

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

Unaudited Condensed Interim Financial Statements
- 30 September 2012

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 2012 - UNAUDITED

	Note	Group		Bank	
		30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Assets					
Cash and short term funds		10,722,529	4,478,340	10,722,529	4,478,340
Securities purchased under resale agreements		4,398,673	3,409,464	4,398,673	3,409,464
Financial assets held-for-trading	12	1,958,177	939,707	1,958,177	939,707
Financial investments available-for-sale	13	1,591	7,165	1,591	7,165
Loans, advances and financing	14	657,856	831,064	657,856	831,064
Other assets	15	2,244,735	2,117,101	2,244,735	2,117,101
Statutory deposit with Bank Negara Malaysia		2,000	2,000	2,000	2,000
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		2,969	3,569	2,969	3,569
Deferred tax assets		19,192	17,746	19,192	17,746
Tax recoverable		-	35,796	-	35,796
Total assets		<u>20,007,722</u>	<u>11,841,952</u>	<u>20,007,742</u>	<u>11,841,972</u>
Liabilities and shareholders' funds					
Deposits from customers	16	11,907,092	5,971,441	11,907,112	5,971,461
Deposits and placements of banks and other financial institutions	17	829,893	1,941,001	829,893	1,941,001
Obligations on securities sold under repurchase agreements		3,015,665	-	3,015,665	-
Other liabilities	18	2,753,241	2,534,437	2,753,241	2,534,437
Taxation		3,051	-	3,051	-
Total liabilities		<u>18,508,942</u>	<u>10,446,879</u>	<u>18,508,962</u>	<u>10,446,899</u>
Share capital		<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
Reserves		<u>1,325,181</u>	<u>1,221,474</u>	<u>1,325,181</u>	<u>1,221,474</u>
Shareholders' funds		<u>1,498,780</u>	<u>1,395,073</u>	<u>1,498,780</u>	<u>1,395,073</u>
Total liabilities and shareholders' funds		<u>20,007,722</u>	<u>11,841,952</u>	<u>20,007,742</u>	<u>11,841,972</u>
Commitments and contingencies	25	<u>157,616,071</u>	<u>138,081,992</u>	<u>157,616,071</u>	<u>138,081,992</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 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012 - UNAUDITED

	Note	Group and Bank			
		Nine months ended 30 September 2012 RM'000	30 September 2011 RM'000	Three months ended 30 September 2012 RM'000	30 September 2011 RM'000
Interest income	19	179,980	202,844	61,197	58,485
Interest expense	20	(68,103)	(107,996)	(26,078)	(26,072)
Net interest income		<u>111,877</u>	<u>94,848</u>	<u>35,119</u>	<u>32,413</u>
Net income from Islamic Banking Operations	26	3,284	2,396	2,817	1,707
Non-interest income / (expense)	21	111,130	(36,625)	(10,533)	(62,246)
Operating income / (loss)		<u>226,291</u>	<u>60,619</u>	<u>27,403</u>	<u>(28,126)</u>
Other operating expenses	22	(83,201)	(72,121)	(30,925)	(15,509)
Operating profit / (loss)		<u>143,090</u>	<u>(11,502)</u>	<u>(3,522)</u>	<u>(43,635)</u>
Allowance for impairment on loans, advances and financing	23	448	12,363	2	12,115
Profit / (loss) before taxation		<u>143,538</u>	<u>861</u>	<u>(3,520)</u>	<u>(31,520)</u>
Tax (expense) / income		(36,998)	(753)	593	8,181
Net profit / (loss) for the period		<u>106,540</u>	<u>108</u>	<u>(2,927)</u>	<u>(23,339)</u>
Other comprehensive loss, net of tax					
Fair value of financial investments available-for-sale		(2,833)	(1,169)	(2,471)	(1,097)
Other comprehensive loss for the period, net of tax		<u>(2,833)</u>	<u>(1,169)</u>	<u>(2,471)</u>	<u>(1,097)</u>
Total comprehensive income / (loss) for the period		<u>103,707</u>	<u>(1,061)</u>	<u>(5,398)</u>	<u>(24,436)</u>
Earnings per share (sen)		61.4 sen	0.1 sen	(1.7) sen	(13.4) 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 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	<-----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	
Group and Bank						
At 1 January 2012	173,599	357,763	177,555	686,156	1,221,474	1,395,073
Net profit for the period	-	-	-	106,540	106,540	106,540
Other comprehensive loss	-	-	(2,833)	-	(2,833)	(2,833)
Total comprehensive (loss) / income for the period	-	-	(2,833)	106,540	103,707	103,707
At 30 September 2012	173,599	357,763	174,722	792,696	1,325,181	1,498,780
At 1 January 2011	173,599	357,763	178,975	630,790	1,167,528	1,341,127
Net profit for the period	-	-	-	108	108	108
Other comprehensive loss	-	-	(1,169)	-	(1,169)	(1,169)
Total comprehensive (loss) / income for the period	-	-	(1,169)	108	(1,061)	(1,061)
At 30 September 2011	173,599	357,763	177,806	630,898	1,166,467	1,340,066

