

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

Unaudited Condensed Interim Financial Statements
- 30 September 2011

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 2011 - UNAUDITED

	Note	Group		Bank	
		30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Assets					
Cash and short term funds		4,439,817	5,405,903	4,439,817	5,405,903
Securities purchased under resale agreements		2,809,949	2,764,327	2,809,949	2,764,327
Financial assets held-for-trading	12	1,407,505	1,113,962	1,407,505	1,113,962
Financial investments available-for-sale	13	7,500	9,064	7,500	9,064
Loans, advances and financing	14	749,370	750,402	749,370	750,402
Other assets	15	2,729,442	1,783,996	2,729,442	1,783,996
Statutory deposit with Bank Negara Malaysia		2,000	225	2,000	225
Investments in subsidiary companies		-	-	20	20
Property, plant and equipment		4,027	3,509	4,027	3,509
Deferred tax assets		15,543	55,555	15,543	55,555
Tax Recoverable		58,905	-	58,905	-
Total assets		<u>12,224,058</u>	<u>11,886,943</u>	<u>12,224,078</u>	<u>11,886,963</u>
Liabilities and shareholders' funds					
Deposits from customers	16	5,477,299	5,510,903	5,477,319	5,510,923
Deposits and placements of banks and other financial institutions	17	2,304,117	1,265,895	2,304,117	1,265,895
Obligations on securities sold under repurchase agreements		163,409	1,711,212	163,409	1,711,212
Other liabilities	18	2,938,198	2,024,074	2,938,198	2,024,074
Taxation		969	33,732	969	33,732
Total liabilities		<u>10,883,992</u>	<u>10,545,816</u>	<u>10,884,012</u>	<u>10,545,836</u>
Share capital		<u>173,599</u>	<u>173,599</u>	<u>173,599</u>	<u>173,599</u>
Reserves		<u>1,166,467</u>	<u>1,167,528</u>	<u>1,166,467</u>	<u>1,167,528</u>
Shareholders' funds		<u>1,340,066</u>	<u>1,341,127</u>	<u>1,340,066</u>	<u>1,341,127</u>
Total liabilities and shareholders' funds		<u>12,224,058</u>	<u>11,886,943</u>	<u>12,224,078</u>	<u>11,886,963</u>
Commitments and contingencies	25	<u>139,286,029</u>	<u>107,909,542</u>	<u>139,286,029</u>	<u>107,909,542</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 2010.

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 2011 - UNAUDITED

	Note	Group and Bank			
		Nine months ended		Three months ended	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
		RM'000	RM'000	RM'000	RM'000
Interest income	19	202,844	160,747	58,485	60,241
Interest expense	20	(107,996)	(68,303)	(26,072)	(24,873)
Net interest income		<u>94,848</u>	<u>92,444</u>	<u>32,413</u>	<u>35,368</u>
Net income from Islamic Banking Operations	26	2,396	830	1,707	293
Non-interest (expense) / income	21	(36,625)	136,531	(62,246)	59,366
Operating income / (loss)		<u>60,619</u>	<u>229,805</u>	<u>(28,126)</u>	<u>95,027</u>
Other operating expenses	22	(72,121)	(84,955)	(15,509)	(31,982)
Operating (loss) / profit		<u>(11,502)</u>	<u>144,850</u>	<u>(43,635)</u>	<u>63,045</u>
Writeback/ (Allowance) for impairment on loans, advances and financing	23	12,363	796	12,115	(54)
Profit / (loss) before taxation		<u>861</u>	<u>145,646</u>	<u>(31,520)</u>	<u>62,991</u>
Tax (expense) / income		(753)	(36,293)	8,181	(14,257)
Net profit / (loss) for the period		<u>108</u>	<u>109,353</u>	<u>(23,339)</u>	<u>48,734</u>
Other comprehensive (expense) / income, net of tax					
Fair value of financial investments available-for-sale		(1,169)	1,770	(1,097)	(383)
Other comprehensive (expense) / income for the period, net of tax		<u>(1,169)</u>	<u>1,770</u>	<u>(1,097)</u>	<u>(383)</u>
Total comprehensive (expense) / income for the period		<u>(1,061)</u>	<u>111,123</u>	<u>(24,436)</u>	<u>48,351</u>
		=====	=====	=====	=====
Earnings per share (sen)		0.1 sen	63.0 sen	(13.4)sen	28.1 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 2010.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011

