591 | 1,591 |
| | <u>1,591</u> | <u>1,591</u> |
| | ===== | ===== |

14. Loans, advances and financing

| | Group and Bank | |
|--|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| At amortised cost | | |
| Overdrafts | 80,748 | 105,006 |
| Term loans - housing loans | 23,171 | 24,209 |
| - other term loans | 83,165 | 55,304 |
| Bills receivable | 967,782 | 983,353 |
| Claims on customers under acceptance credits | 755,112 | 850,818 |
| Staff loans | 3,882 | 3,999 |
| | <u>1,913,860</u> | <u>2,022,689</u> |
| Unearned interest | (6,954) | (7,185) |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| Gross loans, advances and financing | | |
| Allowance for impaired loans and financing | | |
| - Collective assessment | (11,580) | (10,623) |
| - Individual assessment | (329) | (403) |
| | <u>1,894,997</u> | <u>2,004,478</u> |
| Net loans, advances and financing | ===== | ===== |

The maturity structure of gross loans, advances and financing are as follows:

| | Group and Bank | |
|---------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Maturing within one year | 1,870,812 | 1,947,934 |
| One year to three years | 10,254 | 10,151 |
| Three years to five years | 1,839 | 1,936 |
| Over five years | 24,001 | 55,483 |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| | ===== | ===== |

Gross loans, advances and financing analysed by type of customer are as follows:

| | Group and Bank | |
|--|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Domestic banking institutions | - | 1,889 |
| Domestic business enterprises - others | 913,612 | 1,008,088 |
| Individuals | 27,043 | 28,245 |
| Foreign entities | 966,251 | 977,282 |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| | ===== | ===== |

14. Loans, advances and financing (continued)

Gross loans, advances and financing analysed by interest / profit rate sensitivity are as follows:

| | Group and Bank | |
|-------------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Fixed rate | | |
| - Other fixed rate loan / financing | 3,882 | 3,845 |
| Variable rate | | |
| - Base lending rate plus | 58,816 | 67,969 |
| - Cost-plus | 1,841,438 | 1,940,919 |
| - Other variable rates | 2,770 | 2,771 |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| | ===== | ===== |

Gross loans, advances and financing analysed by their geographical distribution are as follows:

| | Group and Bank | |
|-----------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Malaysia | 940,655 | 1,038,221 |
| China | 721,222 | 625,613 |
| South Korea | 71,349 | 304 |
| Singapore | 47,761 | 180,659 |
| Other countries | 125,919 | 170,507 |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| | ===== | ===== |

Gross loans, advances and financing analysed by their economic purposes are as follows:

| | Group and Bank | |
|---|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Agriculture, hunting, forestry & fishing | - | 5 |
| Manufacturing | 199,885 | 230,047 |
| Electricity, gas and water | 2,388 | 4,506 |
| Construction | 61,695 | 90,845 |
| Purchase of landed property: | | |
| - Residential | 26,015 | 27,085 |
| Wholesale & retail trade and restaurants & hotels | 247,880 | 261,229 |
| Finance, insurance and business services | 1,364,131 | 1,395,124 |
| Purchase of transport vehicles | 440 | 465 |
| Others | 4,472 | 6,198 |
| | <u>1,906,906</u> | <u>2,015,504</u> |
| | ===== | ===== |

14. Loans, advances and financing (continued)

Movements in impaired loans, advances and financing are as follows:

| | Group and Bank | |
|--|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Balance at 1 January | 4,614 | 8,448 |
| Classified as impaired during the period/year | 392 | 2,082 |
| Reclassified as non-impaired during the period/year | (602) | (1,613) |
| Amount recovered | (162) | (4,303) |
| Amount written off | (47) | - |
| At 31 March 2014 | 4,195 | 4,614 |
| | ===== | ===== |
| Gross impaired loans as a percentage of gross loans, advances and financing | 0.22% | 0.23% |
| | ===== | ===== |

Movement in the allowance for impaired loans, advances and financing are as follows:

| | Group and Bank | |
|--|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| <u>Collective Assessment Allowance</u> | | |
| At 1 January | 10,623 | 6,961 |
| Allowance made during the year | 957 | 3,662 |
| At 31 March 2014 | 11,580 | 10,623 |
| | ===== | ===== |

| | Group and Bank | |
|--|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| <u>Individual Assessment Allowance</u> | | |
| At 1 January | 403 | 2,186 |
| Allowance made during the period/year | 14 | 328 |
| Amount recovered | (41) | (2,111) |
| Amount written off | (47) | - |
| At 31 March 2014 | 329 | 403 |
| | ===== | ===== |

Impaired loans, advances and financing analysed by economic purposes are as follows:

| | Group and Bank | |
|---|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Purchase of landed property - residential | 4,195 | 4,567 |
| Others | - | 47 |
| | 4,195 | 4,614 |
| | ===== | ===== |

15. Other assets

| | Group and Bank | |
|---|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Interest / Income receivable | 10,963 | 16,166 |
| Margin placed with exchange | 1,887 | 1,482 |
| Derivatives | 1,195,460 | 1,500,727 |
| Other debtors, deposits and prepayments | 1,045,958 | 521,762 |
| | <u>2,254,268</u> | <u>2,040,137</u> |
| | ===== | ===== |

