

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

**Unaudited Condensed Interim Financial Statements**  
**- 30 September 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 30 SEPTEMBER 2013 - UNAUDITED**

	Note	Group		Bank	
		30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>					
Cash and short term funds		2,114,850	3,429,964	2,114,850	3,429,964
Securities purchased under resale agreements		3,298,756	2,748,825	3,298,756	2,748,825
Financial assets held-for-trading	12	2,354,663	2,441,283	2,354,663	2,441,283
Financial investments available-for-sale	13	1,591	1,591	1,591	1,591
Loans, advances and financing	14	1,554,581	703,888	1,554,581	703,888
Other assets	15	2,185,618	1,338,580	2,185,618	1,338,580
Statutory deposit with Bank Negara Malaysia		6,000	4,000	6,000	4,000
Investments in subsidiary companies			-	20	20
Property, plant and equipment		2,801	3,502	2,801	3,502
Deferred tax assets		23,787	20,987	23,787	20,987
Tax recoverable		25,055	32,999	25,055	32,999
<b>Total assets</b>		<u>11,567,702</u>	<u>10,725,619</u>	<u>11,567,722</u>	<u>10,725,639</u>
<b>Liabilities and shareholders' funds</b>					
Deposits from customers	16	4,944,547	6,038,320	4,944,567	6,038,340
Deposits and placements of banks and other financial institutions	17	926,014	337,533	926,014	337,533
Obligations on securities sold under repurchase agreements		1,755,770	936,689	1,755,770	936,689
Other liabilities	18	2,378,249	1,958,410	2,378,249	1,958,410
<b>Total liabilities</b>		<u>10,004,580</u>	<u>9,270,952</u>	<u>10,004,600</u>	<u>9,270,972</u>
<b>Share capital</b>		173,599	173,599	173,599	173,599
<b>Reserves</b>		1,389,523	1,281,068	1,389,523	1,281,068
<b>Shareholders' funds</b>		<u>1,563,122</u>	<u>1,454,667</u>	<u>1,563,122</u>	<u>1,454,667</u>
<b>Total liabilities and shareholders' funds</b>		<u>11,567,702</u>	<u>10,725,619</u>	<u>11,567,722</u>	<u>10,725,639</u>
<b>Commitments and contingencies</b>	26	143,179,038	136,983,789	143,179,038	136,983,789

*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 THIRD FINANCIAL QUARTER ENDED**  
**30 SEPTEMBER 2013 - UNAUDITED**

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September	30 September	30 September	30 September
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Interest income	19	170,228	179,980	58,144	61,197
Interest expense	20	(59,643)	(68,103)	(21,999)	(26,078)
Net interest income		<u>110,585</u>	<u>111,877</u>	<u>36,145</u>	<u>35,119</u>
Net income from Islamic Banking Operations	27	1,264	3,284	1,727	2,817
Non-interest income/(loss)	21	116,633	111,130	36,501	(10,533)
Operating income		<u>228,482</u>	<u>226,291</u>	<u>74,373</u>	<u>27,403</u>
Other operating expenses	22	(81,055)	(83,201)	(26,310)	(30,925)
Operating profit/(loss)		<u>147,427</u>	<u>143,090</u>	<u>48,063</u>	<u>(3,522)</u>
Allowance for impairment on loans, advances and financing	23	(772)	1,715	628	2,919
Profit/(loss) before taxation		<u>146,655</u>	<u>144,805</u>	<u>48,691</u>	<u>(603)</u>
Tax expense		(38,200)	(37,315)	(12,357)	(137)
Net profit /(loss) for the period		<u>108,455</u>	<u>107,490</u>	<u>36,334</u>	<u>(740)</u>
Other comprehensive loss, net of tax					
Fair value of financial investments available-for-sale		-	(2,833)	-	(2,471)
Other comprehensive loss for the period, net of tax		-	(2,833)	-	(2,471)
Total comprehensive income /(loss) for the period		<u>108,455</u>	<u>104,657</u>	<u>36,334</u>	<u>(3,211)</u>
Earnings per share (sen)		62.5 sen	61.9 sen	20.9 sen	(0.4) 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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**AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

	<-----Attributable to equity holders of the Bank----->					
	<--Non-distributable-->			Distributable		
	Share capital	Share premium	Other reserves	Retained profits	Total reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	108,455	108,455	108,455
Total comprehensive income for the period	-	-	-	108,455	108,455	108,455
<b>At 30 September 2013</b>	173,599	357,763	174,722	857,037	1,389,523	1,563,122
<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	-	-	-	107,490	107,490	107,490
Other comprehensive loss	-	-	(2,833)	-	(2,833)	(2,833)
Total comprehensive (loss) / income for the period	-	-	(2,833)	107,490	104,657	104,657
<b>At 30 September 2012</b>	173,599	357,763	174,722	797,321	1,329,806	1,503,405