	<-----Attributable to equity holders of the Bank----->					
	Share capital RM'000	<--Non-distributable--> Share premium RM'000	Other reserves RM'000	Distributable Retained profits RM'000	Total reserves RM'000	Total RM'000
Group and Bank						
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 expense	-	-	(1,169)	-	(1,169)	(1,169)
Total comprehensive (expense) / 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
At 1 January 2010	173,599	357,763	177,575	489,958	1,025,296	1,198,895
Net profit for the period	-	-	-	109,353	109,353	109,353
Other comprehensive income	-	-	1,770	-	1,770	1,770
Total comprehensive income for the period	-	-	1,770	109,353	111,123	111,123
At 30 September 2010	173,599	357,763	179,345	599,311	1,136,419	1,310,018

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 2010.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011

	Group and Bank	
	30 September 2011 RM'000	30 September 2010 RM'000
Profit before taxation	861	145,646
Adjustments for non-operating and non-cash items	1,838	1,461
	<hr/>	<hr/>
Operating profit before working capital changes	2,699	147,107
Changes in working capital:		
Net changes in operating assets	(1,285,353)	(3,142,046)
Net changes in operating liabilities	370,940	2,435,351
Income tax paid	(52,015)	(29,997)
	<hr/>	<hr/>
Net cash used in operations	(963,729)	(589,585)
	<hr/>	<hr/>
Net cash used in investing activities	(2,357)	(1,539)
	<hr/>	<hr/>
	(2,357)	(1,539)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(966,086)	(591,124)
Cash and cash equivalents at beginning of the period	5,405,903	4,393,420
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	4,439,817	3,802,296
	=====	=====
Analysis of cash and cash equivalents		
Cash and short-term funds	4,439,817	3,802,296
	<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 2010.

DEUTSCHE BANK (MALAYSIA) BERHAD
(Company No. 312552-W)
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2011

1. Basis of preparation

The unaudited interim financial statements for the financial third quarter ended 30 September 2011 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: securities held-for-trading, securities 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 2010. 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 2010.

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 2010, except for the adoption of the following Financial Reporting Standards (“FRS”), IC Interpretations and Technical Release(TR):

- FRS 1, *First-time Adoption of Financial Reporting Standards*
- FRS 3, *Business Combinations*
- FRS 127, *Consolidated and Separate Financial Statements*
- Amendments to FRS 7, *Improving Disclosures about Financial Instruments*
- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*
- IC Interpretation 12, *Service Concession Arrangements*
- Amendments to FRS 2, *Share-based Payment*
- *Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*
- Amendments to FRS 1, *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters*
- TR i-4, *Shariah Compliant Sale Contracts*
- Improvements to FRSs (2010)

1. Basis of preparation (continued)

The adoption of Amendments to FRS 7 and Amendments to FRS 132 did not impact the financial results of the Group and of the Bank, as the changes introduced are presentational in nature. The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and Technical Release above generally did not have any material impact on the financial results of the Group and the Bank, as they mainly deal with accounting policies affecting transactions which do not form part of the Group and the Bank's normal business operations or transactions where the Group or the Bank only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 July 2011:

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirements*

Effective for annual periods commencing on or after 1 January 2012:

FRS 124, *Related Party Disclosures*
IC Interpretation 15, *Agreements for the Construction of Real Estate*

2. Audit report

The audit report on the audited annual financial statements for the financial year ended 31 December 2010 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 2011.

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 2011.

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 2011.

7. Dividend Paid

No dividend was paid during the third financial quarter ended 30 September 2011.

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 2011.

10. Review of Performance

The Bank's pre-tax profit for the nine months ended 30 September 2011 was RM0.9 million compared to RM145.6 million for the previous corresponding period. Operating income decreased by RM169.2 million (-73.6%) from RM229.8 million to RM60.6 million primarily on non-interest expense from trading activities of RM69.4 million against non-interest income of RM120.4 million in the previous corresponding period. Net interest income increased by RM2.4 million (2.6%) from RM92.4 million to RM94.8 million and net income from Islamic Banking Operations was RM1.6 million higher at RM2.4 million compared to RM0.8 million for the previous corresponding period. Operating expenses decreased by RM12.8 million (-15.1%) from RM85.0 million to RM72.1 million attributed to lower personnel cost, administration and general expenses.