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 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

	Group and Bank	
	30 September 2012	30 September 2011
	RM'000	RM'000
Profit before taxation	143,538	861
Adjustments for non-operating and non-cash items	(3,399)	1,838
	<hr/>	<hr/>
Operating profit before working capital changes	140,139	2,699
Changes in working capital:		
Net changes in operating assets	(1,962,105)	(1,285,353)
Net changes in operating liabilities	8,059,012	370,940
Income tax paid	(691)	(52,015)
Tax refunds received	2,038	-
	<hr/>	<hr/>
Net cash generated / (used in) from operations	6,238,393	(963,729)
	<hr/>	<hr/>
Net cash generated from / (used in) investing activities	5,796	(2,357)
	<hr/>	<hr/>
	5,796	(2,357)
	<hr/>	<hr/>
Net change in cash and cash equivalents	6,244,189	(966,086)
Cash and cash equivalents at beginning of the period	4,478,340	5,405,903
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	10,722,529	4,439,817
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Cash and short-term funds	10,722,529	4,439,817
	<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 2011.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2012

1. Basis of preparation

The unaudited interim financial statements for the financial third quarter ended 30 September 2012 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 2011. 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 2011.

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 2011.

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:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*

1. Basis of preparation (continued)

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

- Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

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

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)

The Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Company will not be adopting the above FRSs, Interpretations and amendments.

2. Audit report

The audit report on the audited annual financial statements for the financial year ended 31 December 2011 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 2012.

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 2012.

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 2012.

7. Dividend Paid

No dividend was paid during the third financial quarter ended 30 September 2012.

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 2012.

10. Review of Performance

The Bank recorded profit before taxation for the nine months ended 30 September 2012 of RM143.5 million compared to RM 0.9 million profit for the previous corresponding period. Operating income increased by RM165.7 million (273.4%) from RM60.6 million to RM226.3 primarily on higher non-interest income from trading activities of RM111.1 million against non-interest expense of RM36.6 million in the previous corresponding period. Net interest income increased by RM17.1 million (18.0%) from RM94.8 million to RM111.9 million. Operating expenses increased by RM11.1 million (15.4%) from RM72.1 million to RM83.2 million attributed to higher personnel cost.

Total assets registered an increase of RM8.2 billion or 69.5% from RM11.8 billion to RM20.0 billion at 30 September 2012. The Bank's core capital ratio and risk weighted capital ratio remained strong at 12.01% and 12.12% respectively.

11. Prospects

Global economic conditions weakened in 3Q 2012, with risks in both advanced and emerging economies. The global outlook for the rest of 2012 continues to be fronted by the persistent Eurozone debt issue, uncertainties over the U.S. fiscal cliff and slowing growth in China. Locally, Malaysia's 2012 GDP is expected to come in at 4.5- 5.0%, supported by an improvement in industrial activity and strong domestic private spending. Inflation is likely to remain manageable and the Overnight Policy Rate is expected to hold steady at 3% for the rest of 2012.