*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 THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013**

	Group and Bank	
	30 September 2013 RM'000	30 September 2012 RM'000
Profit before taxation	146,655	144,805
Adjustments for non-operating and non-cash items	987	(3,399)
	<hr/>	<hr/>
Operating profit before working capital changes	147,642	141,406
Changes in working capital:		
Net changes in operating assets	(2,163,042)	(1,963,372)
Net changes in operating liabilities	733,627	8,059,012
Income tax paid	(33,042)	(691)
Tax refunds received	(14)	2,038
	<hr/>	<hr/>
Net cash (used in)/generated from operations	(1,314,829)	6,238,393
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(285)	5,796
	<hr/>	<hr/>
	(285)	5,796
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,315,114	6,244,189
Cash and cash equivalents at beginning of the period	3,429,964	4,478,340
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	2,114,850	10,722,529
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash and short-term funds	2,114,850	10,722,529
	<hr/>	<hr/>

*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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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 2013

1. Basis of preparation

The unaudited interim financial statements for the financial half year ended 30 September 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, 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”):

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

## 1. Basis of preparation (continued)

- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above Malaysian Financial Reporting Standard (“MFRS”), Amendments to MFRSs and IC Interpretation did not have any material impacts on the financial statements of the Group and the Bank.

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*
- 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*

*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*

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 third financial quarter ended 30 September 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 third financial quarter ended 30 September 2013.

**6. Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the third financial quarter ended 30 September 2013.

**7. Dividend Paid**

No dividend was paid during the third financial quarter ended 30 September 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 third financial quarter ended 30 September 2013.

**10. Review of Performance**

The Bank recorded profit before taxation for the third financial quarter ended 30 September 2013 of RM146.7 million compared to RM144.8 million profit for the previous corresponding period. Operating income increased by RM2.2 million (+1.0%) from RM226.3 million to RM228.5 million primarily on higher non-interest income from trading activities of RM116.6 million against non-interest income of RM111.1 million in the previous corresponding period. Net interest income decreased by RM1.3 million (-1.2%) from RM111.9 million to RM110.6 million. Operating expenses decreased by RM2.1 million (-2.5%) from RM83.2 million to RM81.1 million mainly attributed to lower personnel cost.

Total assets registered an increase of RM0.9 billion or 8.4% from RM10.7 billion to RM11.6 billion at 30 September 2013. The Bank's core capital ratio and risk weighted capital ratio remained strong at 14.95% and 15.03% respectively.

**11. Prospects**

The global prospects for the rest of the 2013 remains upbeat, with the US recording better macro data and the Euro Zone maintaining its positive growth trajectory. The underperformance of the emerging markets in 3Q 2013, in part due to the tightening of global financial conditions in response to the taper talk, should prove transitory. Locally, Malaysia's economy is expected to show sustained strength, well 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 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.

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

	Group and Bank	
	30 September 2013	31 December 2012
At fair value	RM'000	RM'000
Malaysian Government Securities	646,635	637,883
Malaysian Investment Issue	269,220	186,161
Bank Negara Malaysia Bills	860,213	1,098,157
Cagamas bonds	16,344	9,463
Private debt securities	12,251	314,492
Negotiable instruments of deposit	550,000	180,007
Other debt securities	-	15,120
	<u>2,354,663</u>	<u>2,441,283</u>
	=====	=====

