

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

31 MARCH 2013

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the first quarter and three months ended 31 March 2013 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Revised Guidelines on Financial Reporting for Banking Institutions issued by Bank Negara Malaysia in February 2012.



TIAN FENGLIN
Chief Executive Officer

Date: 24 April 2013

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

		31 Mar 2013 RM'000	31 Dec 2012 RM'000
ASSETS			
Cash and short-term funds	10	1,393,417	1,335,609
Deposits and placements with banks and other financial institutions	11	1,307,305	1,372,551
Financial investment available-for-sale	12	56,104	51,065
Loans, advances and financing	13	462,630	367,459
Other assets	14	24,922	15,945
Tax recoverable		3,885	1,831
Plant and equipment		5,486	4,289
Intangible asset		2,254	2,384
Deferred tax assets		1,014	1,034
TOTAL ASSETS		3,257,017	3,152,167
LIABILITIES			
Deposits from customers	15	581,084	661,992
Deposits and placements of banks and other financial institutions	16	2,272,196	2,106,214
Other liabilities	17	43,057	24,483
TOTAL LIABILITIES		2,896,337	2,792,689
EQUITY			
Share capital		331,000	331,000
Reserves		29,680	28,478
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		360,680	359,478
TOTAL LIABILITIES AND EQUITY		3,257,017	3,152,167
COMMITMENTS AND CONTINGENCIES	23	7,637,631	1,445,488

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2012 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 24 April 2013.

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

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UNAUDITED CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	1st quarter ended		Year-To-Date ended	
		31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Interest income	18	20,612	17,434	20,612	17,434
Interest expense	18	(14,542)	(9,116)	(14,542)	(9,116)
Net interest income	18	6,070	8,318	6,070	8,318
Fee income	19	2,268	840	2,268	840
Net trading income	20	2,248	1,234	2,248	1,234
Net operating income		10,586	10,392	10,586	10,392
Other operating expenses	21	(8,917)	(5,473)	(8,917)	(5,473)
Operating profit		1,669	4,919	1,669	4,919
Allowance for impairment on loans, advances and financing	22	(236)	(781)	(236)	(781)
Profit before taxation		1,433	4,138	1,433	4,138
Tax expense		(292)	(756)	(292)	(756)
Profit for the period		1,141	3,382	1,141	3,382
Other comprehensive income for the period, net of tax					
Fair value reserve					
- Net changes in fair value		81	-	81	-
- Deferred tax adjustment		(20)	-	(20)	-
Total other comprehensive income for the period		61	-	61	-
Total comprehensive income for the period		1,202	3,382	1,202	3,382
Basic earnings per ordinary share (sen):		0.34	1.02	0.34	1.02

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Non-distributable			Distributable	Total RM'000
	Share Capital RM'000	Statutory Reserve RM'000	Available- for-sale Reserve RM'000	Retained Earnings RM'000	
At 1 January 2012	331,000	6,869	-	10,041	347,910
Total comprehensive income for the period					
Profit for the period	-	-	-	3,382	3,382
At 31 March 2012	<u>331,000</u>	<u>6,869</u>	<u>-</u>	<u>13,423</u>	<u>351,292</u>
At 1 January 2013	331,000	12,629	50	15,799	359,478
Total comprehensive income for the period					
Profit for the period	-	-	-	1,141	1,141
Other comprehensive income, net of tax					
Fair value reserve					
- Net changes in fair value	-	-	81	-	81
- Deferred tax adjustment	-	-	(20)	-	(20)
Total other comprehensive income for the period	-	-	61	-	61
Total comprehensive income for the period	-	-	61	1,141	1,202
At 31 March 2013	<u>331,000</u>	<u>12,629</u>	<u>111</u>	<u>16,940</u>	<u>360,680</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2012 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