Gross impaired loans ratio improved slightly to 1.37% in September 2011 (31 Dec 2010: 1.48%). Total assets as at 30 September 2011 were RM12.2 billion, RM0.3 billion (2.9%) up against 31 December 2010 of RM11.9 billion. The Bank's core capital ratio and risk weighted capital ratio remained strong at 13.17% and 13.30% respectively.

11. Prospects

The Bank remains vigilant given the recent indicators pointing to slower growth in the domestic economy following weaker global economic environment. Global growth has moderated in the recent months amidst heightened risk outlook from financial market volatilities and market confidence.

The Bank's strategy remains steadfastly focused on the key business areas of Markets, Corporate Finance and Transaction 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 products platform and network in 2011 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.

12. Financial assets held-for-trading

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
At fair value		
Malaysian Government Securities	286,784	476,212
Malaysian Investment Issue	51,016	4,041
Bank Negara Malaysia Bills	706,641	396,933
Cagamas bonds	6,537	6,534
Private debt securities	41,527	242
Negotiable instruments of deposit	315,000	230,000
	<u>1,407,505</u>	<u>1,113,962</u>
	=====	=====

13. Financial investments available-for-sale

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
At fair value		
Quoted securities	5,909	7,473
Unquoted securities	1,591	1,591
	<u>7,500</u>	<u>9,064</u>
	=====	=====

14. Loans, advances and financing

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
At amortised cost		
Overdrafts	78,268	95,519
Term loans - housing loans	29,594	31,934
- other term loans	47,852	122,426
Bills receivable	86,235	54,249
Claims on customers under acceptance credits	522,019	471,361
Staff loans	3,185	3,554
	<u>767,153</u>	<u>779,043</u>
Unearned interest	(2,780)	(1,276)
	<u>764,373</u>	<u>777,767</u>
Gross loans, advances and financing		
Allowance for impaired loans and financing		
- Collective assessment	(11,946)	(23,946)
- Individual assessment	(3,057)	(3,419)
	<u>749,370</u>	<u>750,402</u>
	=====	=====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Maturing within one year	724,127	738,584
One year to three years	8,234	809
Three years to five years	1,487	4,946
Over five years	30,525	33,428
	<u>764,373</u> =====	<u>777,767</u> =====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Domestic business enterprises - others	669,816	692,269
Individuals	32,807	35,524
Foreign entities	61,750	49,974
	<u>764,373</u> =====	<u>777,767</u> =====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Fixed rate		
- Other fixed rate loan / financing	3,185	3,554
Variable rate		
- Base lending rate plus	54,556	77,265
- Cost-plus	705,752	696,851
- Other variable rates	880	97
	<u>764,373</u> =====	<u>777,767</u> =====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Malaysia	702,287	727,793
Thailand	615	-
India	31,873	27,202
Other countries	29,598	22,772
	<u>764,373</u> =====	<u>777,767</u> =====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Mining	766	355
Manufacturing	399,642	426,620
Electricity, gas and water	-	7,102
Construction	56,485	39,381
Purchase of landed property:		
- Residential	32,176	34,883
Wholesale & retail trade and restaurants & hotels	154,831	151,122
Transport, storage and communication	11	-
Finance, insurance and business services	118,501	116,208
Purchase of transport vehicles	271	93
Others	1,690	2,003
	<u>764,373</u> =====	<u>777,767</u> =====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Balance at 1 January	11,499	14,553
Classified as impaired during the period	2,400	2,998
Reclassified as non-impaired during the period	(1,725)	(2,458)
Amounts recovered	(1,665)	(2,458)
Amounts written off	-	(1,136)
At 30 September 2011	<u>10,509</u> =====	<u>11,499</u> =====
Gross impaired loans as a percentage of gross loans, advances and financing	1.37%	1.48%
	=====	=====