The Bank's strategy remains steadfastly focused on the key business areas of Global Markets and Global Banking. In addition, we intend to capitalize on the momentum gained from our accomplishments and continue to solidify our Islamic Banking franchise by leveraging on our global franchise, international product platform and network in 2012 and beyond. Our strong client focus and drive to deliver comprehensive and innovative end-to-end solutions will continue to differentiate us and secure our position as a top-tier corporate and investment bank for clients in the local market.

The Bank will continue to manage capital efficiently to support business growth and instill an increased cost culture throughout 2012 and beyond.

12. Financial assets held-for-trading

	Group and Bank	
	30 September 2012	31 December 2011
At fair value	RM'000	RM'000
Malaysian Government Securities	390,426	543,164
Malaysian Investment Issue	236,052	61,087
Bank Negara Malaysia Bills	611,908	288,428
Cagamas bonds	9,486	6,211
Private debt securities	340,305	40,817
Negotiable instruments of deposit	370,000	-
	<u>1,958,177</u>	<u>939,707</u>
	=====	=====

13. Financial investments available-for-sale

	Group and Bank	
	30 September 2012	31 December 2011
At fair value	RM'000	RM'000
Quoted securities	-	5,574
At cost		
Unquoted securities	1,591	1,591
	<u>1,591</u>	<u>7,165</u>
	=====	=====

14. Loans, advances and financing

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
At amortised cost		
Overdrafts	77,171	78,074
Term loans - housing loans	28,113	30,176
- other term loans	60,678	68,589
Bills receivable	30,240	55,156
Claims on customers under acceptance credits	475,182	614,688
Staff loans	4,171	3,111
	<u>675,555</u>	<u>849,794</u>
Unearned interest	(2,622)	(3,305)
	<u>672,933</u>	<u>846,489</u>
Gross loans, advances and financing	672,933	846,489
Allowance for impaired loans and financing		
- Collective assessment	(12,672)	(12,672)
- Individual assessment	(2,405)	(2,753)
Net loans, advances and financing	<u>657,856</u> =====	<u>831,064</u> =====

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

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Maturing within one year	624,974	795,505
One year to three years	875	3,497
Three years to five years	17,709	16,745
Over five years	29,375	30,742
	<u>672,933</u> =====	<u>846,489</u> =====

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

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Domestic business enterprises - others	610,470	762,195
Individuals	32,317	33,316
Foreign entities	30,146	50,978
	<u>672,933</u> =====	<u>846,489</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 2012 RM'000	31 December 2011 RM'000
Fixed rate		
- Other fixed rate loan / financing	4,171	3,111
Variable rate		
- Base lending rate plus	66,358	63,593
- Cost-plus	599,668	777,625
- Other variable rates	2,736	2,160
	<u>672,933</u>	<u>846,489</u>
	=====	=====

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

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Malaysia	642,787	795,511
India	4,869	28,089
Other countries	25,277	22,889
	<u>672,933</u>	<u>846,489</u>
	=====	=====

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

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Mining	-	769
Manufacturing	330,992	492,371
Electricity, gas and water	2,835	-
Construction	74,507	55,637
Purchase of landed property:		
- Residential	31,317	32,724
Wholesale & retail trade and restaurants & hotels	197,164	205,859
Finance, insurance and business services	31,459	57,716
Purchase of transport vehicles	211	256
Others	4,448	1,157
	<u>672,933</u>	<u>846,489</u>
	=====	=====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Balance at 1 January	9,867	11,499
Classified as impaired during the period/year	1,998	3,375
Reclassified as non-impaired during the period/year	(1,209)	(2,075)
Amounts recovered	(1,673)	(2,932)
At 30 September 2012	<u>8,983</u>	<u>9,867</u>
	=====	=====
Gross impaired loans as a percentage of gross loans, advances and financing	1.33%	1.17%
	=====	=====