16. Deposits from customers

| | Group | | Bank | |
|------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Demand deposits | 2,561,756 | 2,574,926 | 2,561,776 | 2,574,946 |
| Savings deposits | 3,852 | 3,824 | 3,852 | 3,824 |
| Fixed deposits | 326,476 | 270,962 | 326,476 | 270,962 |
| Other deposits | 1,909,137 | 1,898,599 | 1,909,137 | 1,898,599 |
| | <u>4,801,221</u> | <u>4,748,311</u> | <u>4,801,241</u> | <u>4,748,331</u> |
| | ===== | ===== | ===== | ===== |

The maturity structure of fixed deposits, other deposits and negotiable instruments of deposit, are as follows:-

| | Group | | Bank | |
|-----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Due within six months | 1,668,150 | 1,486,539 | 1,668,150 | 1,486,539 |
| More than six months to one year | 77,910 | 90,792 | 77,910 | 90,792 |
| More than one year to three years | 439,657 | 550,650 | 439,657 | 550,650 |
| More than five years | 49,896 | 41,580 | 49,896 | 41,580 |
| | <u>2,235,613</u> | <u>2,169,561</u> | <u>2,235,613</u> | <u>2,169,561</u> |
| | ===== | ===== | ===== | ===== |

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

| | Group | | Bank | |
|----------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Business enterprises | 3,128,490 | 3,058,136 | 3,128,510 | 3,058,156 |
| Individuals | 39,032 | 39,779 | 39,032 | 39,779 |
| Foreign customers | 315,475 | 306,299 | 315,475 | 306,299 |
| Others | 1,318,224 | 1,344,097 | 1,318,224 | 1,344,097 |
| | <u>4,801,221</u> | <u>4,748,311</u> | <u>4,801,241</u> | <u>4,748,331</u> |
| | ===== | ===== | ===== | ===== |

17. Deposits and placements of banks and other financial institutions

| | Group and Bank | |
|------------------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Other financial institutions | 850,016 | 1,538,371 |
| | <u>850,016</u> | <u>1,538,371</u> |
| | ===== | ===== |

18. Other liabilities

| | Group and Bank | |
|-------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Interest payable | 1,418 | 5,224 |
| Bills payable | 143,823 | 161,718 |
| Derivatives | 1,398,195 | 1,736,015 |
| Employee benefits | 13,256 | 28,414 |
| Other liabilities | 1,090,136 | 591,548 |
| | <u>2,646,828</u> | <u>2,522,919</u> |
| | ===== | ===== |

19. Interest income

| | Group and Bank | | | |
|---|-------------------------------|---------------|--------------------|---------------|
| | 1 st Quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, advances and financing | 12,474 | 7,844 | 12,474 | 7,844 |
| Money at call and deposit placements with financial institutions | 5,422 | 4,948 | 5,422 | 4,948 |
| Securities purchased under resale agreement | 27,977 | 19,601 | 27,977 | 19,601 |
| Financial assets held for trading | 10,589 | 22,719 | 10,589 | 22,719 |
| | <u>56,462</u> | <u>55,112</u> | <u>56,462</u> | <u>55,112</u> |
| | ===== | ===== | ===== | ===== |
| Of which: | | | | |
| Interest income earned on impaired loans, advances and financing | 41 | 101 | 41 | 101 |
| | ===== | ===== | ===== | ===== |

20. Interest expense

| | Group and Bank | | | |
|--|-------------------------------|---------------|--------------------|---------------|
| | 1 st Quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits and placements of banks and other financial institutions | 2,907 | 3,677 | 2,907 | 3,677 |
| Obligations on securities sold under repurchase agreement | 9,889 | 2,531 | 9,889 | 2,531 |
| Deposits from customers | 14,614 | 12,056 | 14,614 | 12,056 |
| | <u>27,410</u> | <u>18,264</u> | <u>27,410</u> | <u>18,264</u> |
| | ===== | ===== | ===== | ===== |