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Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Cash flows from operating activities			
Profit before taxation		1,433	4,138
Adjustments for:			
Depreciation of plant and equipment		426	258
Amortisation of intangible asset		130	-
Allowance for impairment on loans, advances and financing		236	781
Net unrealised losses arising from derivative trading		203	1,292
Operating profit before working capital changes		<u>2,428</u>	<u>6,469</u>
Increase/(Decrease) in operating assets			
Deposits and placements with banks and other financial institutions		65,246	(1,322,004)
Loans, advances and financing		(95,407)	(122,486)
Other assets		(4,212)	(6,367)
(Decrease)/Increase in operating liabilities			
Deposits from customers		(80,908)	(37,878)
Deposits and placements of banks and other financial institutions		165,982	1,678,898
Other liabilities		13,662	(2,624)
Cash generated from operations		<u>66,791</u>	<u>194,008</u>
Income taxes paid		(2,346)	(1,814)
Net cash generated from operating activities		<u>64,445</u>	<u>192,194</u>
Cash flows used in investing activity			
Purchase of plant and equipment		(1,623)	(61)
Purchase of financial investment available-for-sale		(5,014)	-
Net cash used in investing activity		<u>(6,637)</u>	<u>(61)</u>
Net increase in cash and cash equivalents		57,808	192,133
Cash and cash equivalents at beginning of the financial period		<u>1,335,609</u>	<u>846,191</u>
Cash and cash equivalents at end of the financial period		<u>1,393,417</u>	<u>1,038,324</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>1,393,417</u>	<u>1,038,324</u>
		<u>1,393,417</u>	<u>1,038,324</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2012 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 24 April 2013.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2013****1. General Information**

Industrial and Commercial Bank of China (Malaysia) Berhad is principally engaged in the provision of banking and other related financial services.

There were no significant changes in these activities during the financial period.

2. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter and three months ended 31 March 2013 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2012. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2012.

All other significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs and amendments to MFRSs.

The Bank has not applied the following accounting standards and amendments that have been issued by MASB but are not yet effective for the Bank:

MFRSs/Interpretations	Effective date
Amendments to MFRS 10, <i>Consolidated Financial Statements - Investment Entities</i>	1 January 2014
Amendments to MFRS 12, <i>Disclosure of Interests in Other Entities - Investment Entities</i>	1 January 2014
Amendments to MFRS 127, <i>Consolidated and Separate Financial Statements - Investment Entities</i>	1 January 2014
Amendments to MFRS 132, <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 9, <i>Financial Instruments (2009)</i>	1 January 2015
MFRS 9, <i>Financial Instruments (2010)</i>	1 January 2015

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

- from the annual period beginning 1 January 2014 for those standards, amendments or interpretations that will be effective for the annual period beginning on or after 1 January 2014, except for MFRS 10, MFRS 12 and MFRS 127, as they are not applicable to the Bank.

The adoption of MFRS9 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS9.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current period financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Bank.

3. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

4. Seasonality or Cyclical Factors

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

5. 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 Bank for the 1st quarter and three months ended 31 March 2013.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the 1st quarter and three months ended 31 March 2013.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the 1st quarter and three months ended 31 March 2013.

8. Dividend Paid

No dividend was paid during the three months ended 31 March 2013.

9. Significant Events

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

10. Cash and short-term funds

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Cash and balances with banks and other financial institutions	32,053	17,660
Money at call and deposit placements maturing within one month	1,361,364	1,317,949
	1,393,417	1,335,609

11. Deposits and placements with banks and other financial institutions

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Licensed Malaysian banks	30,598	30,361
Foreign banks	1,276,707	1,342,190
	1,307,305	1,372,551

12. Financial investment available-for-sale

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
At fair value		
Malaysian Government Securities	51,085	51,065
Private debt securities	5,019	-
	56,104	51,065
The maturity structure of financial investment available-for-sale is as follow:		
Within one year	5,019	-
More than three years to five years	51,085	51,065
	56,104	51,065