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

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	12,672	23,946
Reversal during the year	-	(11,274)
At 30 September 2012	<u>12,672</u>	<u>12,672</u>
	=====	=====

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	2,753	3,419
Allowance made during the period/year	323	816
Amounts recovered	(671)	(1,482)
At 30 September 2012	<u>2,405</u>	<u>2,753</u>
	=====	=====

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

	Group and Bank	
	30 September 2012	31 December 2011
	RM'000	RM'000
Manufacturing	3,614	4,186
Purchase of landed property - residential	5,327	5,638
Others	42	43
	<u>8,983</u>	<u>9,867</u>
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Interest / Income receivable	23,316	15,769
Margin placed with exchange	685	627
Derivatives	1,806,354	1,677,119
Other debtors, deposits and prepayments	414,380	423,586
	<u>2,244,735</u> =====	<u>2,117,101</u> =====

16. Deposits from customers

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Demand deposits	2,192,335	1,870,159	2,192,355	1,870,179
Savings deposits	7,370	9,052	7,370	9,052
Fixed deposits	270,494	599,283	270,494	599,283
Other deposits	9,436,893	3,442,947	9,436,893	3,442,947
Negotiable instruments of deposits	-	50,000	-	50,000
	<u>11,907,092</u> =====	<u>5,971,441</u> =====	<u>11,907,112</u> =====	<u>5,971,461</u> =====

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Due within six months	7,721,962	2,017,830	7,721,962	2,017,830
More than six months to one year	1,133,216	132,916	1,133,216	132,916
More than one year to three years	457,700	1,238,583	457,700	1,238,583
More than three years to five years	219,561	544,585	219,561	544,585
More than five years	174,948	158,316	174,948	158,316
	<u>9,707,387</u> =====	<u>4,092,230</u> =====	<u>9,707,387</u> =====	<u>4,092,230</u> =====

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Business enterprises	8,855,578	2,780,935	8,855,598	2,780,955
Individuals	40,160	45,645	40,160	45,645
Foreign customers	328,261	134,588	328,261	134,588
Others	2,683,093	3,010,273	2,683,093	3,010,273
	<u>11,907,092</u>	<u>5,971,441</u>	<u>11,907,112</u>	<u>5,971,461</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Other financial institutions	829,893	1,941,001
	<u>829,893</u>	<u>1,941,001</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Interest payable	5,230	2,717
Bills payable	183,500	155,145
Derivatives	1,736,739	1,875,631
Employee benefits	11,156	18,426
Other liabilities	816,616	482,518
	<u>2,753,241</u>	<u>2,534,437</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	25,310	21,450	8,242	7,319
Money at call and deposit placements with financial institutions	16,904	20,163	6,654	7,296
Securities purchased under resale agreement	87,758	104,744	32,118	30,349
Financial assets held for trading	50,008	56,436	14,183	13,521
Others	-	51	-	-
	<u>179,980</u>	<u>202,844</u>	<u>61,197</u>	<u>58,485</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	323	467	105	113
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,866	7,388	4,313	3,455
Obligations on securities sold under repurchase agreement	10,491	56,941	8,087	7,929
Deposits from customers	42,746	43,667	13,678	14,688
	<u>68,103</u>	<u>107,996</u>	<u>26,078</u>	<u>26,072</u>
	=====	=====	=====	=====

21. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	7,026	7,313	2,228	2,551
Service charges and fees	12,291	11,154	4,353	4,039
Guarantee fees	6,681	2,835	2,596	917
	<u>25,998</u>	<u>21,302</u>	<u>9,177</u>	<u>7,507</u>
	-----	-----	-----	-----
Net gain/(loss) from financial instruments:				
Net gain/(loss) arising on financial assets held for trading :				
Net gain/(loss) from sale	15,519	(174)	7,527	5,724
Unrealised revaluation (loss)/ gain	(1,555)	755	(2,275)	(495)
Net (loss)/ gain arising on trading derivatives :				
Net loss on settlement	(168,572)	(180,614)	(62,291)	(16,825)
Unrealised revaluation gain/(loss)	75,054	(107,052)	14,235	(151,773)
Net gain/(loss) arising from dealing in foreign exchange :				
Net gain/(loss) on settlement	148,074	263,365	(13,827)	79,976
Unrealised gain/(loss) from foreign exchange translation	15,680	(45,715)	40,333	9,286
Net gain arising on financial investments available-for-sale :				
Gross dividend income	105	252	42	182
Gain from sale of investment securities	4,346	380	3,438	380
Other income :				
Gain/(loss) on disposal of plant and equipment	95	13	1	13
Other operating (loss)/ income, net	(3,614)	10,863	(6,893)	3,779
	<u>85,132</u>	<u>(57,927)</u>	<u>(19,710)</u>	<u>(69,753)</u>
	-----	-----	-----	-----
	<u>111,130</u>	<u>(36,625)</u>	<u>(10,533)</u>	<u>(62,246)</u>
	=====	=====	=====	=====

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	38,526	30,549	15,021	2,004
-Others	9,488	8,943	3,664	1,755
Establishment costs				
-Rental	2,008	2,031	667	677
-Depreciation	1,042	1,442	312	658
-Others	2,902	2,585	1,152	992
Marketing expenses	1,671	2,048	730	786
Administration and general expenses				
-Intercompany expenses	21,093	18,515	7,210	6,725
-Communication	1,239	1,314	421	502
-Others	5,232	4,694	1,748	1,410
	<u>83,201</u>	<u>72,121</u>	<u>30,925</u>	<u>15,509</u>
	=====	=====	=====	=====

The number of employees of the Group and the Bank at the end of the period was 167 (September 2011 - 149).

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
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
- made during the year	(323)	(467)	(105)	(111)
- written back	671	829	107	225
Recoveries from bad debt written off	100	1	-	1
Collective assessment allowance				
- reversal during the year	-	12,000	-	12,000
	<u>448</u>	<u>12,363</u>	<u>2</u>	<u>12,115</u>
	=====	=====	=====	=====

24. Contingent Liabilities

As at 30 September 2012, the Bank has received a judgment in its favour in the litigation commenced against it by two companies, seeking specific damages amounting to RM1 million and general damages for which the amount is not quantifiable at this stage. The two companies have lodged an appeal against the judgment.

The information usually required by FRS137, Provision, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

25. Capital adequacy

	Group and Bank	
	30 September	31 December
	2012	2011
	RM'000	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	686,156	686,156
Less: Deferred tax assets	(17,746)	(17,746)
Total Tier 1 capital	<u>1,374,494</u>	<u>1,374,494</u>
Tier 2 capital		
Collective assessment allowance	12,672	12,672
Total Capital	<u>1,387,166</u>	<u>1,387,166</u>
Less: Investments in subsidiary companies	(20)	(20)
Capital base	<u>1,387,146</u> =====	<u>1,387,146</u> =====
Core capital ratio	12.01%	14.39%
Risk-weighted capital ratio	12.12%	14.52%
	=====	=====

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 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
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	4,545,916	136,581	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	891,696	891,696	453,184	36,255
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	612,637	612,637	587,249	46,979
	Regulatory Retail	958	958	719	58
	Residential Mortgages	26,219	26,219	9,609	769
	Higher Risk Assets	-	-	-	-
	Other Assets	121,444	121,444	118,513	9,481
	Equity Exposure	1,631	1,631	533	43
	Defaulted Exposures	6,665	6,665	6,665	533
	Total On-Balance Sheet Exposures	6,207,166	1,797,831	1,176,472	94,118
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	7,610,650	7,327,834	3,212,410	256,992
	Credit Derivatives	72,736	72,736	17,969	1,438
	Total for Off-Balance Sheet Exposures	7,683,386	7,400,570	3,230,379	258,430
	Total On and Off- Balance Sheet Exposures	13,890,552	9,198,401	4,406,851	352,548