21. Non-Interest Income

| | Group and Bank | | | |
|---|---|----------------------------|--|----------------------------|
| | 1 st Quarter ended 31 March 2014 RM'000 | 31 March 2013 RM'000 | Three months ended 31 March 2014 RM'000 | 31 March 2013 RM'000 |
| Fee income: | | | | |
| Commissions | 2,387 | 2,502 | 2,387 | 2,502 |
| Service charges and fees | 6,052 | 3,997 | 6,052 | 3,997 |
| Guarantee fees | 1,551 | 1,978 | 1,551 | 1,978 |
| | <u>9,990</u> | <u>8,477</u> | <u>9,990</u> | <u>8,477</u> |
| Fee expense: | | | | |
| Commissions | (799) | (634) | (799) | (634) |
| Service charges and fees | (886) | (724) | (886) | (724) |
| | <u>(1,685)</u> | <u>(1,358)</u> | <u>(1,685)</u> | <u>(1,358)</u> |
| Net fee income | <u>8,305</u> | <u>7,119</u> | <u>8,305</u> | <u>7,119</u> |
| Net gain/(loss) from financial instruments: | | | | |
| Net gain/(loss) arising on financial assets held for trading : | | | | |
| Net gain from sale | 2,228 | 2,800 | 2,228 | 2,800 |
| Unrealised revaluation gain/(loss) | 3,592 | (594) | 3,592 | (594) |
| Net (loss)/ gain arising on trading derivatives: | | | | |
| Net loss on settlement | (22,629) | (29,740) | (22,629) | (29,740) |
| Unrealised revaluation (loss)/gain | (65) | 13,941 | (65) | 13,941 |
| Net gain/(loss) arising from dealing in foreign exchange : | | | | |
| Net gain on settlement | 11,240 | 31,787 | 11,240 | 31,787 |
| Unrealised gain/(loss) from foreign exchange translation | 28,341 | (10,118) | 28,341 | (10,118) |
| Net gain arising on financial investments available-for-sale : | | | | |
| Gross dividend income | 45 | - | 45 | - |
| Other income : | | | | |
| Other operating income/(loss), net | 1,215 | (2,970) | 1,215 | (2,970) |
| | <u>23,967</u> | <u>5,106</u> | <u>23,967</u> | <u>5,106</u> |
| | <u>32,272</u> | <u>12,225</u> | <u>32,272</u> | <u>12,225</u> |
| | ===== | ===== | ===== | ===== |

22. Other operating expenses

| | Group and Bank | | | |
|-------------------------------------|-------------------------------|---------------|--------------------|---------------|
| | 1 st Quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| -Salaries, allowances and bonuses | 13,443 | 13,471 | 13,443 | 13,471 |
| -Others | 4,575 | 3,559 | 4,575 | 3,559 |
| Establishment costs | | | | |
| -Rental | 628 | 628 | 628 | 628 |
| -Depreciation | 337 | 330 | 337 | 330 |
| -Others | 1,229 | 818 | 1,229 | 818 |
| Marketing expenses | 486 | 448 | 486 | 448 |
| Administration and general expenses | | | | |
| -Intercompany expenses | 12,764 | 5,825 | 12,764 | 5,825 |
| -Communication | 406 | 383 | 406 | 383 |
| -Others | 2,104 | 1,598 | 2,104 | 1,598 |
| | <u>35,972</u> | <u>27,060</u> | <u>35,972</u> | <u>27,060</u> |
| | ===== | ===== | ===== | ===== |

The number of employees of the Group and the Bank at the end of the period was 178 (March 2013- 159).

23. Allowance for impairment on loans, advances and financing

| | Group and Bank | | | |
|---------------------------------|-------------------------------|----------------|--------------------|----------------|
| | 1 st Quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Individual assessment allowance | | | | |
| - made during the year | (14) | (101) | (14) | (101) |
| - written back | 41 | 84 | 41 | 84 |
| Collective assessment allowance | | | | |
| - made during the year | (957) | (2,565) | (957) | (2,565) |
| | <u>(930)</u> | <u>(2,582)</u> | <u>(930)</u> | <u>(2,582)</u> |
| | ===== | ===== | ===== | ===== |

24. Contingent Liabilities

In prior years, there was a litigation in process against the Bank by two companies seeking specific damages amounting to RM1 million and general damages for which the amount is not quantifiable.

The Bank was awarded a judgement in its favour and the two companies then appealed against the judgement. The appeal was heard in April 2013 and in June 2013, the appellate court allowed the appeal against the Bank with damages to be separately assessed. The Bank applied for leave to appeal further to the Federal Court and this was allowed in January 2014. The appeal before the Federal Court is scheduled to be heard on 23 July 2014.

25. Capital adequacy

| | Group and Bank | |
|--|-------------------------------------|--|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Components of Tier 1 and Tier 2 capital are as follows:- | | |
| Tier 1 capital | | |
| Paid-up share capital | 173,599 | 173,599 |
| Share premium | 357,763 | 357,763 |
| Statutory reserve | 174,722 | 174,722 |
| Retained profits | 852,092 | 852,092 |
| Less: Deferred tax assets | (22,644) | (22,644) |
| Total common equity tier 1/Total tier 1 capital | 1,535,532 | 1,535,532 |
| Tier 2 capital | | |
| Collective assessment allowance | 9,005 | 7,979 |
| Regulatory reserve | 13,558 | 13,558 |
| Total Capital / Capital base | 1,558,095 | 1,557,069 |
| | ===== | ===== |
| Common equity tier 1/Tier 1 capital ratio | 14.280% | 14.962% |
| Total capital ratio | 14.489% | 15.172% |
| | ===== | ===== |