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

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

## 14. Loans, advances and financing

	Group and Bank	
	30 September 2013	31 December 2012
	RM'000	RM'000
<b>At amortised cost</b>		
Overdrafts	145,855	115,943
Term loans - housing loans	24,997	27,223
- other term loans	52,030	55,765
Bills receivable	784,318	41,906
Claims on customers under acceptance credits	555,663	471,180
Staff loans	4,040	3,869
	<u>1,566,903</u>	<u>715,886</u>
Unearned interest	(2,395)	(2,851)
	<u>1,564,508</u>	<u>713,035</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(9,530)	(6,961)
- Individual assessment	(397)	(2,186)
	<u>1,554,581</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	
	30 September 2013	31 December 2012
	RM'000	RM'000
Maturing within one year	1,523,065	669,885
One year to three years	1,121	1,009
Three years to five years	14,492	13,971
Over five years	25,830	28,170
	<u>1,564,508</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	30 September 2013	31 December 2012
	RM'000	RM'000
Domestic banking institutions	9,175	-
Domestic business enterprises - others	755,721	645,534
Individuals	29,073	31,125
Foreign entities	770,539	36,376
	<u>1,564,508</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	
	30 September 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- Other fixed rate loan / financing	4,040	3,869
Variable rate		
- Base lending rate plus	67,777	65,143
- Cost-plus	1,489,873	641,263
- Other variable rates	2,818	2,760
	<u>1,564,508</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Malaysia	794,119	676,659
China	522,614	1,907
Singapore	184,461	909
Other countries	63,314	33,560
	<u>1,564,508</u>	<u>713,035</u>
	=====	=====

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Manufacturing	210,111	273,996
Electricity, gas and water	1,729	-
Construction	60,510	56,962
Purchase of landed property:		
- Residential	27,807	30,195
Wholesale & retail trade and restaurants & hotels	254,740	253,124
Finance, insurance and business services	1,005,815	94,475
Purchase of transport vehicles	490	196
Others	3,306	4,087
	<u>1,564,508</u>	<u>713,035</u>
	=====	=====

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

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Balance at 1 January	8,448	9,867
Classified as impaired during the period/year	1,868	2,718
Reclassified as non-impaired during the period/year	(1,384)	(1,507)
Amounts recovered	(4,123)	(2,630)
At 30 September 2013	4,809	8,448
	=====	=====
Gross impaired loans as a percentage of gross loans, advances and financing	0.31%	1.18%
	=====	=====

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

	Group and Bank	
	30 September 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	2,569	(810)
At 30 September 2013	9,530	6,961
	=====	=====

	Group and Bank	
	30 September 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	302	395
Amounts recovered	(2,091)	(962)
At 30 September 2013	397	2,186
	=====	=====

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Manufacturing	-	3,209
Purchase of landed property - residential	4,763	5,196
Others	46	43
	4,809	8,448
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Interest / Income receivable	17,012	22,838
Margin placed with exchange	284	1,204
Derivatives	1,319,595	1,031,755
Other debtors, deposits and prepayments	848,727	282,783
	<u>2,185,618</u> =====	<u>1,338,580</u> =====

16. Deposits from customers

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Demand deposits	2,586,131	2,136,141	2,586,151	2,136,161
Savings deposits	4,879	6,317	4,879	6,317
Fixed deposits	309,172	362,066	309,172	362,066
Other deposits	2,044,365	3,533,796	2,044,365	3,533,796
	<u>4,944,547</u> =====	<u>6,038,320</u> =====	<u>4,944,567</u> =====	<u>6,038,340</u> =====

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

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Due within six months	1,665,900	1,934,077	1,665,900	1,934,077
More than six months to one year	131,796	1,098,202	131,796	1,098,202
More than one year to three years	514,261	469,424	514,261	469,424
More than three years to five years	-	219,211	-	219,211
More than five years	41,580	174,948	41,580	174,948
	<u>2,353,537</u> =====	<u>3,895,862</u> =====	<u>2,353,537</u> =====	<u>3,895,862</u> =====

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

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Business enterprises	3,107,625	3,177,505	3,107,645	3,177,525
Individuals	41,030	39,248	41,030	39,248
Foreign customers	300,595	231,200	300,595	231,200
Others	1,495,297	2,590,367	1,495,297	2,590,367
	<u>4,944,547</u>	<u>6,038,320</u>	<u>4,944,567</u>	<u>6,038,340</u>
	=====	=====	=====	=====

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Other financial institutions	926,014	337,533
	<u>926,014</u>	<u>337,533</u>
	=====	=====

**18. Other liabilities**

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Interest payable	2,794	2,802
Bills payable	164,326	183,815
Derivatives	1,528,644	1,278,111
Employee benefits	20,364	27,044
Other liabilities	662,121	466,638
	<u>2,378,249</u>	<u>1,958,410</u>
	=====	=====

## 19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	25,129	25,310	9,573	8,242
Money at call and deposit placements with financial institutions	14,587	16,904	4,712	6,654
Securities purchased under resale agreement	67,685	87,758	25,181	32,118
Financial assets held for trading	62,827	50,008	18,678	14,183
	<u>170,228</u>	<u>179,980</u>	<u>58,144</u>	<u>61,197</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	302	323	113	105
	=====	=====	=====	=====