13. Loans, advances and financing

At amortised cost	31 Mar 2013	31 Dec 2012
(i) By type	RM'000	RM'000
Overdrafts	7,253	8,221
Term loans		
- housing loans	1,241	988
- other term loans	243,190	145,181
Bills receivable	86,079	130,303
Trust receipts	5,676	5,089
Revolving credit	76,755	52,014
Bankers' acceptances	45,516	28,602
Staff loans	975	863
Credit card loans	159	176
Gross loans, advances and financing	466,844	371,437
Less: Allowance for impairment		
- Collective allowance for impairment	(4,214)	(3,978)
Net loans, advances and financing	462,630	367,459
(ii) By type of customer	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	27,066	22,055
Domestic business enterprises		
- Small medium enterprises	8,127	8,447
- Others	143,666	116,336
Individuals	3,614	2,422
Foreign entities	284,371	222,177
	466,844	371,437
(iii) By interest rate sensitivity	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Fixed rate	38,550	36,146
Variable rate		
- Base Lending Rate plus	22,994	14,012
- Cost plus	284,887	268,228
- Other variable rates	120,413	53,051
	466,844	371,437
(iv) By sector	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Mining and quarrying	23,348	23,076
Manufacturing	15,493	21,913
Construction	6,221	4,700
Real estate	28,114	27,290
Wholesale & retail trade and restaurants & hotels	214,283	94,004
Transport, storage and communication	11,656	6,939
Finance, insurance and business services	163,530	190,548
Household	4,199	2,967
	466,844	371,437

13. Loans, advances and financing (continued)

(v) By purpose	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Purchase of landed property		
- Non residential	34,970	35,712
- Residential	1,942	1,699
Purchase of transport vehicles	144	152
Construction	9,560	8,010
Credit card	159	176
Personal use	508	-
Working capital	419,431	325,593
Other purpose	130	95
	<u>466,844</u>	<u>371,437</u>

(vi) By geographical distribution	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Within Malaysia	183,058	149,804
Outside Malaysia	283,786	221,633
	<u>466,844</u>	<u>371,437</u>

Concentration by location for loans, advances and financing is based on the location of the borrower.

(vii) By residual contractual maturity	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Maturity within one year	359,391	311,751
More than one year to three years	89,030	41,366
More than three years to five years	7,770	8,158
More than five years	10,653	10,162
	<u>466,844</u>	<u>371,437</u>

(viii) Movements in collective allowance for impairment on loans, advances and financing

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
At beginning of the financial period/year	3,978	1,189
Allowance made during the financial period/year	487	7,310
Allowance written back	(251)	(4,521)
At end of the financial period/year	<u>4,214</u>	<u>3,978</u>
As % of gross loans, advances and financing (net of individual allowance for impairment)	<u>0.9%</u>	<u>1.1%</u>

14. Other assets

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Derivative financial assets (Note 23, 25)	10,892	6,183
Interest receivable	8,856	5,339
Deposits	1,209	1,183
Other receivables and prepayments	3,965	3,240
	<u>24,922</u>	<u>15,945</u>

15. Deposits from customers

(i) By type of deposit	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Demand deposits	121,116	315,066
Fixed deposits	251,062	140,424
Savings deposits	11,121	6,886
Money market deposits	196,709	198,540
Others	1,076	1,076
	581,084	661,992

(ii) By type of customer	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Business enterprises	481,376	609,163
Individuals	57,791	37,761
Others	41,917	15,068
	581,084	661,992

(iii) By maturity structure of term deposits	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Due within six months	556,884	645,087
More than six months to one year	23,184	15,889
More than one year to three years	1,016	1,016
	581,084	661,992

16. Deposits and placements of banks and other financial institutions

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Licensed Malaysian banks	1,589,856	1,372,975
Licensed investment banks	35,025	20,025
Other financial institutions	255,342	186,148
Foreign banks	391,973	527,066
	2,272,196	2,106,214

17. Other liabilities

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Interest payable	16,275	10,581
Other payables and accruals	16,448	8,480
Derivative financial liabilities (Note 25)	10,334	5,422
	43,057	24,483