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 the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 2014 are as follows:

| RISK TYPE | | Gross Exposures | Net Exposures | Risk-Weighted Assets | Capital Requirements |
|-----------|--|-------------------|------------------|----------------------|----------------------|
| 1 | Credit Risk | RM'000 | RM'000 | RM'000 | RM'000 |
| | <u>On-Balance Sheet Exposures</u> | | | | |
| | Sovereigns/Central Banks | 2,750,088 | 109,564 | - | - |
| | Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”) | 2,065,277 | 2,065,277 | 933,359 | 74,669 |
| | Insurance Companies, Securities Firms and Fund Managers | - | - | - | - |
| | Corporates | 843,198 | 843,198 | 842,889 | 67,431 |
| | Regulatory Retail | 1,028 | 1,028 | 771 | 62 |
| | Residential Mortgages | 22,013 | 22,013 | 7,796 | 624 |
| | Higher Risk Assets | - | - | - | - |
| | Other Assets | 73,799 | 73,799 | 70,629 | 5,650 |
| | Equity Exposure | 1,631 | 1,631 | 1,861 | 149 |
| | Defaulted Exposures | 3,866 | 3,866 | 3,866 | 309 |
| | Total On-Balance Sheet Exposures | 5,760,900 | 3,120,376 | 1,861,171 | 148,894 |
| | <u>Off-Balance Sheet Exposures</u> | | | | |
| | OTC Derivatives | 6,238,953 | 5,939,546 | 3,080,173 | 246,414 |
| | Credit Derivatives | 105,854 | 105,854 | 36,468 | 2,917 |
| | Total for Off-Balance Sheet Exposures | 6,344,807 | 6,045,400 | 3,116,641 | 249,331 |
| | Total On and Off- Balance Sheet Exposures | 12,105,707 | 9,165,776 | 4,977,812 | 398,225 |

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 2014 are as follows (continued):

| RISK TYPE | | Gross Exposures | | Net Exposures | Risk Weighted Assets | Capital Requirements |
|-----------|------------------------------------|-----------------|----------------|---------------|----------------------|----------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2 | Large Exposures Risk Requirements | - | - | - | - | - |
| 3 | Market Risk | Long Position | Short Position | | | |
| | Interest Rate Risk | 155,739,669 | 151,230,812 | | 2,345,378 | 187,630 |
| | Foreign Currency Risk | 2,371,206 | 264,432 | | 2,371,426 | 189,714 |
| | Options | 5,093 | 16,964 | | 681,788 | 54,543 |
| | | 158,115,968 | 151,512,208 | | 5,398,592 | 431,887 |
| 4 | Operational Risk | | | | 376,995 | 30,160 |
| 5 | Total RWA and Capital Requirements | | | | 10,753,399 | 860,272 |

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2013 are as follows:

| RISK TYPE | | Gross Exposures | Net Exposures | Risk-Weighted Assets | Capital Requirements |
|-----------|--|-------------------|------------------|----------------------|----------------------|
| 1 | Credit Risk | RM'000 | RM'000 | RM'000 | RM'000 |
| | <u>On-Balance Sheet Exposures</u> | | | | |
| | Sovereigns/Central Banks | 3,133,981 | 118,077 | - | - |
| | Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”) | 1,648,743 | 1,648,743 | 694,935 | 55,594 |
| | Insurance Companies, Securities Firms and Fund Managers | - | - | - | - |
| | Corporates | 1,014,295 | 1,014,295 | 1,014,070 | 81,126 |
| | Regulatory Retail | 1,114 | 1,114 | 835 | 67 |
| | Residential Mortgages | 22,711 | 22,711 | 8,066 | 645 |
| | Higher Risk Assets | - | - | - | - |
| | Other Assets | 113,927 | 113,927 | 110,970 | 8,878 |
| | Equity Exposure | 1,631 | 1,631 | 1,861 | 149 |
| | Defaulted Exposures | 4,211 | 4,211 | 4,211 | 337 |
| | Total On-Balance Sheet Exposures | 5,940,613 | 2,924,709 | 1,834,948 | 146,796 |
| | <u>Off-Balance Sheet Exposures</u> | | | | |
| | OTC Derivatives | 6,785,219 | 6,473,586 | 3,227,643 | 258,211 |
| | Credit Derivatives | 103,650 | 103,650 | 25,969 | 2,078 |
| | Total for Off-Balance Sheet Exposures | 6,888,869 | 6,577,236 | 3,253,612 | 260,289 |
| | Total On and Off- Balance Sheet Exposures | 12,829,482 | 9,501,945 | 5,088,560 | 407,085 |

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2013 are as follows (continued):

| RISK TYPE | | Gross Exposures | | Net Exposures | Risk Weighted Assets | Capital Requirements |
|-----------|------------------------------------|-----------------|----------------|---------------|----------------------|----------------------|
| | | RM'000 | | RM'000 | RM'000 | RM'000 |
| 2 | Large Exposures Risk Requirements | - | | - | - | - |
| 3 | Market Risk | Long Position | Short Position | | | |
| | Interest Rate Risk | 150,729,827 | 146,286,165 | | 2,462,852 | 197,028 |
| | Foreign Currency Risk | 1,760,351 | 215,451 | | 1,760,588 | 140,847 |
| | Options | 30,253 | - | | 548,963 | 43,917 |
| | | 152,520,431 | 146,501,616 | - | 4,772,403 | 381,792 |
| 4 | Operational Risk | | | | 402,002 | 32,160 |
| 5 | Total RWA and Capital Requirements | | | | 10,262,965 | 821,037 |