## 20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	12,179	14,866	4,295	4,313
Obligations on securities sold under repurchase agreement	8,561	10,491	3,812	8,087
Deposits from customers	38,903	42,746	13,892	13,678
	<u>59,643</u>	<u>68,103</u>	<u>21,999</u>	<u>26,078</u>
	=====	=====	=====	=====

## 21. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	8,366	7,026	2,760	2,228
Service charges and fees	16,969	12,291	7,261	4,353
Guarantee fees	5,758	6,681	1,759	2,596
	<u>31,093</u>	<u>25,998</u>	<u>11,780</u>	<u>9,177</u>
	-----	-----	-----	-----
<b>Net gain/(loss) from financial instruments:</b>				
Net gain/(loss) arising on financial assets held for trading :				
Net gain/(loss) from sale	2,644	15,519	(1,271)	7,527
Unrealised revaluation loss	(1,367)	(1,555)	(432)	(2,275)
Net (loss)/ gain arising on trading derivatives:				
Net loss on settlement	(206,562)	(168,572)	(66,548)	(62,291)
Unrealised revaluation gain	64,835	75,054	12,115	14,235
Net gain/(loss) arising from dealing in foreign exchange :				
Net gain/(loss) on settlement	273,872	148,074	112,541	(13,827)
Unrealised (loss) / gain from foreign exchange translation	(49,606)	15,680	(33,879)	40,333
Net gain arising on financial investments available-for-sale :				
Gross dividend income	90	105	56	42
Gain from sale of investment securities	-	4,346	-	3,438
<b>Other income :</b>				
Gain on disposal of plant and equipment	-	95	-	1
Other operating income/(loss), net	1,634	(3,614)	2,139	(6,893)
	<u>85,540</u>	<u>85,132</u>	<u>24,721</u>	<u>(19,710)</u>
	-----	-----	-----	-----
	<u>116,633</u>	<u>111,130</u>	<u>36,501</u>	<u>(10,533)</u>
	=====	=====	=====	=====

## 22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	36,700	38,526	10,036	15,021
-Others	9,674	9,488	2,493	3,664
Establishment costs				
-Rental	1,922	2,008	667	667
-Depreciation	987	1,042	324	312
-Others	3,117	2,902	1,281	1,152
Marketing expenses	1,456	1,671	562	730
Administration and general expenses				
-Intercompany expenses	21,056	21,093	8,811	7,210
-Communication	1,168	1,239	389	421
-Others	4,975	5,232	1,747	1,748
	<u>81,055</u>	<u>83,201</u>	<u>26,310</u>	<u>30,925</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 179 (September 2012-167).

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

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the year	(302)	(323)	(113)	(105)
- written back	2,091	671	1,447	107
Recoveries from bad debt written off	8	100	8	-
Collective assessment allowance				
- (made) /reversal during the year	(2,569)	1,267	(714)	2,917
	<u>(772)</u>	<u>1,715</u>	<u>628</u>	<u>2,919</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 favour and the two companies then appealed against the judgement. The appeal was heard in April 2013 and in June 2013, the appeal court allowed the appeal against the Bank with damages to be separately assessed. The Bank has applied for leave to appeal to the Federal Court.

## 25. Capital adequacy

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 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	748,583	748,583
Less: Deferred tax assets	(20,987)	(20,987)
Total Tier 1 capital	1,433,680	1,433,680
Tier 2 capital		
Collective assessment allowance	7,199	6,312
Total Capital	1,440,879	1,439,992
Less: Investments in subsidiary companies	-	(20)
Capital base	1,440,879	1,439,972
Core capital ratio	14.95%	14.57%
Risk-weighted capital ratio	15.03%	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 30 September 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	3,467,607	168,851	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	1,887,670	1,887,670	844,472	67,558
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	759,277	759,277	757,664	60,613
	Regulatory Retail	1,219	1,219	915	73
	Residential Mortgages	23,265	23,265	8,246	660
	Higher Risk Assets	-	-	-	-
	Other Assets	189,604	189,604	186,927	14,954
	Equity Exposure	1,631	1,631	1,861	149
	Defaulted Exposures	4,412	4,412	4,412	353
	<b>Total On-Balance Sheet Exposures</b>	<b>6,334,685</b>	<b>3,035,929</b>	<b>1,804,497</b>	<b>144,360</b>
	<b><u>Off-Balance Sheet Exposures</u></b>				
	OTC Derivatives	6,501,976	6,261,419	3,000,874	240,070
	Credit Derivatives	86,747	86,747	22,012	1,761
	<b>Total for Off-Balance Sheet Exposures</b>	<b>6,588,723</b>	<b>6,348,166</b>	<b>3,022,886</b>	<b>241,831</b>
	<b>Total On and Off- Balance Sheet Exposures</b>	<b>12,923,408</b>	<b>9,384,095</b>	<b>4,827,383</b>	<b>386,191</b>