18. Interest income	1st quarter ended		Year-To-Date ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Loans, advances and financing:				
- Interest income other than from impaired loans	3,637	3,054	3,637	3,054
Money at call and deposit placements with financial institutions	16,523	14,379	16,523	14,379
Financial investment available-for-sale	451	-	451	-
Others	1	1	1	1
	20,612	17,434	20,612	17,434
Interest expense				
Deposits and placements of banks and other financial institutions	(11,863)	(7,712)	(11,863)	(7,712)
Deposits from customers	(2,677)	(1,404)	(2,677)	(1,404)
Others	(2)	-	(2)	-
	(14,542)	(9,116)	(14,542)	(9,116)
Net interest income	6,070	8,318	6,070	8,318

All items of interest income and expense were recognised from assets and liabilities that were not at fair value through profit or loss.

19. Fee income	1st quarter ended		Year-To-Date ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Fee income:				
- Commission	1	-	1	-
- Service charges and fees	162	154	162	154
- Loan processing fees	38	8	38	8
- Guarantee fees	219	87	219	87
- Commitment fees	25	16	25	16
- Other loans related fee income	87	-	87	-
- Credit card	12	-	12	-
- Other fee income	1,731	575	1,731	575
	2,275	840	2,275	840
Fee expense:				
- Brokerage fees	(7)	-	(7)	-
Net fee income	2,268	840	2,268	840

20. Net trading income	1st quarter ended		Year-To-Date ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Net gains from dealing in foreign exchange	1,944	2,281	1,944	2,281
Net gains arising from derivative trading	504	365	504	365
Unrealised revaluation gains/(losses) in foreign exchange	3	(120)	3	(120)
Net unrealised losses arising from derivative trading	(203)	(1,292)	(203)	(1,292)
	2,248	1,234	2,248	1,234

21. Other operating expenses

	1st quarter ended		Year-To-Date ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	4,706	2,732	4,706	2,732
- Pension fund contributions	687	305	687	305
- Other staff costs	652	318	652	318
Establishment costs:				
- Depreciation of plant and equipment	426	258	426	258
- Amortisation of intangible asset	130	-	130	-
- Rental	809	511	809	511
- Others	201	154	201	154
Promotion and marketing related expenses:				
- Advertising and promotion	116	15	116	15
- Others	159	163	159	163
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	35	30	35	30
• audit related services	-	35	-	35
- Professional fees	85	71	85	71
- Licence fee	35	28	35	28
- Membership fee	6	3	6	3
- Others	870	850	870	850
	8,917	5,473	8,917	5,473

22. Allowance for impairment on loans, advances and financing

	1st quarter ended		Year-To-Date ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
- made during the financial period	487	896	487	896
- written back during the financial period	(251)	(115)	(251)	(115)
	236	781	236	781

23. Commitments and contingencies

The commitments and contingencies constitute the following:

	31 Mar 2013			
	Principal	Positive	Credit	Risk
	amount	value of	equivalent	weighted
	RM'000	derivative	amount *	assets *
	RM'000	contracts ^	RM'000	RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	378,890	-	189,445	109,906
Short term self-liquidating trade-related contingencies	22,140	-	4,428	4,428
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	274,525	-	137,263	133,874
- not exceeding one year	277,370	-	55,474	53,182
Unutilised credit card lines	10,811	-	2,162	1,622
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	6,661,450	10,787	82,675	17,073
- exceeding one year	12,445	105	622	728
Total	7,637,631	10,892	472,069	320,813

Note 14, 25

	31 Dec 2012			
	Principal	Positive	Credit	Risk
	amount	value of	equivalent	weighted
	RM'000	derivative	amount *	assets *
	RM'000	contracts ^	RM'000	RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	372,395	-	186,197	108,597
Short term self liquidating trade-related contingencies	3,584	-	717	717
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	113,057	-	56,528	53,427
- not exceeding one year	351,861	-	70,372	68,141
Unutilised credit card lines	8,290	-	1,658	1,244
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	596,301	6,183	14,443	7,225
Total	1,445,488	6,183	329,915	239,351

Note 14, 25

^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates) of the underlying instruments. The tables above show the Bank's derivative financial instruments as at the respective reporting dates. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at the respective reporting dates are as shown above.