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25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 2014 are as follows:

| Risk Weights | Exposures after Netting & Credit Risk Mitigation | | | | | | | | | | Total Exposures after Netting and Credit Risk Mitigation | Total Risk Weighted Assets |
|--|--|------------------------|----------------------|---|------------|-------------------|-----------------------|--------------------|--------------|------------------|--|----------------------------|
| | Sovereigns and Central Banks | Public Sector Entities | Banks, DFIs and MDBs | Insurance Companies, Securities Firms and Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity Exposures | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 109,564 | - | - | - | - | - | - | - | 3,169 | - | 112,733 | - |
| 20% | - | - | 2,570,646 | - | 27,027 | - | - | - | - | - | 2,597,673 | 519,535 |
| 35% | - | - | - | - | - | - | 21,237 | - | - | - | 21,237 | 7,433 |
| 50% | - | - | 3,891,315 | - | 74,432 | - | 776 | - | - | - | 3,966,523 | 1,983,261 |
| 75% | - | - | - | - | - | 1,028 | - | - | - | - | 1,028 | 771 |
| 100% | - | 11,795 | 4,669 | 5,077 | 2,368,915 | - | 3,866 | - | 70,629 | 1,611 | 2,466,562 | 2,466,562 |
| 1250% | - | - | - | - | - | - | - | - | - | 20 | 20 | 250 |
| Total Exposures | 109,564 | 11,795 | 6,466,630 | 5,077 | 2,470,374 | 1,028 | 25,879 | - | 73,798 | 1,631 | 9,165,776 | 4,977,812 |
| Risk-Weighted Assets by Exposures | - | 11,795 | 2,464,455 | 5,077 | 2,411,537 | 771 | 11,687 | - | 70,629 | 1,861 | 4,977,812 | |
| Average Risk Weight | - | 100.0% | 38.1% | 100.0% | 97.6% | 75.0% | 45.2% | 0.0% | 95.7% | 114.1% | 54.3% | |
| Deduction from Capital Base | - | - | - | - | - | - | - | - | - | - | - | - |

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25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2013 are as follows:

| Risk Weights | Exposures after Netting & Credit Risk Mitigation | | | | | | | | | | Total Exposures after Netting and Credit Risk Mitigation | Total Risk Weighted Assets |
|--|--|------------------------|----------------------|---|------------------|-------------------|-----------------------|--------------------|----------------|------------------|--|----------------------------|
| | Sovereigns and Central Banks | Public Sector Entities | Banks, DFIs and MDBs | Insurance Companies, Securities Firms and Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity Exposures | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | - | - | - | - | - | - | - | - | 2,956 | - | 147,764 | - |
| 20% | - | - | 2,859,651 | - | 29,352 | - | - | - | - | - | 2,889,003 | 577,801 |
| 35% | - | - | - | - | - | - | 21,931 | - | - | - | 21,931 | 7,676 |
| 50% | - | - | 3,792,083 | - | 87,366 | - | 781 | - | - | - | 3,880,230 | 1,940,115 |
| 75% | - | - | - | - | - | 1,114 | - | - | - | - | 1,114 | 835 |
| 100% | - | 14,390 | 4,669 | 5,101 | 2,420,931 | - | 4,211 | - | 110,970 | 1,611 | 2,561,883 | 2,561,883 |
| 1250% | - | - | - | - | - | - | - | - | - | 20 | 20 | 250 |
| Total Exposures | 144,808 | 14,390 | 6,656,403 | 5,101 | 2,537,649 | 1,114 | 26,923 | - | 113,926 | 1,631 | 9,501,945 | 5,088,560 |
| Risk-Weighted Assets by Exposures | - | 14,390 | 2,472,641 | 5,101 | 2,470,485 | 835 | 12,277 | - | 110,970 | 1,861 | 5,088,560 | |
| Average Risk Weight | - | 100.0% | 37.1% | 100.0% | 97.4% | 75.0% | 45.6% | 0.0% | 97.4% | 114.1% | 53.6% | |
| Deduction from Capital Base | - | - | - | - | - | - | - | - | - | - | - | - |

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26. Commitments and contingencies

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows:

| 31 March 2014 Group and Bank | Principal Amount | Credit Equivalent Amount | Risk Weighted Assets |
|---|--------------------|--------------------------------|-------------------------|
| | RM'000 | RM'000 | RM'000 |
| Direct Credit Substitutes | - | - | - |
| Transaction Related Contingent Items | 1,603,929 | 801,965 | 688,690 |
| Short Term Self Liquidating Trade Related Contingencies | 237,172 | 47,434 | 32,111 |
| Foreign exchange related contracts | | | |
| One year or less | 27,260,020 | 694,584 | 272,475 |
| Over one year to five years | 18,651,422 | 1,472,892 | 662,848 |
| Over five years | 2,579,418 | 352,913 | 106,278 |
| Interest/Profit rate related contracts | | | |
| One year or less | 30,606,852 | 73,433 | 22,837 |
| Over one year to five years | 49,519,815 | 1,311,599 | 426,385 |
| Over five years | 11,174,226 | 872,038 | 300,150 |
| Equity related contracts | | | |
| One year or less | - | - | - |
| Over one year to five years | 170,119 | 17,601 | 8,780 |
| Over five years | - | - | - |
| Credit Derivative Contracts | | | |
| One year or less | - | - | - |
| Over one year to five years | 1,729,822 | 105,854 | 36,468 |
| Over five years | - | - | - |
| OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements | - | - | - |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 51 | 26 | 26 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 2,972,340 | 594,468 | 559,593 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | - | - | - |
| Total | 146,505,186 | 6,344,807 | 3,116,641 |