## 25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 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	162,229,017	157,694,918		2,438,953	195,116
	Foreign Currency Risk	1,413,242	246,901		1,413,466	113,077
	Options	9,423	27,082		493,375	39,470
		163,651,682	157,968,901		4,345,794	347,663
4	Operational Risk				414,695	33,176
5	Total RWA and Capital Requirements				9,587,872	767,030

## 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	<b>Credit Risk</b>	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

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## 25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	174,037	-	-	-	-	-	-	-	2,677	-	176,714	-
20%	-	-	2,913,134	-	21,791	-	-	-	-	-	2,934,925	586,985
35%	-	-	-	-	-	-	22,409	-	-	-	22,409	7,843
50%	-	-	3,964,456	-	69,525	-	856	-	-	-	4,034,837	2,017,418
75%	-	-	-	-	-	1,219	-	-	-	-	1,219	916
100%	-	14,390	4,669	5,072	1,996,890	-	4,412	-	186,927	1,611	2,213,971	2,213,971
150%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	20	20	250
<b>Total Exposures</b>	<b>174,037</b>	<b>14,390</b>	<b>6,882,259</b>	<b>5,072</b>	<b>2,088,206</b>	<b>1,219</b>	<b>27,677</b>	<b>-</b>	<b>189,604</b>	<b>1,631</b>	<b>9,384,095</b>	<b>4,827,383</b>
<b>Risk-Weighted Assets by Exposures</b>	<b>-</b>	<b>14,390</b>	<b>2,569,524</b>	<b>5,072</b>	<b>2,036,011</b>	<b>915</b>	<b>12,683</b>	<b>-</b>	<b>186,927</b>	<b>1,861</b>	<b>4,827,383</b>	
<b>Average Risk Weight</b>	<b>-</b>	<b>100.0%</b>	<b>37.3%</b>	<b>100.0%</b>	<b>97.5%</b>	<b>75.0%</b>	<b>45.8%</b>	<b>0.0%</b>	<b>98.6%</b>	<b>114.1%</b>	<b>51.4%</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>	

## 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>	138,832	21,530	5,813,724	5,019	1,730,458	549	30,137	-	154,661	1,631	7,896,879	3,970,705	
<b>Risk-Weighted Assets by Exposures</b>	-	21,530	2,117,324	5,019	1,659,575	665	13,818	-	152,241	533	3,970,705		
<b>Average Risk Weight</b>	-	100.0%	36.4%	100.0%	95.9%	75.0%	45.9%	0.0%	98.4%	32.7%	50.3%		
<b>Deduction from Capital Base</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:

30 September 2013 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	10	10	10
Transaction Related Contingent Items	1,412,679	706,339	565,669
Short Term Self Liquidating Trade Related Contingencies	129,124	25,825	22,152
<b>Foreign exchange related contracts</b>			
One year or less	26,187,245	797,053	336,768
Over one year to five years	18,641,969	1,577,272	689,561
Over five years	3,402,426	483,021	164,980
<b>Interest/Profit rate related contracts</b>			
One year or less	25,150,054	59,472	18,481
Over one year to five years	52,703,672	1,479,545	484,197
Over five years	11,749,276	958,859	339,154
<b>Equity related contracts</b>			
One year or less	-	-	-
Over one year to five years	169,859	21,309	10,560
Over five years	-	-	-
<b>Credit Derivative Contracts</b>			
One year or less	-	-	-
Over one year to five years	1,666,450	86,747	22,012
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	1,966,223	393,245	369,316
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>Total</b>	<b>143,179,038</b>	<b>6,588,723</b>	<b>3,022,886</b>

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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 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	-	-	-
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	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,410,783	282,157	260,628
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>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 30 SEPTEMBER 2013 - UNAUDITED