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 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	186,052,922	173,270,341		4,771,380	381,710
	Foreign Currency Risk	1,366,146	-		1,366,150	109,292
	Options	109,152	-		439,150	35,132
		187,528,220	173,270,341		6,576,680	526,134
4	Operational Risk				458,234	36,659
5	Total RWA and Capital Requirements				11,441,765	915,341

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2011 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	3,508,037	91,540	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	544,465	544,465	260,724	20,858
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	756,286	759,286	712,506	57,000
	Regulatory Retail	549	549	412	33
	Residential Mortgages	27,398	27,398	9,745	780
	Higher Risk Assets	-	-	-	-
	Other Assets	96,403	96,403	92,825	7,426
	Equity Exposure	7,205	7,205	6,107	489
	Defaulted Exposures	7,114	7,114	7,114	569
	Total On-Balance Sheet Exposures	4,947,457	1,530,960	1,089,433	87,155
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	6,653,399	6,423,504	2,898,948	231,916
	Credit Derivatives	43,321	43,321	16,143	1,291
	Total for Off-Balance Sheet Exposures	6,696,720	6,466,825	2,915,091	233,207
	Total On and Off- Balance Sheet Exposures	11,644,177	7,997,785	4,004,524	320,362

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for at 31 December 2011 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	161,287,799	154,477,733		3,688,871	295,110
	Foreign Currency Risk	1,096,395	274		1,096,400	87,712
	Options	104,168	-		304,338	24,347
		162,488,362	154,478,007		5,089,609	407,169
4	Operational Risk				457,788	36,623
5	Total RWA and Capital Requirements				9,551,921	764,154

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	190,427	-	-	-	-	-	-	-	2,932	20	193,379	-
20%	-	-	3,198,651	-	42,294	-	-	-	-	1,348	3,242,293	648,459
35%	-	-	-	-	-	24,345	-	-	-	-	24,345	8,521
50%	-	-	3,883,192	-	91,794	1,244	-	-	-	-	3,976,230	1,988,114
75%	-	-	-	-	-	630	958	-	-	-	1,588	1,191
100%	-	21,530	25,611	2,047	1,587,599	5,003	-	118,513	-	263	1,760,566	1,760,566
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	190,427	21,530	7,107,454	2,047	1,721,687	31,222	958	-	121,445	1,631	9,198,401	4,406,851
Risk-Weighted Assets by Exposures	-	21,530	2,606,936	2,047	1,641,955	14,618	719	-	118,513	533	4,406,851	
Average Risk Weight	-	100.0%	36.7%	100.0%	95.4%	46.8%	75.0%	0.0%	97.6%	32.7%	47.9%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 31 December 2011 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%	93,295	-	-	-	-	-	-	-	3,578	20	96,893	-	
20%	-	-	2,620,912	-	64,327	-	-	-	-	1,348	2,686,587	537,317	
35%	-	-	-	-	-	-	26,360	-	-	-	26,360	9,226	
50%	-	-	3,356,210	-	102,406	-	1,038	-	-	-	3,459,654	1,729,827	
75%	-	-	-	-	-	549	-	-	-	-	549	412	
100%	-	26,830	-	2,166	1,594,896	-	5,188	-	92,825	5,837	1,727,742	1,727,742	
150%	-	-	-	-	-	-	-	-	-	-	-	-	
Total Exposures	93,295	26,830	5,977,122	2,166	1,761,629	549	32,586	-	96,403	7,205	7,997,785	4,004,524	
Risk-Weighted Assets by Exposures	-	26,830	2,202,287	2,166	1,658,964	412	14,933	-	92,825	6,107	4,004,524		
Average Risk Weight	-	100.0%	36.8%	100.0%	94.2%	75.0%	45.8%	0.0%	96.3%	84.8%	50.1%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

