

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

31 MARCH 2011

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 ended 31 March 2011 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of FRS134: 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 2010.



TIAN FENGLIN
Chief Executive Officer

Date: 27 APRIL 2011

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

		31 Mar 2011 RM'000	31 Dec 2010 RM'000
ASSETS			
Cash and short-term funds	10	313,718	321,307
Deposits and placements with banks and other financial institutions	11	709,523	568,236
Loans, advances and financing	12	152,294	118,817
Other assets	13	9,617	6,774
Deferred tax assets		766	766
Plant and equipment		2,318	1,001
TOTAL ASSETS		1,188,236	1,016,901
LIABILITIES			
Deposits from customers	14	89,344	32,030
Deposits and placements of banks and other financial institutions	15	759,047	645,430
Other liabilities	16	5,526	4,639
Provision for taxation		632	1,683
TOTAL LIABILITIES		854,549	683,782
EQUITY			
Share capital		331,000	331,000
Reserves		2,687	2,119
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		333,687	333,119
TOTAL LIABILITIES AND EQUITY		1,188,236	1,016,901

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial period ended 31 December 2010 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Note	1st quarter ended		Year-To-Date ended	
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Interest income		6,686	-	6,686	-
Interest expense		(2,499)	-	(2,499)	-
Net interest income	17	4,187	-	4,187	-
Fee income	18	72	-	72	-
Net trading income	19	281	-	281	-
Net operating income		4,540	-	4,540	-
Other operating expenses	20	(3,272)	-	(3,272)	-
Operating profit		1,268	-	1,268	-
Allowance for impairment on loans, advances and financing	21	(510)	-	(510)	-
Profit before taxation		758	-	758	-
Tax expense		(190)	-	(190)	-
Profit after taxation		568	-	568	-
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		568	-	568	-
Basic earnings per ordinary share (sen):		0.17	-	0.17	-

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial period ended 31 December 2010 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Non-distributable Share Capital RM'000	Statutory Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000
At 28 January 2010 (date of incorporation)				
Issuance of shares	331,000	-	-	331,000
Total comprehensive income for the period	-	-	2,119	2,119
Transfer to statutory reserve	-	1,060	(1,060)	-
At 31 December 2010	331,000	1,060	1,059	333,119
Total comprehensive income for the period	-	-	568	568
At 31 March 2011	331,000	1,060	1,627	333,687

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial period ended 31 December 2010 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	758	-
Adjustments for:		
Depreciation of plant and equipment	198	-
Allowance for impairment on loans, advances and financing	510	-
Operating profit before working capital changes	<u>1,466</u>	<u>-</u>
Increase in operating assets		
Deposits and placements with banks and other financial institutions	(141,287)	-
Loans, advances and financing	(33,987)	-
Other assets	(2,843)	-
Increase in operating liabilities		
Deposits from customers	57,314	-
Deposits and placements of banks and other financial institutions	113,617	-
Other liabilities	887	-
Cash used in operations	<u>(4,833)</u>	<u>-</u>
Income taxes paid	(1,241)	-
Net cash used in operating activities	<u>(6,074)</u>	<u>-</u>
Cash flows from investing activity		
Purchase of plant and equipment	(1,515)	-
Net cash used in investing activity	<u>(1,515)</u>	<u>-</u>
Cash flows from financing activity		
Issuance of shares	-	*
Net cash generated from financing activity	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(7,589)	-
Cash and cash equivalents at beginning of the year /at date of incorporation	<u>321,307</u>	<u>*</u>
Cash and cash equivalents at end of the financial period	<u><u>313,718</u></u>	<u><u>-</u></u>
<i>* represents RM2</i>		
Cash and cash equivalents comprise:		
Cash and short-term funds	<u>313,718</u>	<u>-</u>
	<u><u>313,718</u></u>	<u><u>-</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial period ended 31 December 2010 and accompanying explanatory notes on pages 5 to 17 attached to the unaudited condensed interim financial statements.

Explanatory Notes to the Interim Financial Statements as at 31 March 2011**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 ended 31 March 2011 have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia's ("BNM") guidelines.

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 31 December 2010. The explanatory notes attached in 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 period ended 31 December 2010.

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 period ended 31 December 2010.

The Bank has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Bank:

FRSs/Interpretations	Effective date
IC Interpretation 19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
Amendments to IC Interpretation 14, <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
FRS 124, <i>Related Party Disclosures</i> (revised)	1 January 2012
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 January 2012

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

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for the annual period beginning on or after 1 July 2011 and 1 January 2012 except for IC Interpretation 19, Amendments to IC Interpretation 14 and IC Interpretation 15 as they are not applicable to the Bank.