14. Loans, advances and financing (continued)

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	23,946	23,946
Allowance written back during the period	(12,000)	-
At 30 September 2011	11,946	23,946
	=====	=====

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	3,419	6,527
Allowance made during the period	467	1,066
Amounts written off	-	(1,136)
Amounts recovered	(829)	(3,038)
At 30 September 2011	3,057	3,419
	=====	=====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Manufacturing	4,768	5,140
Purchase of landed property - residential	5,699	6,318
Others	42	41
	10,509	11,499
	=====	=====

15. Other assets

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Interest / Income receivable	11,296	10,997
Margin placed with exchange	893	3,245
Derivatives	1,789,314	1,398,112
Other debtors, deposits and prepayments	927,939	371,642
	<u>2,729,442</u>	<u>1,783,996</u>
	=====	=====

16. Deposits from customers

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Demand deposits	1,536,950	1,606,341	1,536,970	1,606,361
Savings deposits	10,363	10,359	10,363	10,359
Fixed deposits	550,580	708,157	550,580	708,157
Other deposits	3,315,806	3,100,446	3,315,806	3,100,446
Negotiable instruments of deposits	63,600	85,600	63,600	85,600
	<u>5,477,299</u>	<u>5,510,903</u>	<u>5,477,319</u>	<u>5,510,923</u>
	=====	=====	=====	=====

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

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Due within six months	1,922,341	2,041,152	1,922,341	2,041,152
More than six months to one year	61,960	85,859	61,960	85,859
More than one year to three years	1,250,940	1,166,376	1,250,940	1,166,376
More than three years to five years	544,745	360,000	544,745	360,000
More than five years	150,000	240,816	150,000	240,816
	<u>3,929,986</u>	<u>3,894,203</u>	<u>3,929,986</u>	<u>3,894,203</u>
	=====	=====	=====	=====

16. Deposits from customers (continued)

The deposits are sourced from the following types of customers:

	Group		Bank	
	30 September 2011 RM'000	31 December 2010 RM'000	30 September 2011 RM'000	31 December 2010 RM'000
Business enterprises	2,494,236	3,011,383	2,494,256	3,011,403
Individuals	46,825	50,364	46,825	50,364
Foreign customers	135,325	78,078	135,325	78,078
Others	2,800,913	2,371,078	2,800,913	2,371,078
	<u>5,477,299</u>	<u>5,510,903</u>	<u>5,477,319</u>	<u>5,510,923</u>
	=====	=====	=====	=====

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Other financial institutions	2,304,117	1,265,895
	<u>2,304,117</u>	<u>1,265,895</u>
	=====	=====

18. Other liabilities

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Interest payable	2,137	3,270
Bills payable	147,632	134,357
Derivatives	1,815,329	1,411,366
Employee benefits	7,983	27,828
Other liabilities	965,117	447,253
	<u>2,938,198</u>	<u>2,024,074</u>
	=====	=====

19. Interest income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	21,450	20,306	7,319	7,095
Money at call and deposit placements with financial institutions	20,163	12,620	7,296	3,705
Securities purchased under resale agreement	104,744	97,710	30,349	38,383
Financial assets held for trading	56,436	30,110	13,521	11,058
Others	51	1	-	-
	<u>202,844</u>	<u>160,747</u>	<u>58,485</u>	<u>60,241</u>
	=====	=====	=====	=====
Of which:				
Interest income earned on impaired loans, advances and financing	467	845	113	122
	=====	=====	=====	=====

20. Interest expense

	Group and Bank			
	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	7,388	2,169	3,455	1,009
Obligations on securities sold under repurchase agreement	56,941	30,343	7,929	11,290
Deposits from customers	43,667	35,781	14,688	12,574
Others	-	10	-	-
	<u>107,996</u>	<u>68,303</u>	<u>26,072</u>	<u>24,873</u>
	=====	=====	=====	=====