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per BNM guidelines. The credit conversion factors and risk weighting rules were based on Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

24. Capital adequacy

The capital adequacy ratios of the Bank are analysed as follows:

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Tier 1 capital		
Paid-up share capital	331,000	331,000
Retained earnings	15,799	15,799
Statutory reserves	12,629	12,629
	359,428	359,428
Less: Deferred tax assets	(1,050)	(1,050)
Total Tier 1 capital	358,378	358,378
Tier 2 capital		
Collective impairment allowance, representing total Tier 2 capital	4,214	3,978
Capital base	362,592	362,356
Core capital ratio	29.23%	32.92%
Risk-weighted capital ratio	29.58%	33.28%

Breakdown of gross risk-weighted assets ("RWA") in the various categories of risk-weights:

	31 Mar 2013		31 Dec 2012	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	3,717,508	1,152,547	3,477,013	1,019,938
Total RWA for market risk	-	1,448	-	3,372
Total RWA for operational risk	-	72,021	-	65,449
	3,717,508	1,226,016	3,477,013	1,088,759

Capital adequacy ratios of the Bank are computed in accordance with BNM's revised Risk Weighted Capital Adequacy Framework, "RWCAF": Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel 2).

24. Capital adequacy (continued)

- (a) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category under standardised approach for the Bank are as follow:

	31 Mar 2013			
	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
<i>Credit Risk</i>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	1,066,134	1,066,134	-	-
Banks, Development Financial Institutions and MDBs	1,767,834	1,767,834	462,633	37,011
Corporates	382,058	382,058	345,478	27,638
Regulatory Retail	2,126	2,126	924	74
Residential Mortgages	2,072	2,072	929	74
Other assets	25,215	25,215	21,770	1,742
Total On-Balance Sheet Exposures	3,245,439	3,245,439	831,734	66,539
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	388,772	388,772	303,012	24,241
OTC derivatives	83,297	83,297	17,801	1,424
Total Off-Balance Sheet Exposures	472,069	472,069	320,813	25,665
Total On and Off-Balance Sheet Exposures	3,717,508	3,717,508	1,152,547	92,204
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	Long position	Short position		
Foreign currency risk	1,429	1,448	1,448	116
<i>Operational Risk</i>	-	-	72,021	5,762
Total RWA and Capital Requirements			1,226,016	98,082

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

24. Capital adequacy (continued)

	31 Dec 2012			
	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
<i>Credit Risk</i>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	1,162,105	1,162,105	-	-
Banks, Development Financial Institutions and MDBs	1,708,978	1,708,978	522,487	41,799
Corporates	251,777	251,777	240,277	19,222
Regulatory Retail	1,268	1,268	613	49
Residential Mortgages	1,699	1,699	775	62
Other assets	21,271	21,271	16,435	1,315
Total On-Balance Sheet Exposures	3,147,098	3,147,098	780,587	62,447
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	315,472	315,472	232,126	18,570
OTC derivatives	14,443	14,443	7,225	578
Total Off-Balance Sheet Exposures	329,915	329,915	239,351	19,148
Total On and Off-Balance Sheet Exposures	3,477,013	3,477,013	1,019,938	81,595
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<u>Long position</u>	<u>Short position</u>		
Foreign currency risk	554	3,372	3,372	270
<i>Operational Risk</i>	-	-	65,449	5,236
Total RWA and Capital Requirements			1,088,759	87,101

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

(Company No. 839839 M)

24. Capital adequacy (continued)

(b) The breakdown of credit risk exposures by risk weights for the respective balance sheet dates are as follows:

