

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

**Unaudited Condensed Interim Financial Statements**  
**- 31 March 2013**

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 2013 - UNAUDITED**

	Note	Group		Bank	
		31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>					
Cash and short term funds		3,683,184	3,429,964	3,683,184	3,429,964
Securities purchased under resale agreements		2,848,576	2,748,825	2,848,576	2,748,825
Financial assets held-for-trading	12	2,095,883	2,441,283	2,095,883	2,441,283
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	744,900	703,888	744,900	703,888
Other assets	15	1,557,957	1,338,580	1,557,957	1,338,580
Statutory deposit with Bank Negara Malaysia		4,000	4,000	4,000	4,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		3,200	3,502	3,200	3,502
Deferred tax assets		19,874	20,987	19,874	20,987
Tax recoverable		44,132	32,999	44,132	32,999
<b>Total assets</b>		<u>11,003,297</u>	<u>10,725,619</u>	<u>11,003,317</u>	<u>10,725,639</u>
<b>Liabilities and shareholders' funds</b>					
Deposits from customers	16	6,203,881	6,038,320	6,203,901	6,038,340
Deposits and placements of banks and other financial institutions	17	1,315,562	337,533	1,315,562	337,533
Obligations on securities sold under repurchase agreements		-	936,689	-	936,689
Other liabilities	18	2,014,839	1,958,410	2,014,839	1,958,410
<b>Total liabilities</b>		<u>9,534,282</u>	<u>9,270,952</u>	<u>9,534,302</u>	<u>9,270,972</u>
<b>Share capital</b>		<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
<b>Reserves</b>		<u>1,295,416</u>	<u>1,281,068</u>	<u>1,295,416</u>	<u>1,281,068</u>
<b>Shareholders' funds</b>		<u>1,469,015</u>	<u>1,454,667</u>	<u>1,469,015</u>	<u>1,454,667</u>
<b>Total liabilities and shareholders' funds</b>		<u>11,003,297</u>	<u>10,725,619</u>	<u>11,003,317</u>	<u>10,725,639</u>
<b>Commitments and contingencies</b>	26	<u>146,299,515</u>	<u>136,983,789</u>	<u>146,299,515</u>	<u>136,983,789</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 2012.*

**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 2013 - UNAUDITED**

	Note	Group and Bank			
		1 <sup>st</sup> Quarter ended 31 March 2013 RM'000	31 March 2012 RM'000	Three months ended 31 March 2013 RM'000	31 March 2012 RM'000
Interest income	19	55,112	63,893	55,112	63,893
Interest expense	20	(18,264)	(22,647)	(18,264)	(22,647)
Net interest income		<u>36,848</u>	<u>41,246</u>	<u>36,848</u>	<u>41,246</u>
Net income from Islamic Banking Operations	27	230	339	230	339
Non-interest income	21	12,029	73,474	12,029	73,474
Operating income		<u>49,107</u>	<u>115,059</u>	<u>49,107</u>	<u>115,059</u>
Other operating expenses	22	(26,864)	(24,350)	(26,864)	(24,350)
Operating profit		<u>22,243</u>	<u>90,709</u>	<u>22,243</u>	<u>90,709</u>
Allowance for impairment on loans, advances and financing	23	(2,582)	(786)	(2,582)	(786)
<b>Profit before taxation</b>		<u>19,661</u>	<u>89,923</u>	<u>19,661</u>	<u>89,923</u>
Tax expense		(5,313)	(23,400)	(5,313)	(23,400)
<b>Net profit for the period</b>		<u>14,348</u>	<u>66,523</u>	<u>14,348</u>	<u>66,523</u>
<b>Other comprehensive loss, net of tax</b>					
Fair value of financial investments available-for-sale		-	(206)	-	(206)
<b>Other comprehensive loss for the period, net of tax</b>		-	(206)	-	(206)
<b>Total comprehensive income for the period</b>		<u>14,348</u>	<u>66,317</u>	<u>14,348</u>	<u>66,317</u>
Earnings per share (sen)		8.3 sen	38.3 sen	8.3 sen	38.3 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 2012.*