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26. Commitments and contingencies (continued)

The Off-Balance Sheet exposures and their related counterparty credit risk of the Group and of the Bank are as follows (continued):

| 31 December 2013 Group and Bank | Principal Amount | Credit Equivalent Amount | Risk Weighted Assets |
|--|---------------------|--------------------------------|----------------------------|
| | RM'000 | RM'000 | RM'000 |
| Direct Credit Substitutes | - | - | - |
| Transaction Related Contingent Items | 1,371,994 | 685,997 | 544,681 |
| Short Term Self Liquidating Trade Related Contingencies | 102,261 | 20,452 | 18,181 |
| Foreign exchange related contracts | | | |
| One year or less | 27,511,319 | 844,805 | 327,901 |
| Over one year to five years | 19,269,118 | 1,631,374 | 735,783 |
| Over five years | 3,470,145 | 528,088 | 180,903 |
| Interest/Profit rate related contracts | | | |
| One year or less | 22,976,056 | 52,109 | 13,828 |
| Over one year to five years | 49,798,208 | 1,395,454 | 455,849 |
| Over five years | 12,184,701 | 979,894 | 348,969 |
| Equity related contracts | | | |
| One year or less | - | - | - |
| Over one year to five years | 171,005 | 21,091 | 10,498 |
| Over five years | - | - | - |
| Credit Derivative Contracts | | | |
| One year or less | - | - | - |
| Over one year to five years | 1,775,755 | 103,650 | 25,969 |
| Over five years | - | - | - |
| OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements | - | - | - |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year | 51 | 26 | 26 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year | 3,129,647 | 625,929 | 591,024 |
| Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness | - | - | - |
| Total | 141,760,260 | 6,888,869 | 3,253,612 |

27. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014 - UNAUDITED

| | Note | Bank | |
|--|------|----------------------------|-------------------------------|
| | | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Assets | | | |
| Cash and short term funds | (a) | 226 | 6,859 |
| Financial assets-held-for-trading | | 102,357 | 83,474 |
| Other assets | | 2,613 | 249 |
| Total assets | | <u>105,196</u> ===== | <u>90,582</u> ===== |
| Liabilities and shareholders' funds | | | |
| Deposits from customer | (b) | 65,210 | 57,465 |
| Deposits and placements of banks and other financial institutions | (c) | 757 | 779 |
| Other liabilities | (d) | 8,401 | 1,780 |
| Taxation | | 1,394 | 1,326 |
| Total liabilities | | <u>75,762</u> ----- | <u>61,350</u> ----- |
| Capital funds | | 25,000 | 25,000 |
| Retained profits | | 4,434 | 4,232 |
| Islamic banking funds | | <u>29,434</u> ----- | <u>29,232</u> ----- |
| Total liabilities and Islamic banking funds | | <u>105,196</u> ===== | <u>90,582</u> ===== |
| Commitments and contingencies | | - ===== | - ===== |

27. The operations of Islamic Banking (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014 - UNAUDITED

| | Bank | | | |
|---|-------------------------------|------------|--------------------|------------|
| | 1 st Quarter ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income derived from investment of Islamic banking funds | 273 | 230 | 273 | 230 |
| Total net income | <u>273</u> | <u>230</u> | <u>273</u> | <u>230</u> |
| Other operating expenses | (4) | - | (4) | - |
| Profit before taxation | <u>269</u> | <u>230</u> | <u>269</u> | <u>230</u> |
| Taxation | (67) | (57) | (67) | (57) |
| Profit after taxation | <u>202</u> | <u>173</u> | <u>202</u> | <u>173</u> |
| | ===== | ===== | ===== | ===== |

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

| | Capital funds | Retained profits | Total |
|-------------------------|---------------|------------------|---------------|
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2014 | 25,000 | 4,232 | 29,232 |
| Profit after taxation | - | 202 | 202 |
| At 31 March 2014 | <u>25,000</u> | <u>4,434</u> | <u>29,434</u> |
| | ===== | ===== | ===== |
| At 1 January 2013 | 25,000 | 3,881 | 28,881 |
| Profit after taxation | - | 173 | 173 |
| At 31 March 2013 | <u>25,000</u> | <u>4,054</u> | <u>29,054</u> |
| | ===== | ===== | ===== |

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27. The operations of Islamic Banking (continued)

STATEMENT OF CASH FLOW
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

| | 31 March 2014 RM'000 | 31 March 2013 RM'000 |
|--|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 269 | 230 |
| Operating profit before working capital changes | <u>269</u> | <u>230</u> |
| Changes in working capital: | | |
| Net changes in operating assets | (21,246) | (402) |
| Net changes in operating liabilities | 14,344 | (1,435) |
| Net cash used in operations | <u>(6,633)</u> ----- | <u>(1,607)</u> ----- |
| Net decrease in cash and cash equivalents | (6,633) | (1,607) |
| Cash and cash equivalents at beginning of period | 6,859 | 1,920 |
| Cash and cash equivalents at end of period | <u>226</u> ===== | <u>313</u> ===== |
| Analysis of cash and cash equivalents | | |
| Cash and short term funds | <u>226</u> | <u>313</u> |

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27. The operations of Islamic Banking (continued)

Shariah Committee

The Shariah Committee was established under BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise the Board of Directors on Shariah matters in its Islamic business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by the Bank and the relevant documentation are in compliance with Shariah principles.