21. Non-Interest Income

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commissions	7,313	9,024	2,551	2,838
Service charges and fees	11,154	3,107	4,039	1,024
Guarantee fees	2,835	1,743	917	1,015
Arranger fees	-	-	-	-
	<u>21,302</u>	<u>13,874</u>	<u>7,507</u>	<u>4,877</u>
(Losses)/ gains arising from sale of financial assets held-for-trading	(174)	12,321	5,724	2,714
Net (losses)/ gains arising from trading in derivatives	(180,614)	236,934	(16,825)	51,024
Net unrealised (losses)/ gains on revaluation of trading portfolio (including derivatives)	(106,297)	(269,520)	(152,268)	(111,899)
Net gains arising from dealing in foreign exchange	263,365	83,966	79,976	39,932
Unrealised (losses)/ gain from foreign exchange	(45,715)	56,697	9,286	73,175
Gross dividends from securities held-to-maturity	252	162	182	144
Gain on disposal of plant and equipment	13	172	13	172
Gain from sale of investment securities	380	-	380	-
Other operating income, net	10,863	1,925	3,779	(773)
	<u>(57,927)</u>	<u>122,657</u>	<u>(69,753)</u>	<u>54,489</u>
	<u>(36,625)</u>	<u>136,531</u>	<u>(62,246)</u>	<u>59,366</u>

22. Other operating expenses

	Group and Bank			
	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
-Salaries, allowances and bonuses	30,549	36,910	2,004	12,001
-Others	8,943	8,449	1,755	2,808
Establishment costs				
-Rental	2,031	2,031	677	677
-Depreciation	1,442	1,461	658	457
-Others	2,585	2,580	992	872
Marketing expenses	2,048	1,395	786	564
Administration and general expenses				
-Intercompany expenses	18,515	25,117	6,725	12,470
-Communication	1,314	1,043	502	399
-Others	4,694	5,969	1,410	1,734
	<u>72,121</u>	<u>84,955</u>	<u>15,509</u>	<u>31,982</u>
	<u>72,121</u>	<u>84,955</u>	<u>15,509</u>	<u>31,982</u>

The number of employees of the Group and the Bank at the end of the period was 149 (September 2010 - 155).

23. Allowance for impairment on loans, advances and financing

	Group and Bank			
	Nine months ended 30 September 2011 RM'000	30 September 2010 RM'000	Three months ended 30 September 2011 RM'000	30 September 2010 RM'000
Allowance for impaired on loans, advances and financing:				
Individual assessment allowance	(467)	(845)	(111)	(122)
Impaired loans and financing recovered	12,829	1,641	12,225	68
Bad debts on loans and financing recovered	1	-	1	-
	<u>12,363</u> =====	<u>796</u> =====	<u>12,115</u> =====	<u>(54)</u> =====

24. Contingent Liabilities

As at 30 September 2011, there is a litigation in process against the Bank arising from an action by two companies, seeking specific damages amounting to RM1 million and general damages for which the amount is not quantifiable at this stage.

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
	2011	2010
	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	630,790	630,790
Less: Deferred tax assets	(55,555)	(55,555)
Total Tier 1 capital	<u>1,281,319</u>	<u>1,281,319</u>
Tier 2 capital		
Collective assessment allowance	11,946	23,946
Total Capital	<u>1,293,265</u>	<u>1,305,265</u>
Less: Investments in subsidiary companies	(20)	(20)
Capital base	<u>1,293,245</u>	<u>1,305,245</u>
	=====	=====
Core capital ratio	13.17%	16.89%
Risk-weighted capital ratio	13.30%	17.20%
	=====	=====

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 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	2,953,848	138,900	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	1,276,338	1,276,338	605,931	48,475
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	646,217	646,217	628,427	50,274
	Regulatory Retail	588	588	441	36
	Residential Mortgages	26,901	26,901	9,540	763
	Higher Risk Assets	-	-	-	-
	Other Assets	74,050	74,050	70,589	5,647
	Equity Exposure	7,540	7,540	6,442	515
	Defaulted Exposures	7,453	7,453	7,453	596
	Total On-Balance Sheet Exposures	4,992,935	2,177,987	1,328,823	106,306
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	6,350,648	6,320,831	2,911,380	232,910
	Credit Derivatives	178,528	20,865	10,433	835
	Total for Off-Balance Sheet Exposures	6,529,176	6,341,696	2,921,813	233,745
	Total On and Off- Balance Sheet Exposures	11,522,111	8,519,683	4,250,636	340,051