**DEUTSCHE BANK (MALAYSIA) BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013**

	<-----Attributable to equity holders of the Bank----->					Total RM'000
	Share capital RM'000	<--Non-distributable--> Share premium RM'000	Other reserves RM'000	Distributable Retained profits RM'000	Total reserves RM'000	
<b>Group and Bank</b>						
<b>At 1 January 2013</b>	173,599	357,763	174,722	748,583	1,281,068	1,454,667
Net profit for the period	-	-	-	14,348	14,348	14,348
Total comprehensive income for the period	-	-	-	14,348	14,348	14,348
<b>At 31 March 2013</b>	173,599	357,763	174,722	762,931	1,295,416	1,469,015
<b>At 1 January 2012</b>	173,599	357,763	177,555	689,831	1,225,149	1,398,748
Net profit for the period	-	-	-	66,523	66,523	66,523
Other comprehensive loss	-	-	(206)	-	(206)	(206)
Total comprehensive (loss) / income for the period	-	-	(206)	66,523	66,317	66,317
<b>At 31 March 2012</b>	173,599	357,763	177,349	756,354	1,291,466	1,465,065

*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 2012.*

**DEUTSCHE BANK (MALAYSIA) BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013**

	Group and Bank	
	31 March 2013 RM'000	31 March 2012 RM'000
Profit before taxation	19,661	89,923
Adjustments for non-operating and non-cash items	330	325
Operating profit before working capital changes	19,991	90,248
Changes in working capital:		
Net changes in operating assets	(14,740)	(1,922,403)
Net changes in operating liabilities	263,330	(959,203)
Income tax paid	(15,333)	-
Net cash generated / (used in) from operations	253,248	(2,791,358)
Net cash used in investing activities	(28)	(134)
	(28)	(134)
Net increase/(decrease) in cash and cash equivalents	253,220	(2,791,492)
Cash and cash equivalents at beginning of the period	3,429,964	4,478,340
Cash and cash equivalents at end of the period	3,683,184	1,686,848
Analysis of cash and cash equivalents		
Cash and short-term funds	3,683,184	1,686,848

*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 2012.*

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
AT 31 MARCH 2013

1. Basis of preparation

The unaudited interim financial statements for the financial first quarter ended 31 March 2013 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 2012. 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 2012.

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 2012.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Company:

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014*

- 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*

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015*

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

**1. Basis of preparation (continued)**

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

- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the applicable standards, amendments and interpretations is not expected have any material financial impacts 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 2012 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 2013.

**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 2013.

**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 2013.

**7. Dividend Paid**

No dividend was paid during the first financial quarter ended 31 March 2013.

**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 2013.

**10. Review of Performance**

The Bank recorded profit before taxation for the three months ended 31 March 2013 of RM19.7 million compared to RM 89.9 million profit for the previous corresponding period. Operating income decreased by RM66.0 million (-57.3%) from RM115.1 million to RM49.1 million primarily on lower non-interest income from trading activities of RM12.0 million against non-interest income of RM73.5 million in the previous corresponding period. Net interest income decreased by RM4.4 million (-10.7%) from RM41.2 million to RM36.8 million. Operating expenses increased by RM2.5 million (+10.3%) from RM24.4 million to RM26.9 million attributed to higher personnel cost and intercompany expenses.

Total assets registered an increase of RM0.3 billion or 2.8% from RM10.7 billion to RM11.0 billion at 31 March 2013. The Bank's core capital ratio and risk weighted capital ratio remained strong at 11.31% and 11.36% respectively.

**11. Prospects**

Recent developments have reinforced the view that 2013 would see market conditions normalize as systemic fears recede in Europe and the US, and global growth picks up. The Malaysian economy is expected to show GDP growth of 5.0% in 2013, supported by domestic consumption and government expenditure. The Bank aims to remain competitive while maintaining strict risk, capital and cost discipline. We will 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's strategy during the year continue to remain 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.

This global vision permeates through locally and in 2013, the Bank continues to focus on the key business areas and build on the momentum gained from our accomplishments to solidify our local Banking franchise by leverage on our global businesses, international product platform and network.