The committee comprises: Dr Hussein Hamed Sayed Hassan and Dr Muhammad Qaseem .

Basis of measurement

The financial statements of the Islamic banking business have been prepared on the basis consistent with that of the Group and of the Bank as disclosed in Note 1 to the financial statements of the Group and of the Bank and have been prepared under the accrual basis of accounting.

(a) Cash and short term funds

| | Group and Bank | |
|---|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Cash and balances with banks and other financial institutions | 226 | 6,859 |
| | <u>226</u> | <u>6,859</u> |
| | ===== | ===== |

(b) Deposits from customer

| | Group and Bank | |
|-----------------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Non-Mudharabah | | |
| Demand deposits | 15,210 | 7,465 |
| Other deposits | 50,000 | 50,000 |
| | <u>65,210</u> | <u>57,465</u> |
| | ===== | ===== |

(c) Deposits and placements of banks and other financial institutions

| | Group and Bank | |
|---------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Licensed bank | 757 | 779 |
| | <u>757</u> | <u>779</u> |
| | ===== | ===== |

| |
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27. The operations of Islamic Banking (continued)

(d) Other liabilities

| | Group and Bank | |
|---------------|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Bills payable | 154 | 380 |
| Others | 8,247 | 1,400 |
| | 8,401 | 1,780 |
| | ===== | ===== |

(e) Capital adequacy

The capital adequacy ratios of the Islamic banking business of the Group are computed in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). The Group's Islamic banking business has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

Components of Tier I and Tier II Capital:

| | Bank | |
|---|----------------------------|-------------------------------|
| | 31 March 2014 RM'000 | 31 December 2013 RM'000 |
| Components of Tier I and Tier II capital are as follows:- | | |
| Tier 1 capital | | |
| Capital funds | 25,000 | 25,000 |
| Retained profits | 4,232 | 4,232 |
| | 29,232 | 29,232 |
| Total common equity tier 1/ Total tier 1 capital | | |
| Total Tier 2 capital | - | - |
| | 29,232 | 29,232 |
| Capital base | ===== | ===== |
| Common equity tier 1/ Tier 1 capital ratio | 448.404% | 627.811% |
| Total capital ratio | 448.404% | 627.811% |
| | ===== | ===== |

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27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 2014 are as follows:

| RISK TYPE | | Gross Exposures | Net Exposures | Risk-Weighted Assets | Capital Requirements |
|-----------|--|-----------------|---------------|----------------------|----------------------|
| 1 | Credit Risk | RM'000 | RM'000 | RM'000 | RM'000 |
| | <u>On-Balance Sheet Exposures</u> | | | | |
| | Sovereigns/Central Banks | 723 | 723 | - | - |
| | Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”) | 226 | 226 | 113 | 9 |
| | Insurance Companies, Securities Firms and Fund Managers | - | - | - | - |
| | Corporates | - | - | - | - |
| | Regulatory Retail | - | - | - | - |
| | Residential Mortgages | - | - | - | - |
| | Higher Risk Assets | - | - | - | - |
| | Other Assets | 1,890 | 1,890 | 1,890 | 151 |
| | Equity Exposure | - | - | - | - |
| | Defaulted Exposures | - | - | - | - |
| | Total On-Balance Sheet Exposures | 2,839 | 2,839 | 2,003 | 160 |
| | <u>Off-Balance Sheet Exposures</u> | | | | |
| | OTC Derivatives | - | - | - | - |
| | Credit Derivatives | - | - | - | - |
| | Total for Off-Balance Sheet Exposures | - | - | - | - |
| | Total On and Off- Balance Sheet Exposures | 2,839 | 2,839 | 2,003 | 160 |

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 2014 are as follows (continued):

| RISK TYPE | | Gross Exposures | | Net Exposures | Risk Weighted Assets | Capital Requirements |
|-----------|------------------------------------|-----------------|----------------|---------------|----------------------|----------------------|
| | | RM'000 | | RM'000 | RM'000 | RM'000 |
| 2 | Large Exposures Risk Requirements | - | | - | - | - |
| 3 | Market Risk | Long Position | Short Position | | | |
| | Interest Rate Risk | 51,836 | - | | 248 | 21 |
| | Foreign Currency Risk | 226 | - | | 226 | 19 |
| | Options | - | - | | - | - |
| | | 52,062 | - | | 474 | 39 |
| 4 | Operational Risk | | | | 4,042 | 323 |
| 5 | Total RWA and Capital Requirements | | | | 6,519 | 522 |