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category as at 30 September 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	162,228,133	155,750,216		3,183,117	254,649
	Foreign Currency Risk	1,177,155	112,227		1,177,150	94,172
	Options	127,166	-		631,525	50,522
		163,532,454	155,862,443		4,991,792	399,343
4	Operational Risk				483,685	38,695
5	Total RWA and Capital Requirements				9,726,113	778,089

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for 2010 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><i>On-Balance Sheet Exposures</i></u>				
	Sovereigns/Central Banks	2,884,805	111,831	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	428,168	428,168	203,982	16,319
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	684,085	684,065	659,528	52,762
	Regulatory Retail	589	589	442	35
	Residential Mortgages	28,889	28,889	10,296	824
	Higher Risk Assets	-	-	-	-
	Other Assets	94,094	94,094	92,032	7,363
	Equity Exposure	9,104	9,104	8,006	640
	Defaulted Exposures	8,080	8,080	8,080	646
	Total On-Balance Sheet Exposures	4,137,814	1,364,820	982,366	78,589
	<u><i>Off-Balance Sheet Exposures</i></u>				
	OTC Derivatives	4,825,907	4,769,753	1,990,120	159,210
	Credit Derivatives	49,336	6,574	3,287	263
	Total for Off-Balance Sheet Exposures	4,875,243	4,776,327	1,993,407	159,473
	Total On and Off- Balance Sheet Exposures	9,013,057	6,141,147	2,975,773	238,062

25. Capital adequacy (continued)

The breakdown of risk-weighted assets (“RWA”) by exposures in each major risk category for 2010 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	132,059,895	125,846,824		3,218,134	257,451
	Foreign Currency Risk	392,470	105,584		392,470	31,397
	Options	650,434	-		462,887	37,031
		133,102,799	125,952,408		4,073,491	325,879
4	Operational Risk				537,600	43,008
5	Total RWA and Capital Requirements				7,586,864	606,949

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	139,027	-	-	-	-	-	-	-	3,461	20	142,508	-	
20%	-	-	2,650,481	-	19,623	-	-	-	-	1,348	2,671,452	534,290	
35%	-	-	-	-	-	-	25,611	-	-	-	25,611	8,964	
50%	-	-	3,885,095	-	58,780	-	1,289	-	-	-	3,945,164	1,972,582	
75%	-	-	-	-	-	588	-	-	-	-	588	441	
100%	-	26,830	24	2,211	1,623,275	-	5,259	-	70,589	6,172	1,734,360	1,734,359	
150%	-	-	-	-	-	-	-	-	-	-	-	-	
Total Exposures	139,027	26,830	6,535,600	2,211	1,701,678	588	32,159	-	74,050	7,540	8,519,683	4,250,636	
Risk-Weighted Assets by Exposures	-	26,830	2,472,666	2,211	1,656,589	441	14,868	-	70,589	6,442	4,250,636		
Average Risk Weight	-	100.0%	37.8%	100.0%	97.4%	75.0%	46.2%	0.0%	95.3%	85.4%	49.9%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

25. Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights for 2010 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		
0%	RM'000 141,118	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 -	RM'000 2,062	RM'000 20	RM'000 143,200	RM'000 -
20%	-	-	2,227,906	-	27,117	-	-	-	-	1,348	2,256,371	451,274
35%	-	-	-	-	-	-	27,658	-	-	-	27,658	9,680
50%	-	-	2,320,444	-	76,229	-	1,231	-	-	-	2,397,904	1,198,952
75%	-	-	-	-	-	589	-	-	-	-	589	442
100%	-	30,400	8,442	500	1,170,599	-	5,716	-	92,032	7,736	1,315,425	1,315,425
150%	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	141,118	30,400	4,556,792	500	1,273,945	589	34,605	-	94,094	9,104	6,141,147	2,975,773
Risk-Weighted Assets by Exposures	-	30,400	1,614,245	500	1,214,137	442	16,011	-	92,032	8,006	2,975,773	
Average Risk Weight	-	100.0%	35.4%	100.0%	95.3%	75.0%	46.3%	0.0%	97.8%	87.9%	48.5%	
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 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	756,242	378,121	315,694
Short Term Self Liquidating Trade Related Contingencies	224,301	44,860	39,564
Foreign exchange related contracts			
One year or less	16,943,282	441,101	312,228
Over one year to five years	9,329,738	801,716	369,716
Over five years	5,281,615	1,145,616	518,651
Interest/Profit rate related contracts			
One year or less	33,267,745	94,140	24,718
Over one year to five years	54,219,745	1,770,834	532,764
Over five years	16,719,691	1,450,164	489,766
Equity related contracts			
One year or less	130,866	15,485	7,742
Over one year to five years	1,060,283	131,475	65,738
Over five years	-	-	-
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	178,528	20,865	10,433
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		-	-
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	1,173,993	234,799	234,799
Total	139,286,029	6,529,176	2,921,813