**12. Financial assets held-for-trading**

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<b>At fair value</b>		
Malaysian Government Securities	522,735	637,883
Malaysian Investment Issue	248,509	186,161
Bank Negara Malaysia Bills	610,465	1,098,157
Cagamas bonds	9,664	9,463
Private debt securities	249,435	314,492
Negotiable instruments of deposit	440,000	180,007
Other debt securities	15,075	15,120
	<u>2,095,883</u>	<u>2,441,283</u>
	=====	=====

**13. Financial investments available-for-sale**

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<b>At cost</b>		
Unquoted securities	1,591	1,591
	<u>1,591</u>	<u>1,591</u>
	=====	=====



14. Loans, advances and financing

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<b>At amortised cost</b>		
Overdrafts	184,690	115,943
Term loans - housing loans	26,370	27,223
- other term loans	52,291	55,765
Bills receivable	67,297	41,906
Claims on customers under acceptance credits	425,150	471,180
Staff loans	4,007	3,869
	<u>759,805</u>	<u>715,886</u>
Unearned interest	(3,176)	(2,851)
	<u>756,629</u>	<u>713,035</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(9,526)	(6,961)
- Individual assessment	(2,203)	(2,186)
	<u>744,900</u>	<u>703,888</u>
Net loans, advances and financing	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Maturing within one year	714,009	669,885
One year to three years	1,155	1,009
Three years to five years	14,003	13,971
Over five years	27,462	28,170
	<u>756,629</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Domestic business enterprises - others	660,007	645,534
Individuals	30,411	31,125
Foreign entities	66,211	36,376
	<u>756,629</u>	<u>713,035</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 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- Other fixed rate loan / financing	3,690	3,869
Variable rate		
- Base lending rate plus	95,138	65,143
- Cost-plus	654,932	641,263
- Other variable rates	2,869	2,760
	<u>756,629</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Malaysia	690,419	676,659
Thailand	15,270	135
India	33,950	18,327
Other countries	16,990	17,914
	<u>756,629</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Manufacturing	320,294	273,996
Electricity, gas and water	2,124	-
Construction	59,120	56,962
Purchase of landed property:		
- Residential	29,495	30,195
Wholesale & retail trade and restaurants & hotels	182,268	253,124
Finance, insurance and business services	159,886	94,475
Purchase of transport vehicles	181	196
Others	3,261	4,087
	<u>756,629</u>	<u>713,035</u>
	=====	=====

## 14. Loans, advances and financing (continued)

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Balance at 1 January	8,448	9,867
Classified as impaired during the period/year	463	2,718
Reclassified as non-impaired during the period/year	(647)	(1,507)
Amounts recovered	(92)	(2,630)
At 31 March 2013	<u>8,172</u>	<u>8,448</u>
	=====	=====
Gross impaired loans as a percentage of gross loans, advances and financing	1.08%	1.18%
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	6,961	7,771
Made/(reversal) during the year	2,565	(810)
At 31 March 2013	<u>9,526</u>	<u>6,961</u>
	=====	=====

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	2,186	2,753
Allowance made during the period/year	101	395
Amounts recovered	(84)	(962)
At 31 March 2013	<u>2,203</u>	<u>2,186</u>
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Manufacturing	3,262	3,209
Purchase of landed property - residential	4,866	5,196
Others	44	43
	<u>8,172</u>	<u>8,448</u>
	=====	=====

15. Other assets

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Interest / Income receivable	21,937	22,838
Margin placed with exchange	402	1,204
Derivatives	1,151,428	1,031,755
Other debtors, deposits and prepayments	384,190	282,783
	<u>1,557,957</u> =====	<u>1,338,580</u> =====

16. Deposits from customers

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Demand deposits	2,251,702	2,136,141	2,251,722	2,136,161
Savings deposits	5,126	6,317	5,126	6,317
Fixed deposits	808,753	362,066	808,753	362,066
Other deposits	3,138,300	3,533,796	3,138,300	3,533,796
	<u>6,203,881</u> =====	<u>6,038,320</u> =====	<u>6,203,901</u> =====	<u>6,038,340</u> =====

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

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Due within six months	3,222,279	1,934,077	3,222,279	1,934,077
More than six months to one year	13,667	1,098,202	13,667	1,098,202
More than one year to three years	597,843	469,424	597,843	469,424
More than three years to five years	80,000	219,211	80,000	219,211
More than five years	33,264	174,948	33,264	174,948
	<u>3,947,053</u> =====	<u>3,895,862</u> =====	<u>3,947,053</u> =====	<u>3,895,862</u> =====