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2013 are as follows:

| RISK TYPE | | Gross Exposures | Net Exposures | Risk-Weighted Assets | Capital Requirements |
|-----------|--|-----------------|---------------|----------------------|----------------------|
| 1 | Credit Risk | RM'000 | RM'000 | RM'000 | RM'000 |
| | <u>On-Balance Sheet Exposures</u> | | | | |
| | Sovereigns/Central Banks | 8,786 | 8,786 | - | - |
| | Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”) | 231 | 231 | 116 | 9 |
| | Insurance Companies, Securities Firms and Fund Managers | - | - | - | - |
| | Corporates | - | - | - | - |
| | Regulatory Retail | - | - | - | - |
| | Residential Mortgages | - | - | - | - |
| | Higher Risk Assets | - | - | - | - |
| | Other Assets | 1 | 1 | 1 | - |
| | Equity Exposure | - | - | - | - |
| | Defaulted Exposures | - | - | - | - |
| | Total On-Balance Sheet Exposures | 9,018 | 9,018 | 117 | 9 |
| | <u>Off-Balance Sheet Exposures</u> | | | | |
| | OTC Derivatives | - | - | - | - |
| | Credit Derivatives | - | - | - | - |
| | Total for Off-Balance Sheet Exposures | - | - | - | - |
| | Total On and Off- Balance Sheet Exposures | 9,018 | 9,018 | 117 | 9 |

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27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2013 are as follows (continued):

| RISK TYPE | | Gross Exposures | | Net Exposures | Risk Weighted Assets | Capital Requirements |
|-----------|------------------------------------|-----------------|----------------|---------------|----------------------|----------------------|
| | | RM'000 | | RM'000 | RM'000 | RM'000 |
| 2 | Large Exposures Risk Requirements | - | | - | - | - |
| 3 | Market Risk | Long Position | Short Position | | | |
| | Interest Rate Risk | 32,954 | - | | 199 | 16 |
| | Foreign Currency Risk | 231 | - | | 231 | 18 |
| | Options | - | - | | - | - |
| | | 33,185 | - | | 430 | 34 |
| 4 | Operational Risk | | | | 4,109 | 329 |
| 5 | Total RWA and Capital Requirements | | | | 4,656 | 372 |

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 2014 are as follows:

| Risk Weights | Exposures after Netting & Credit Risk Mitigation | | | | | | | | | | Total Exposures after Netting and Credit Risk Mitigation | Total Risk Weighted Assets |
|--|--|------------------------|----------------------|---|------------|-------------------|-----------------------|--------------------|--------------|------------------|--|----------------------------|
| | Sovereigns and Central Banks | Public Sector Entities | Banks, DFIs and MDBs | Insurance Companies, Securities Firms and Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity Exposures | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 723 | - | - | - | - | - | - | - | - | - | 723 | - |
| 20% | - | - | - | - | - | - | - | - | - | - | - | - |
| 35% | - | - | - | - | - | - | - | - | - | - | - | - |
| 50% | - | - | 226 | - | - | - | - | - | - | - | 226 | 113 |
| 75% | - | - | - | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | - | - | - | - | - | 1,890 | - | 1,890 | 1,890 |
| 150% | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Exposures | 723 | - | 226 | - | - | - | - | - | 1,890 | - | 2,839 | 2,003 |
| Risk-Weighted Assets by Exposures | - | - | 113 | - | - | - | - | - | 1,890 | - | 2,003 | |
| Average Risk Weight | | | 50% | | | | | | 100% | | 70.6% | |
| Deduction from Capital Base | - | - | - | - | - | - | - | - | - | - | - | - |

27. The operations of Islamic Banking (continued)

(f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2013 are as follows:

| Risk Weights | Exposures after Netting & Credit Risk Mitigation | | | | | | | | | | Total Exposures after Netting and Credit Risk Mitigation | Total Risk Weighted Assets |
|--|--|------------------------|----------------------|---|------------|-------------------|-----------------------|--------------------|--------------|------------------|--|----------------------------|
| | Sovereigns and Central Banks | Public Sector Entities | Banks, DFIs and MDBs | Insurance Companies, Securities Firms and Fund Managers | Corporates | Regulatory Retail | Residential Mortgages | Higher Risk Assets | Other Assets | Equity Exposures | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 0% | 8,786 | - | - | - | - | - | - | - | - | - | 8,786 | - |
| 20% | - | - | - | - | - | - | - | - | - | - | - | - |
| 35% | - | - | - | - | - | - | - | - | - | - | - | - |
| 50% | - | - | 231 | - | - | - | - | - | - | - | 231 | 116 |
| 75% | - | - | - | - | - | - | - | - | - | - | - | - |
| 100% | - | - | - | - | - | - | - | - | 1 | - | 1 | 1 |
| 150% | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Exposures | 8,786 | - | 231 | - | - | - | - | - | 1 | - | 9,018 | 117 |
| Risk-Weighted Assets by Exposures | - | - | 116 | - | - | - | - | - | 1 | - | 117 | |
| Average Risk Weight | 0% | - | 50.2% | - | - | - | - | - | 100% | - | 1.3% | |
| Deduction from Capital Base | - | - | - | - | - | - | - | - | - | - | - | |