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 2010 Group and Bank	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	130	130	130
Transaction Related Contingent Items	659,330	329,665	274,870
Short Term Self Liquidating Trade Related Contingencies	96,414	19,283	13,743
Foreign exchange related contracts			
One year or less	13,969,651	365,175	156,652
Over one year to five years	6,557,114	601,886	241,074
Over five years	4,523,770	962,585	497,521
Interest/Profit rate related contracts			
One year or less	23,946,381	83,232	18,564
Over one year to five years	42,633,653	1,282,927	376,926
Over five years	13,031,600	1,076,976	336,439
Equity related contracts			
One year or less	159,726	19,794	10,694
Over one year to five years	954,115	118,113	59,056
Over five years	72,401	8,902	4,451
Credit Derivative Contracts			
One year or less	-	-	-
Over one year to five years	49,336	6,575	3,287
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	-	-	-
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	1,255,921	-	-
Total	107,909,542	4,875,243	1,993,407

26. The Operations of Islamic Banking

STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 - UNAUDITED

	Note	Bank	
		30 September 2011	31 December 2010
		RM'000	RM'000
Assets			
Cash and short term funds	(a)	44,089	54,065
Financial assets held-for-trading	(b)	50,865	-
Other assets		1,545	439
Total assets		<u>96,499</u>	<u>54,504</u>
		=====	=====
Liabilities and shareholders' funds			
Deposits from customer	(c)	62,482	8,123
Deposits and placements of banks and other financial institutions	(d)	4,857	19,893
Other liabilities	(e)	285	8
Taxation		969	371
Total liabilities		<u>68,593</u>	<u>28,395</u>
		-----	-----
Capital funds		25,000	25,000
Retained profits		2,906	1,109
Islamic banking funds		<u>27,906</u>	<u>26,109</u>
		-----	-----
Total liabilities and Islamic banking funds		<u>96,499</u>	<u>54,504</u>
		=====	=====
Commitments and contingencies		-	-
		=====	=====

26. The operations of Islamic Banking (continued)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011 - UNAUDITED**

	Bank			
	Nine months ended 30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of Islamic banking funds	2,396	830	1,707	293
Profit before taxation	<u>2,396</u>	<u>830</u>	<u>1,707</u>	<u>293</u>
Taxation	(599)	(207)	(427)	(73)
Profit after taxation	<u>1,797</u> =====	<u>623</u> =====	<u>1,280</u> =====	<u>220</u> =====

**STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

	Capital funds RM'000	Retained profits RM'000	Total RM'000
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>
=====			
At 1 January 2010	25,000	253	25,253
Profit after taxation	-	623	623
At 30 September 2010	<u>25,000</u>	<u>876</u>	<u>25,876</u>
=====			

26. The operations of Islamic Banking (continued)

**STATEMENTS OF CASH FLOW
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011 RM'000	30 September 2010 RM'000
Cash flows from operating activities		
Profit before taxation	2,396	830
Operating profit before working capital changes	<u>2,396</u>	<u>830</u>
Changes in working capital:		
Increase in operating assets	(51,972)	(152)
Decrease in operating liabilities	39,600	19,190
Net cash (used in) / generated from operations	<u>(9,976)</u>	<u>19,868</u>
Net cash used in investing activity	-	-
	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(9,976)	19,868
Cash and cash equivalents at beginning of period	54,065	31,231
Cash and cash equivalents at end of period	<u>44,089</u>	<u>51,099</u>
	=====	=====
Analysis of cash and cash equivalents		
Cash and short term funds	<u>44,089</u>	<u>51,099</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 Haji Ismail Aminuddin.