**16. Deposits from customers (continued)**

The deposits are sourced from the following types of customers:

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Business enterprises	3,181,365	3,177,505	3,181,385	3,177,525
Individuals	38,514	39,248	38,514	39,248
Foreign customers	262,941	231,200	262,941	231,200
Others	2,721,061	2,590,367	2,721,061	2,590,367
	<u>6,203,881</u>	<u>6,038,320</u>	<u>6,203,901</u>	<u>6,038,340</u>
	=====	=====	=====	=====

**17. Deposits and placements of banks and other financial institutions**

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Other financial institutions	1,315,562	337,533
	<u>1,315,562</u>	<u>337,533</u>
	=====	=====

**18. Other liabilities**

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Interest payable	1,081	2,802
Bills payable	160,750	183,815
Derivatives	1,346,663	1,278,111
Employee benefits	13,648	27,044
Other liabilities	492,697	466,638
	<u>2,014,839</u>	<u>1,958,410</u>
	=====	=====

## 19. Interest income

	Group and Bank			
	1 <sup>st</sup> Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	7,844	8,936	7,844	8,936
Money at call and deposit placements with financial institutions	4,948	5,427	4,948	5,427
Securities purchased under resale agreement	19,601	26,621	19,601	26,621
Financial assets held for trading	22,719	22,909	22,719	22,909
	<u>55,112</u>	<u>63,893</u>	<u>55,112</u>	<u>63,893</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	101	112	101	112
	=====	=====	=====	=====

## 20. Interest expense

	Group and Bank			
	1 <sup>st</sup> Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	3,677	5,297	3,677	5,297
Obligations on securities sold under repurchase agreement	2,531	2,251	2,531	2,251
Deposits from customers	12,056	15,099	12,056	15,099
	<u>18,264</u>	<u>22,647</u>	<u>18,264</u>	<u>22,647</u>
	=====	=====	=====	=====

## 21. Non-Interest Income

	Group and Bank			
	1 <sup>st</sup> Quarter ended 31 March 2013 RM'000	31 March 2012 RM'000	Three months ended 31 March 2013 RM'000	31 March 2012 RM'000
Fee income:				
Commissions	2,502	2,273	2,502	2,273
Service charges and fees	3,997	3,319	3,997	3,319
Guarantee fees	1,978	1,698	1,978	1,698
	<u>8,477</u>	<u>7,290</u>	<u>8,477</u>	<u>7,290</u>
	-----	-----	-----	-----
<b>Net gain/(loss) from financial instruments:</b>				
Net gain/(loss) arising on financial assets held for trading :				
Net gain/(loss) from sale	2,800	(2,400)	2,800	(2,400)
Unrealised revaluation loss	(594)	(2,330)	(594)	(2,330)
Net (loss)/ gain arising on trading derivatives :				
Net loss on settlement	(29,740)	(47,201)	(29,740)	(47,201)
Unrealised revaluation gain	13,941	90,115	13,941	90,115
Net gain/(loss) arising from dealing in foreign exchange :				
Net gain on settlement	31,787	60,965	31,787	60,965
Unrealised loss from foreign exchange translation	(10,118)	(38,307)	(10,118)	(38,307)
Net gain arising on financial investments available-for-sale :				
Gross dividend income	-	23	-	23
<b>Other income :</b>				
Gain on disposal of plant and equipment	-	95	-	95
Other operating (loss)/ income, net	(4,524)	5,224	(4,524)	5,224
	<u>3,552</u>	<u>66,184</u>	<u>3,552</u>	<u>66,184</u>
	-----	-----	-----	-----
	<u>12,029</u>	<u>73,474</u>	<u>12,029</u>	<u>73,474</u>
	=====	=====	=====	=====

## 22. Other operating expenses

	Group and Bank			
	1 <sup>st</sup> Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	13,471	12,315	13,471	12,315
-Others	3,559	3,024	3,559	3,024
Establishment costs				
-Rental	628	568	628	568
-Depreciation	330	420	330	420
-Others	818	772	818	772
Marketing expenses	491	484	491	484
Administration and general expenses				
-Intercompany expenses	5,590	4,447	5,590	4,447
-Communication	383	425	383	425
-Others	1,594	1,895	1,594	1,895
	<u>26,864</u>	<u>24,350</u>	<u>26,864</u>	<u>24,350</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 159 (March 2012 - 152).