	Note	Bank	
		30 September 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>			
Cash and short term funds	(a)	7,245	1,920
Financial assets-held-for-trading		89,523	90,211
Other assets		1,220	248
<b>Total assets</b>		<u>97,988</u> =====	<u>92,379</u> =====
<b>Liabilities and shareholders' funds</b>			
Deposits from customer	(b)	62,319	56,788
Deposits and placements of banks and other financial institutions	(c)	871	926
Other liabilities	(d)	3,455	4,574
Taxation		1,523	1,210
<b>Total liabilities</b>		<u>68,168</u> -----	<u>63,498</u> -----
Capital funds		25,000	25,000
Retained profits		4,820	3,881
Islamic banking funds		<u>29,820</u> -----	<u>28,881</u> -----
<b>Total liabilities and Islamic banking funds</b>		<u>97,988</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 THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013 - UNAUDITED

	Bank			
	Nine months ended 30 September 2013 RM'000	30 September 2012 RM'000	Three months ended 30 September 2013 RM'000	30 September 2012 RM'000
Income derived from investment of Islamic banking funds	1,264	3,284	1,727	2,817
Total net income	<u>1,264</u>	<u>3,284</u>	<u>1,727</u>	<u>2,817</u>
Other overheads and expenditures	(12)	-	(4)	-
<b>Profit before taxation</b>	<u>1,252</u>	<u>3,284</u>	<u>1,723</u>	<u>2,817</u>
Taxation	(313)	(821)	(431)	(704)
<b>Profit after taxation</b>	<u>939</u> =====	<u>2,463</u> =====	<u>1,292</u> =====	<u>2,113</u> =====

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS  
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	939	939
At 30 September 2013	<u>25,000</u>	<u>4,820</u>	<u>29,820</u>
=====			
At 1 January 2012	25,000	2,317	27,317
Profit after taxation	-	2,463	2,463
At 30 September 2012	<u>25,000</u>	<u>4,780</u>	<u>29,780</u>
=====			

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

STATEMENT OF CASH FLOW  
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

	30 September 2013 RM'000	30 September 2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	1,252	3,284
Operating profit before working capital changes	<u>1,252</u>	<u>3,284</u>
Changes in working capital:		
Net changes in operating assets	(284)	(8,419)
Net changes in operating liabilities	4,357	(3,940)
Net cash generated from/(used) in operations	<u>5,325</u>	<u>(9,075)</u>
Net increase/ (decrease) in cash and cash equivalents	5,325	(9,075)
Cash and cash equivalents at beginning of period	1,920	12,099
Cash and cash equivalents at end of period	<u>7,245</u>	<u>3,024</u>
	=====	=====
Analysis of cash and cash equivalents		
Cash and short term funds	<u>7,245</u>	<u>3,024</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, 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	
	30 September 2013 RM'000	31 December 2012 RM'000
Cash and balances with banks and other financial institutions	7,245	1,920
	<u>7,245</u>	<u>1,920</u>
	=====	=====

## (b) Deposits from customer

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
<b>Non-Mudharabah</b>		
Demand deposits	12,319	6,788
Other deposits	50,000	50,000
	<u>62,319</u>	<u>56,788</u>
	=====	=====

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

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Licensed bank	871	926
	<u>871</u>	<u>926</u>
	=====	=====

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

## (d) Other liabilities

	Group and Bank	
	30 September 2013 RM'000	31 December 2012 RM'000
Bills payable	121	732
Others	3,334	3,842
	3,455	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	
	30 September 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
Interim losses	-	-
	Total Tier 1 capital	28,881
	Total Tier 2 capital	-
Capital base	28,881	28,881
	=====	=====
Core capital ratio	591.28%	137.18%
Risk-weighted capital ratio	591.28%	137.18%
	=====	=====

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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 30 September 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	7,739	7,739	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	228	228	114	9
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	498	498	498	40
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	<b>Total On-Balance Sheet Exposures</b>	<b>8,465</b>	<b>8,465</b>	<b>612</b>	<b>49</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>8,465</b>	<b>8,465</b>	<b>612</b>	<b>49</b>

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 30 September 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	38,858	-		375	30
	Foreign Currency Risk	228	-		225	18
	Options	-	-		-	-
		38,858	-		600	48
4	Operational Risk				3,672	294
5	Total RWA and Capital Requirements				4,884	391

## 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 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>

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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 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

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

## (f) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	7,739	-	-	-	-	-	-	-	-	-	-	7,739
20%	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	228	-	-	-	-	-	-	-	-	228
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	498	-	-	498
150%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>7,739</b>	<b>-</b>	<b>228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>8,465</b>
<b>Risk-Weighted Assets by Exposures</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>-</b>	<b>612</b>	
<b>Average Risk Weight</b>	<b>0%</b>	<b>-</b>	<b>50.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>7.2%</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>	

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

## (f) 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	
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>	