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 2011 RM'000	31 December 2010 RM'000
Cash and balances with banks and other financial institutions	5,799	2,065
Money at call and deposit placements maturing within one month	38,290	52,000
	<u>44,089</u> =====	<u>54,065</u> =====

(b) Financial assets held-for-trading

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
At fair value		
Malaysian Government Investment Issue	50,865 =====	- =====

26. The operations of Islamic Banking (continued)

(c) Deposits from customer

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah		
Demand deposits	12,482	8,123
Specific investment deposit	50,000	-
	<u>62,482</u>	<u>8,123</u>
	=====	=====

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

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Licensed bank	4,857	19,893
	<u>4,857</u>	<u>19,893</u>
	=====	=====

(e) Other liabilities

	Group and Bank	
	30 September 2011 RM'000	31 December 2010 RM'000
Bills payable	1	8
Others	284	-
	<u>285</u>	<u>8</u>
	=====	=====

26. The operations of Islamic Banking (continued)

(f) 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 2011 RM'000	31 December 2010 RM'000
Components of Tier I and Tier II capital are as follows:-		
Tier 1 capital		
Capital funds	25,000	25,000
Retained profits	1,109	1,109
Total Tier 1 capital	26,109	26,109
Total Tier 2 capital	-	-
Capital base	26,109	26,109
Core capital ratio	69.98%	1354.20%
Risk-weighted capital ratio	69.98%	1354.20%

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 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	44,596	44,596	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	217	217	109	9
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	821	821	821	66
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	45,634	45,634	930	75
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	8,591	8,591	1,718	137
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	8,591	8,591	1,718	137
	Total On and Off- Balance Sheet Exposures	54,225	54,225	2,648	212

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 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	152,515	59,647		31,028	2,482
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		152,515	59,647		31,028	2,482
4	Operational Risk				3,634	291
5	Total RWA and Capital Requirements				37,310	2,985

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 2010 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	53,850	53,850	-	-
	Banks, Development Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	216	216	108	9
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	-	-	-	-
	Regulatory Retail	-	-	-	-
	Residential Mortgages	-	-	-	-
	Higher Risk Assets	-	-	-	-
	Other Assets	432	432	432	35
	Equity Exposure	-	-	-	-
	Defaulted Exposures	-	-	-	-
	Total On-Balance Sheet Exposures	54,498	54,498	540	44
	<u>Off-Balance Sheet Exposures</u>				
	OTC Derivatives	-	-	-	-
	Credit Derivatives	-	-	-	-
	Total for Off-Balance Sheet Exposures	-	-	-	-
	Total On and Off- Balance Sheet Exposures	54,498	54,498	540	44

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 2010 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	-	-		-	-
	Foreign Currency Risk	-	-		-	-
	Options	-	-		-	-
		-	-		-	-
4	Operational Risk				1,388	111
5	Total RWA and Capital Requirements				1,928	155

26. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 30 September 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%	44,596	-	-	-	-	-	-	-	-	-	-	44,596	-
20%	-	-	8,591	-	-	-	-	-	-	-	-	8,591	1,718
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	217	-	-	-	-	-	-	-	-	217	109
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	821	-	-	821	821
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	44,596	-	8,808	-	-	-	-	-	-	-	-	54,225	2,648
Risk-Weighted Assets by Exposures	-	-	1,827	-	-	-	-	-	821	-	-	2,648	
Average Risk Weight	-	-	20.7%	-	-	-	-	-	100.0%	-	-	4.88%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

26. The operations of Islamic Banking (continued)

(g) Capital adequacy (continued)

The breakdown of credit risk exposures by risk weights as at 31 December 2010 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%	53,850	-	-	-	-	-	-	-	-	-	-	53,850	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	216	-	-	-	-	-	-	-	-	216	108
75%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	-	-	432	-	-	432	432
150%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	53,850	-	216	-	-	-	-	-	432	-	-	54,498	540
Risk-Weighted Assets by Exposures	-	-	108	-	-	-	-	-	432	-	-	540	-
Average Risk Weight	-	-	50.0%	-	-	-	-	-	100.0%	-	-	1.0%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-