## 23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	1 <sup>st</sup> Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the year	(101)	(112)	(101)	(112)
- written back	84	136	84	136
Recoveries from bad debt written off	-	17	-	17
Collective assessment allowance				
- made during the year	(2,565)	(827)	(2,565)	(827)
	<u>(2,582)</u>	<u>(786)</u>	<u>(2,582)</u>	<u>(786)</u>
	=====	=====	=====	=====



**24. Contingent Liabilities**

In the prior year, 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 favor and the two companies have lodged an appeal against the judgement. The appeal is scheduled to be heard in April 2013.

**25. Capital adequacy**

	<b>Group and Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
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	748,583	748,583
Less: Deferred tax assets	(20,987)	(20,987)
	<u>1,433,680</u>	<u>1,433,680</u>
Tier 2 capital		
Collective assessment allowance	7,066	6,312
	<u>1,440,746</u>	<u>1,439,992</u>
Total Capital	1,440,746	1,439,992
Less: Investments in subsidiary companies	-	(20)
	<u>1,440,746</u>	<u>1,439,972</u>
Capital base	=====	=====
Core capital ratio	11.31%	14.57%
Risk-weighted capital ratio	11.36%	14.64%
	=====	=====

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 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
	<b><u>On-Balance Sheet Exposures</u></b>				
	Sovereigns/Central Banks	2,944,732	96,156	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	772,680	772,680	363,261	29,061
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	662,087	662,087	644,756	51,581
	Regulatory Retail	872	872	654	52
	Residential Mortgages	25,030	25,030	8,928	714
	Higher Risk Assets	-	-	-	-
	Other Assets	126,457	126,457	123,664	9,893
	Equity Exposure	1,631	1,631	1,861	149
	Defaulted Exposures	5,970	5,970	5,970	478
	<b>Total On-Balance Sheet Exposures</b>	<b>4,539,459</b>	<b>1,690,883</b>	<b>1,149,094</b>	<b>91,928</b>
	<b><u>Off-Balance Sheet Exposures</u></b>				
	OTC Derivatives	6,601,607	6,414,354	2,988,484	239,079
	Credit Derivatives	83,863	83,863	21,905	1,752
	<b>Total for Off-Balance Sheet Exposures</b>	<b>6,685,470</b>	<b>6,498,217</b>	<b>3,010,389</b>	<b>240,831</b>
	<b>Total On and Off- Balance Sheet Exposures</b>	<b>11,224,929</b>	<b>8,189,100</b>	<b>4,159,483</b>	<b>332,759</b>

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 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	166,870,080	159,955,006		4,045,311	323,624
	Foreign Currency Risk	3,435,953	158,440		3,436,132	274,891
	Options	6,545	66,108		604,488	48,359
		170,312,578	160,179,554		8,085,931	646,874
4	Operational Risk				432,044	34,564
5	Total RWA and Capital Requirements				12,677,458	1,014,197

## 25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2012 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
	<b><u>On-Balance Sheet Exposures</u></b>				
	Sovereigns/Central Banks	2,880,024	123,164	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	650,491	650,491	305,904	24,472
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	669,419	669,419	647,455	51,796
	Regulatory Retail	887	887	665	53
	Residential Mortgages	25,351	25,351	9,032	723
	Higher Risk Assets	-	-	-	-
	Other Assets	154,661	154,661	152,241	12,179
	Equity Exposure	1,631	1,631	533	43
	Defaulted Exposures	6,262	6,262	6,262	501
	<b>Total On-Balance Sheet Exposures</b>	<b>4,388,726</b>	<b>1,631,866</b>	<b>1,122,092</b>	<b>89,767</b>
	<b><u>Off-Balance Sheet Exposures</u></b>				
	OTC Derivatives	6,410,946	6,192,644	2,829,247	226,340
	Credit Derivatives	72,369	72,369	19,366	1,549
	<b>Total for Off-Balance Sheet Exposures</b>	<b>6,483,315</b>	<b>6,265,013</b>	<b>2,848,613</b>	<b>227,889</b>
	<b>Total On and Off- Balance Sheet Exposures</b>	<b>10,872,041</b>	<b>7,896,879</b>	<b>3,970,705</b>	<b>317,656</b>