25. Capital adequacy (continued)

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

30 September 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	1,367,889	683,945	542,219
Short Term Self Liquidating Trade Related Contingencies	154,360	30,872	26,470
Foreign exchange related contracts			
One year or less	21,231,053	498,660	213,600
Over one year to five years	13,078,635	1,128,811	488,627
Over five years	5,654,775	1,189,733	505,693
Interest/Profit rate related contracts			
One year or less	24,934,649	78,448	19,472
Over one year to five years	74,930,538	2,393,671	731,984
Over five years	12,612,689	1,220,036	383,437
Equity related contracts			
One year or less	885,332	92,833	45,317
Over one year to five years	297,068	36,320	18,140
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	117,045	2,542	1,188
Over one year to five years	1,065,436	70,194	16,781
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	1,286,602	257,320	237,451
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	157,616,071	7,683,385	3,230,379

25. Capital adequacy (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 2011 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	-	-	-
Transaction Related Contingent Items	963,205	481,603	416,700
Short Term Self Liquidating Trade Related Contingencies	120,479	24,096	19,344
Foreign exchange related contracts			
One year or less	14,952,336	344,037	194,372
Over one year to five years	8,949,139	769,683	360,775
Over five years	5,597,133	1,209,122	546,968
Interest/Profit rate related contracts			
One year or less	29,067,309	81,646	22,988
Over one year to five years	60,292,816	1,941,932	580,580
Over five years	15,443,759	1,417,324	474,950
Equity related contracts			
One year or less	36,658	3,666	1,833
Over one year to five years	1,139,334	141,351	70,676
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	79,425	8,345	4,173
Over one year to five years	245,700	34,975	11,970
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	1,194,699	238,940	209,762
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-
Total	138,081,992	6,696,720	2,915,091

26. The Operations of Islamic Banking

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012 - UNAUDITED

	Note	Bank	
		30 September 2012 RM'000	31 December 2011 RM'000
Assets			
Cash and short term funds	(a)	3,024	12,099
Financial assets-held-for-trading		88,766	80,821
Other assets		721	247
Total assets		<u>92,511</u> =====	<u>93,167</u> =====
Liabilities and shareholders' funds			
Deposits from customer	(b)	55,093	59,240
Deposits and placements of banks and other financial institutions	(c)	4,354	4,779
Other liabilities	(d)	1,775	1,144
Taxation		1,509	688
Total liabilities		<u>62,731</u> -----	<u>65,851</u> -----
Capital funds		25,000	25,000
Retained profits		4,780	2,316
Islamic banking funds		<u>29,780</u> -----	<u>27,316</u> -----
Total liabilities and Islamic banking funds		<u>92,511</u> =====	<u>93,167</u> =====
Commitments and contingencies		- =====	- =====

26. The operations of Islamic Banking (continued)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012 - UNAUDITED**

	Bank			
	Nine month ended 30 September 2012 RM'000	30 September 2011 RM'000	Three months ended 30 September 2012 RM'000	30 September 2011 RM'000
Income derived from investment of Islamic banking funds	3,284	2,396	2,817	1,707
Profit before taxation	<u>3,284</u>	<u>2,396</u>	<u>2,817</u>	<u>1,707</u>
Taxation	(821)	(599)	(704)	(427)
Profit after taxation	<u>2,463</u> =====	<u>1,797</u> =====	<u>2,113</u> =====	<u>1,280</u> =====

**STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

	Capital funds RM'000	Retained profits RM'000	Total RM'000
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>
=====			
At 1 January 2011	25,000	1,109	26,109
Profit after taxation	-	1,797	1,797
At 30 September 2011	<u>25,000</u>	<u>2,906</u>	<u>27,906</u>
=====			