31 Mar 2013 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	1,066,134	-	15,284	-	-	3,446	1,084,864	-
20%	-	1,437,345	-	-	-	79,975	1,517,320	303,464
35%	-	-	-	2,154	4,703	-	6,857	2,400
50%	-	310,650	206,254	300	2,145	3,032	522,381	261,191
75%	-	-	-	2,378	-	-	2,378	1,784
100%	-	19,839	541,531	279	-	22,059	583,708	583,708
Total Exposures	1,066,134	1,767,834	763,069	5,111	6,848	108,512	3,717,508	1,152,547
Risk-Weighted Assets by Exposures	-	462,633	644,658	2,966	2,719	39,571	1,152,547	
Average Risk Weight	0.0%	26.2%	84.5%	58.0%	39.7%	36.5%	31.0%	
Deduction from Capital Base	-	-	-	-	-	-	-	

31 Dec 2012 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	1,162,105	-	12,839	-	-	4,836	1,179,780	-
20%	-	1,179,139	-	-	-	2,101	1,181,240	236,248
35%	-	-	-	1,441	4,293	-	5,734	2,007
50%	-	486,360	156,987	-	1,817	11,073	656,237	328,119
75%	-	-	-	1,834	-	-	1,834	1,376
100%	-	43,479	390,724	282	-	17,703	452,188	452,188
Total Exposures	1,162,105	1,708,978	560,550	3,557	6,110	35,713	3,477,013	1,019,938
Risk-Weighted Assets by Exposures	-	522,487	469,218	2,162	2,411	23,661	1,019,938	
Average Risk Weight	0.0%	30.6%	83.7%	60.8%	39.5%	66.3%	29.3%	
Deduction from Capital Base	-	-	-	-	-	-	-	

The above are disclosures on credit risk by risk weight of the Bank as at respective reporting dates as required with the adoption of the Basel 2 Standardised Approach under the Risk Weighted Capital Adequacy Framework, "RWCAF".

*Note:**MDBs - Multilateral Development Banks**DFIs - Development Financial Institutions*

25. Derivative financial instruments

	31 Mar 2013		31 Dec 2012	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange derivatives	10,892	10,334	5,276	3,742
Currency swaps	-	-	907	1,680
Total recognised derivative assets/liabilities (Note 14, 17, 23)	<u>10,892</u>	<u>10,334</u>	<u>6,183</u>	<u>5,422</u>

26. Performance review

The Bank recorded a profit before taxation of RM1.4 million for the three months ended 31 March 2013, a decrease of 65% or RM2.7 million compared to the previous period. Operating profit decreased by RM3.3 million or 66% compared to the corresponding period in 2012. The lower operating income was mainly due to the drop of net interest income by RM2.2 million as a result of slower loan growth coupled with a higher deposits and placements of banks and other financial institutions comparing previous period of March 2012. In line with the Bank's expansion, significant increase of operating expenses by 63% resulted from higher personnel cost has been incurred, an increase of RM2.7 million or 80% as compared to the previous period.

Total assets grew by 3% or RM0.1 billion to RM3.3 billion, in tandem with the increase in loans, advances and financing by 26% or RM95.1 million to RM462.6 million compared against 31 December 2012, mainly funded by increase in deposit and placement of banks and other financial institutions.

27. Business prospects

Amidst the uncertainties in the global economy, the Malaysian economy is projected to be balanced and has a steady growth in 2013. Generally, it is forecasted that the annual GDP growth to hover around 5%, underpinned by domestic demands. However, it is worth noting that the country's economic environment in the short-term is subject to the potential impact arising from the outcome of the impending 13th General Election.

Nonetheless, the Bank will closely monitor the Malaysian economy and remain committed in sustaining the growth momentum in both lending business and deposits base. The Bank adopts a dynamic process to formulate strategies in response to the changing market conditions; and continue to materialise the initiatives in the pipeline. Particularly, the initiatives include capturing new business opportunities (i.e. covering corporate and retail financing), set up new branches and promoting new retail banking products. Overall, the Bank remains optimistic to achieve satisfactory performance in 2013.