## 25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2012 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	156,542,997	149,800,604		4,004,903	320,392
	Foreign Currency Risk	957,450	-		957,450	76,596
	Options	57,981	-		484,775	38,782
		157,558,428	149,800,604		5,447,128	435,770
4	Operational Risk				420,593	33,648
5	Total RWA and Capital Requirements				9,838,426	787,074

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 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%	110,045	-	-	-	-	-	-	-	2,793	-	112,838	-
20%	-	-	2,765,112	-	36,684	-	-	-	-	-	2,801,796	560,359
35%	-	-	-	-	-	23,845	-	-	-	-	23,845	8,345
50%	-	-	3,238,766	-	79,757	1,185	-	-	-	-	3,319,708	1,659,854
75%	-	-	-	-	-	872	-	-	-	-	872	654
100%	-	21,530	625	4,781	1,773,341	4,469	-	123,664	1,611	1,930,021	1,930,021	
150%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	20	20	20	250
<b>Total Exposures</b>	<b>110,045</b>	<b>21,530</b>	<b>6,004,503</b>	<b>4,781</b>	<b>1,889,782</b>	<b>872</b>	<b>29,499</b>	<b>-</b>	<b>126,457</b>	<b>1,631</b>	<b>8,189,100</b>	<b>4,159,483</b>
<b>Risk-Weighted Assets by Exposures</b>	<b>-</b>	<b>21,530</b>	<b>2,173,030</b>	<b>4,781</b>	<b>1,820,556</b>	<b>654</b>	<b>13,407</b>	<b>-</b>	<b>123,664</b>	<b>1,861</b>	<b>4,159,483</b>	
<b>Average Risk Weight</b>	<b>-</b>	<b>100.0%</b>	<b>36.2%</b>	<b>100.0%</b>	<b>95.4%</b>	<b>75.0%</b>	<b>45.4%</b>	<b>0.0%</b>	<b>97.8%</b>	<b>98.8%</b>	<b>50.8%</b>	
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2012 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	RM'000
0%	138,832	-	-	-	-	-	-	-	2,420	20	141,272	-	
20%	-	-	2,631,791	-	42,193	-	-	-	-	1,348	2,675,332	535,066	
35%	-	-	-	-	-	-	24,288	-	-	-	24,288	8,501	
50%	-	-	3,181,933	-	74,259	-	1,063	-	-	-	3,257,255	1,628,627	
75%	-	-	-	-	-	887	-	-	-	-	887	665	
100%	-	21,530	-	5,019	1,614,006	-	4,786	-	152,241	263	1,797,845	1,797,846	
150%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Exposures</b>	<b>138,832</b>	<b>21,530</b>	<b>5,813,724</b>	<b>5,019</b>	<b>1,730,458</b>	<b>549</b>	<b>30,137</b>	<b>-</b>	<b>154,661</b>	<b>1,631</b>	<b>7,896,879</b>	<b>3,970,705</b>	
<b>Risk-Weighted Assets by Exposures</b>	<b>-</b>	<b>21,530</b>	<b>2,117,324</b>	<b>5,019</b>	<b>1,659,575</b>	<b>665</b>	<b>13,818</b>	<b>-</b>	<b>152,241</b>	<b>533</b>	<b>3,970,705</b>		
<b>Average Risk Weight</b>	<b>-</b>	<b>100.0%</b>	<b>36.4%</b>	<b>100.0%</b>	<b>95.9%</b>	<b>75.0%</b>	<b>45.9%</b>	<b>0.0%</b>	<b>98.4%</b>	<b>32.7%</b>	<b>50.3%</b>		
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## 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 2013 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
<b>Direct Credit Substitutes</b>	10	10	10
<b>Transaction Related Contingent Items</b>	1,449,332	724,666	564,110
<b>Short Term Self Liquidating Trade Related Contingencies</b>	83,906	16,781	10,201
<b>Foreign exchange related contracts</b>			
One year or less	19,933,163	292,175	141,640
Over one year to five years	15,991,120	1,372,016	651,396
Over five years	3,875,478	615,522	239,233
<b>Interest/Profit rate related contracts</b>			
One year or less	23,276,079	68,671	24,045
Over one year to five years	64,982,191	1,916,865	614,851
Over five years	12,614,419	1,150,745	379,765
<b>Equity related contracts</b>			
One year or less	807,831	86,972	43,109
Over one year to five years	280,436	34,289	17,105
Over five years	-	-	-
<b>Credit Derivative Contracts</b>			
One year or less	-	-	-
Over one year to five years	1,391,068	83,863	21,905
Over five years	-	-	-
<b>OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements</b>	-	-	-
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year</b>	-	-	-
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>	1,614,482	322,896	300,846
<b>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</b>	-	-	-
<b>Total</b>	<b>146,299,515</b>	<b>6,685,471</b>	<b>3,008,216</b>