26. The operations of Islamic Banking (continued)

**STATEMENT OF CASH FLOW
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012**

	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from operating activities		
Profit before taxation	3,284	2,396
Operating profit before working capital changes	<u>3,284</u>	<u>2,396</u>
Changes in working capital:		
Increase in operating assets	(8,419)	(51,972)
Decrease in operating liabilities	(3,940)	39,600
Net cash used in operations	<u>(9,075)</u>	<u>(9,976)</u>
Net cash used in investing activity	-	-
	<u>-</u>	<u>-</u>
Net decreased in cash and cash equivalents	(9,075)	(9,976)
Cash and cash equivalents at beginning of period	12,099	54,065
Cash and cash equivalents at end of period	<u>3,024</u> =====	<u>44,089</u> =====
Analysis of cash and cash equivalents		
Cash and short term funds	<u>3,024</u>	<u>44,089</u>

26. 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 2012 RM'000	31 December 2011 RM'000
Cash and balances with banks and other financial institutions	3,024	6,099
Money at call and deposit placements maturing within one month	-	6,000
	3,024	12,099
	=====	=====

(b) Deposits from customer

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Non-Mudharabah		
Demand deposits	5,093	9,240
Other deposits	50,000	50,000
	55,093	59,240
	=====	=====

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

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Licensed bank	4,354	4,779
	4,354	4,779
	=====	=====

26. The operations of Islamic Banking (continued)

(d) Other liabilities

	Group and Bank	
	30 September 2012 RM'000	31 December 2011 RM'000
Bills payable	756	65
Others	1,019	1,079
	1,775	1,144
	=====	=====

(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 2012 RM'000	31 December 2011 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	2,316	2,316
	27,316	27,316
Total Tier 1 capital	27,316	27,316
Total Tier 2 capital	-	-
Capital base	27,316	27,316
	=====	=====
Core capital ratio	106.65%	122.06%
Risk-weighted capital ratio	106.65%	122.06%
	=====	=====

26. 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 30 September 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
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	3,557	3,557	-	-
	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	-	-	-	-
	Total On-Balance Sheet Exposures	3,745	3,745	94	8
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	3,745	3,745	94	8

26. 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 30 September 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	88,766	-		21,535	1,723
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		88,766	-		21,535	1,723
4	Operational Risk				3,983	318
5	Total RWA and Capital Requirements				25,612	2,049

Company No. 312552-W

26. 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 2011 are as follows:

RISK TYPE		Gross Exposures	Net Exposures	Risk-Weighted Assets	Capital Requirements
1	Credit Risk	RM'000	RM'000	RM'000	RM'000
	<u>On-Balance Sheet Exposures</u>				
	Sovereigns/Central Banks	12,141	12,141	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	205	205	103	8
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	-	-	-	-
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	12,346	12,346	103	8
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	12,346	12,346	103	8

26. 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 2011 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	86,821	-		20,346	1,628
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		86,821	-		20,346	1,628
4	Operational Risk				1,931	154
5	Total RWA and Capital Requirements				22,380	1,790

Company No. 312552-W

26. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	3,557	-	-	-	-	-	-	-	-	-	-	3,557	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	188	-	-	-	-	-	-	-	-	188	94
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	3,557	-	188	-	-	-	-	-	-	-	-	3,745	94
Risk-Weighted Assets by Exposures	-	-	100	-	-	-	-	-	-	-	-	100	
Average Risk Weight	-	-	50.0%	-	-	-	-	-	-	-	-	2.5%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

Company No. 312552-W

26. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2011 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%	12,141	-	-	-	-	-	-	-	-	-	-	12,141	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	205	-	-	-	-	-	-	-	-	205	103
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	12,141	-	205	-	-	-	-	-	-	-	-	12,346	103
Risk-Weighted Assets by Exposures	-	-	103	-	-	-	-	-	-	-	-	103	
Average Risk Weight	0%	-	50.2%	-	-	-	-	-	-	-	-	0.8%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	