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 period ended 31 December 2010 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 first quarter ended 31 March 2011.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial period that have a material effect on the financial results and position of the Bank for the financial period ended 31 March 2011.

7. Issue of shares and debentures

There were no issuance of shares and debentures during the financial period ended 31 March 2011.

8. Dividend Paid

No dividend was paid during the financial period ended 31 March 2011.

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 2011	31 Dec 2010
	RM'000	RM'000
Cash and balances with banks and other financial institutions	34,709	14,551
Money at call and deposit placements maturing within one month	279,009	306,756
	313,718	321,307

11. Deposits and placements with banks and other financial institutions

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Licensed Malaysian banks	139,000	65,200
Foreign banks	570,523	503,036
	709,523	568,236

12. Loans, advances and financing

At amortised cost	31 Mar 2011	31 Dec 2010
(i) By type	RM'000	RM'000
Term loans	116,532	63,212
Bankers' acceptance	313	397
Bills receivable	37,683	57,017
Trust receipts	85	-
Gross loans, advances and financing	154,613	120,626
Less: Allowance for impairment		
- Collective allowance for impairment	(2,319)	(1,809)
Net loans, advances and financing	152,294	118,817

12. Loans, advances and financing (continued)

(ii) By type of customer	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Domestic business enterprises		
- Others	92,563	57,414
Foreign entities	62,050	63,212
	154,613	120,626
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Fixed rate loans	38,081	57,414
Floating rate loans	116,532	63,212
	154,613	120,626
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Agriculture	37,627	56,971
Mining and quarrying	398	397
Manufacturing	56	47
Construction	54,482	-
Others	62,050	63,211
	154,613	120,626
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Malaysia	92,563	57,414
China	62,050	63,212
	154,613	120,626

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

(vi) By residual contractual maturity	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
< 1 month	10,329	38,591
1-3 months	27,752	57,367
3-12 months	37,835	-
1-2 years	24,214	-
2-3 years	54,483	24,668
	154,613	120,626

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

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
At beginning of the financial period	1,809	-
Allowance made during the financial period	510	1,809
At end of the financial period	2,319	1,809
As % of gross loans, advances and financing (net of individual allowance)	1.5%	1.5%

13. Other assets

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Derivative financial instruments (Note 23)	203	228
Interest receivable	7,370	4,804
Deposits	591	314
Other receivables and prepayments	1,453	1,428
	9,617	6,774

14. Deposits from customers

(i) By type of deposit	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Demand deposits	47,508	3,500
Savings deposits	1,408	1,112
Fixed deposits	40,428	27,418
	89,344	32,030

(ii) By type of customer	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Business enterprises	68,270	16,577
Individuals	20,064	14,392
Others	1,010	1,061
	89,344	32,030

(iii) By maturity structure of term deposits	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Due within six months	87,259	31,525
Six months to 1 year	2,085	505
	89,344	32,030

15. Deposits and placements of banks and other financial institutions

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Licensed Malaysian banks	633,541	562,136
Foreign banks	125,506	83,294
	759,047	645,430

16. Other liabilities

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Interest payable	3,975	2,307
Other payables and accruals	1,551	2,332
	5,526	4,639

	1st quarter ended		Year-To-Date ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
17. Interest income				
Loans, advances and financing:				
- Interest income other than from impaired loans	811	-	811	-
Money at call and deposit placements with financial institutions	5,875	-	5,875	-
	<u>6,686</u>	<u>-</u>	<u>6,686</u>	<u>-</u>
Interest expense				
Deposits and placements of banks and other financial institutions	(2,280)	-	(2,280)	-
Deposits from customers	(219)	-	(219)	-
	<u>(2,499)</u>	<u>-</u>	<u>(2,499)</u>	<u>-</u>
Net interest income	<u>4,187</u>	<u>-</u>	<u>4,187</u>	<u>-</u>

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

	1st quarter ended		Year-To-Date ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
18. Fee income				
Fee income:				
- Service charges and fees	13	-	13	-
- Guarantee fees	59	-	59	-
	<u>72</u>	<u>-</u>	<u>72</u>	<u>-</u>

	1st quarter ended		Year-To-Date ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
19. Net trading income				
Realised revaluation gains in foreign exchange	726	-	726	-
Unrealised revaluation loss in foreign exchange	(420)	-	(420)	-
Unrealised loss arising from derivative trading	(25)	-	(25)	-
	<u>281</u>	<u>-</u>	<u>281</u>	<u>-</u>