## 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 2012 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	1,405,487	702,743	553,732
Short Term Self Liquidating Trade Related Contingencies	71,405	14,281	11,537
<b>Foreign exchange related contracts</b>			
One year or less	14,272,430	222,531	108,755
Over one year to five years	14,336,298	1,187,330	510,537
Over five years	5,075,046	868,814	360,678
<b>Interest/Profit rate related contracts</b>			
One year or less	25,729,967	79,918	26,236
Over one year to five years	60,462,549	1,831,124	587,114
Over five years	11,973,104	1,100,680	349,787
<b>Equity related contracts</b>			
One year or less	821,382	87,276	43,255
Over one year to five years	277,623	34,092	16,988
Over five years	-	-	-
<b>Credit Derivative Contracts</b>			
One year or less	-	-	-
Over one year to five years	1,147,715	72,369	19,366
Over five years	-	-	-
<b>OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements</b>	-	-	-
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year</b>	-	-	-
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>	1,410,783	282,157	260,628
<b>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</b>	-	-	-
<b>Total</b>	<b>136,983,789</b>	<b>6,483,315</b>	<b>2,848,613</b>

## 27. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013 - UNAUDITED

	Note	Bank	
		31 March 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>			
Cash and short term funds	(a)	313	1,920
Financial assets-held-for-trading		90,107	90,211
Other assets		754	248
<b>Total assets</b>		<u>91,174</u> =====	<u>92,379</u> =====
<b>Liabilities and shareholders' funds</b>			
Deposits from customer	(b)	56,063	56,788
Deposits and placements of banks and other financial institutions	(c)	905	926
Other liabilities	(d)	3,885	4,574
Taxation		1,267	1,210
<b>Total liabilities</b>		<u>62,120</u> -----	<u>63,498</u> -----
Capital funds		25,000	25,000
Retained profits		4,054	3,881
Islamic banking funds		<u>29,054</u> -----	<u>28,881</u> -----
<b>Total liabilities and Islamic banking funds</b>		<u>91,174</u> =====	<u>92,379</u> =====
<b>Commitments and contingencies</b>		- =====	- =====

27. The operations of Islamic Banking (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013 - UNAUDITED

	1 <sup>st</sup> Quarter ended		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of Islamic banking funds	230	339	230	339
<b>Profit before taxation</b>	<u>230</u>	<u>339</u>	<u>230</u>	<u>339</u>
Taxation	(57)	(85)	(57)	(85)
<b>Profit after taxation</b>	<u>173</u>	<u>254</u>	<u>173</u>	<u>254</u>
	=====	=====	=====	=====

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013

	Capital funds RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	25,000	3,881	28,881
Profit after taxation	-	173	173
<b>At 31 March 2013</b>	<u>25,000</u>	<u>4,054</u>	<u>29,054</u>
	=====	=====	=====
At 1 January 2012	25,000	2,316	27,316
Profit after taxation	-	254	254
<b>At 31 March 2012</b>	<u>25,000</u>	<u>2,570</u>	<u>27,570</u>
	=====	=====	=====

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

**STATEMENT OF CASH FLOW  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2013**

	31 March 2013 RM'000	31 March 2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	230	339
Operating profit before working capital changes	<u>230</u>	<u>339</u>
Changes in working capital:		
Increase in operating assets	(402)	(612)
(Decrease )/ Increase in operating liabilities	(1,435)	13,374
Net cash (used) / generated in operations	<u>(1,607)</u>	<u>13,101</u>
Net (decrease) / increase in cash and cash equivalents	(1,607)	13,101
Cash and cash equivalents at beginning of period	1,920	12,099
Cash and cash equivalents at end of period	<u>313</u>	<u>25,200</u>
	=====	=====
Analysis of cash and cash equivalents		
Cash and short term funds	<u>313</u>	<u>25,200</u>

## 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, Dr Muhammad Qaseem and Encik Lokmanulhakim bin Hussain.

## 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 2013 RM'000	31 December 2012 RM'000
Cash and balances with banks and other financial institutions	313	1,920
	<u>313</u>	<u>1,920</u>
	=====	=====

## (b) Deposits from customer

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
<b>Non-Mudharabah</b>		
Demand deposits	6,063	6,788
Other deposits	50,000	50,000
	<u>56,063</u>	<u>56,788</u>
	=====	=====

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

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Licensed bank	905	926
	<u>905</u>	<u>926</u>
	=====	=====

27. The operations of Islamic Banking (continued)

(d) Other liabilities

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Bills payable	1,280	732
Others	2,605	3,842
	3,885	4,574
	=====	=====

(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 2013 RM'000	31 December 2012 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	3,881	3,881
	28,881	28,881
Total Tier 1 capital	28,881	28,881
Total Tier 2 capital	-	-
	28,881	28,881
Capital base	=====	=====
Core capital ratio	817.72%	137.18%
Risk-weighted capital ratio	817.72%	137.18%
	=====	=====

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

## (g) Capital adequacy (continued)

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

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	<b>Credit Risk</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b><u>On-Balance Sheet Exposures</u></b>				
	Sovereigns/Central Banks	854	854	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	182	182	91	7
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	-	-	-	-
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	<b>Total On-Balance Sheet Exposures</b>	<b>1,036</b>	<b>1,036</b>	<b>91</b>	<b>7</b>
	<b><u>Off-Balance Sheet Exposures</u></b>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	<b>Total for Off-Balance Sheet Exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total On and Off- Balance Sheet Exposures</b>	<b>1,036</b>	<b>1,036</b>	<b>91</b>	<b>7</b>

27. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 March 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	38,889	-		182	15
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		38,889	-		182	15
4	Operational Risk				3,259	261
5	Total RWA and Capital Requirements				3,532	283



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

## (g) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2012 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	<b>Credit Risk</b>	RM'000	RM'000	RM'000	RM'000
	<b><u>On-Balance Sheet Exposures</u></b>				
	Sovereigns/Central Banks	1,980	1,980	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	188	188	94	8
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	-	-	-	-
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	<b>Total On-Balance Sheet Exposures</b>	<b>2,168</b>	<b>2,168</b>	<b>94</b>	<b>8</b>
	<b><u>Off-Balance Sheet Exposures</u></b>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	<b>Total for Off-Balance Sheet Exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total On and Off- Balance Sheet Exposures</b>	<b>2,168</b>	<b>2,168</b>	<b>94</b>	<b>8</b>

27. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 31 December 2012 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	90,211	-		17,688	1,415
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		90,211	-		17,688	1,415
4	Operational Risk				3,271	261
5	Total RWA and Capital Requirements				21,053	1,684

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27. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 March 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	RM'000
0%	854	-	-	-	-	-	-	-	-	-	-	854	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	182	-	-	-	-	-	-	-	-	182	91
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	854	-	182	-	-	-	-	-	-	-	-	1,036	91
<b>Risk-Weighted Assets by Exposures</b>	-	-	91	-	-	-	-	-	-	-	-	91	-
<b>Average Risk Weight</b>	-	-	50.0%	-	-	-	-	-	-	-	-	8.8%	-
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

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

## (g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2012 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	RM'000
0%	1,980	-	-	-	-	-	-	-	-	-	-	1,980	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	188	-	-	-	-	-	-	-	-	188	94
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>1,980</b>	<b>-</b>	<b>188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,168</b>	<b>94</b>
<b>Risk-Weighted Assets by Exposures</b>	<b>-</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>	
<b>Average Risk Weight</b>	<b>0%</b>	<b>-</b>	<b>50.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.3%</b>	
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	