	1st quarter ended		Year-To-Date ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
20. Other operating expenses				
Personnel costs:				
- Salaries, allowance and bonuses	1,396	-	1,396	-
- Pension fund contributions	86	-	86	-
- Other staff costs	87	-	87	-
Promotion and marketing related expenses:				
- Advertising and promotion	196	-	196	-
- Others	149	-	149	-
Establishment costs:				
- Depreciation of plant and equipment	198	-	198	-
- Property management fees	48	-	48	-
- Rental	426	-	426	-
- Others	163	-	163	-
Administrative expenses:				
- Professional fees	96	-	96	-
- Licence fee	28	-	28	-
- Membership fee	1	-	1	-
- Communication	165	-	165	-
- Insurance	36	-	36	-
- Others	197	-	197	-
	<u>3,272</u>	<u>-</u>	<u>3,272</u>	<u>-</u>

21. Allowance for impairment on loans, advances and financing

	1st quarter ended		Year-To-Date ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Collective allowance for impairment				
- made during the financial period	818	-	818	-
- written back during the financial period	(308)	-	(308)	-
	<u>510</u>	<u>-</u>	<u>510</u>	<u>-</u>

22. Commitments and contingencies

The commitments and contingencies constitute the following:

	31 Mar 2011			
	Principal amount RM'000	Positive value of derivative contracts ^ RM'000	Credit equivalent amount * RM'000	Risk weighted assets * RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	165,851	-	82,926	41,463
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	7,741	203	366	331
Total	<u>173,592</u>	<u>203</u>	<u>83,292</u>	<u>41,794</u>

Note 23

	31 Dec 2010			
	Principal amount RM'000	Positive value of derivative contracts ^ RM'000	Credit equivalent amount * RM'000	Risk weighted assets * RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	430,919	-	215,460	107,730
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	11,400	228	427	384
Total	<u>442,319</u>	<u>228</u>	<u>215,887</u>	<u>108,114</u>

Note 23

^ 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 table above shows the Bank's derivative financial instruments as at the reporting date. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values as at reporting date 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".

23. Derivative financial instruments

	31 Mar 2011		31 Dec 2010	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange derivatives	1	-	20	-
Currency swaps	202	-	208	-
Total recognised derivative assets (Notes 22)	<u>203</u>	<u>-</u>	<u>228</u>	<u>-</u>

(Company No. 839839 M)

24. Interest rate risk

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the statement of financial position date and the periods in which they reprice or mature, whichever is earlier.

31 Mar 2011	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	279,009	-	-	-	-	34,709	-	313,718	2.38
Deposits and placements with banks and other financial institutions	-	279,553	429,970	-	-	-	-	709,523	2.64
Loans, advances and financing:									
- performing	10,174	27,336	37,268	77,516	-	-	-	152,294	1.93
Other assets ^	-	-	-	-	-	12,701	-	12,701	-
Total assets	289,183	306,889	467,238	77,516	-	47,410	-	1,188,236	
Liabilities									
Deposits from customers	37,977	1,650	2,209	-	-	47,508	-	89,344	1.23
Deposits and placements of banks and other financial institutions	106,009	169,919	480,022	82	-	3,015	-	759,047	1.36
Other liabilities #	-	-	-	-	-	6,158	-	6,158	-
Total liabilities	143,986	171,569	482,231	82	-	56,681	-	854,549	
Equity	-	-	-	-	-	333,687	-	333,687	
Total liabilities and equity	143,986	171,569	482,231	82	-	390,368	-	1,188,236	
On-balance sheet interest sensitivity gap	145,197	135,320	(14,993)	77,434	-	(342,958)	-		
Total interest sensitivity gap	145,197	135,320	(14,993)	77,434	-	(342,958)	-		

^ Other assets include other assets, deferred tax assets as well as plant and equipment as disclosed in the statement of financial position.

Other liabilities include other liabilities and provision for taxation as disclosed in the statement of financial position.

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24. Interest rate risk (continued)

31 Dec 2010	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	306,756	-	-	-	-	14,551	-	321,307	2.67
Deposits and placements with banks and other financial institutions	-	135,180	433,056	-	-	-	-	568,236	2.53
Loans, advances and financing:									
- performing	38,012	56,507	24,298	-	-	-	-	118,817	1.93
Other assets ^	-	-	-	-	-	8,541	-	8,541	-
Total assets	344,768	191,687	457,354	-	-	23,092	-	1,016,901	
Liabilities									
Deposits from customers	11,959	16,045	526	-	-	3,500	-	32,030	2.35
Deposits and placements of banks and other financial institutions	120,105	92,958	429,332	-	-	3,035	-	645,430	1.36
Other liabilities #	-	-	-	-	-	6,322	-	6,322	-
Total liabilities	132,064	109,003	429,858	-	-	12,857	-	683,782	
Equity	-	-	-	-	-	333,119	-	333,119	
Total liabilities and equity	132,064	109,003	429,858	-	-	345,976	-	1,016,901	
On-balance sheet interest sensitivity gap	212,704	82,684	27,496	-	-	(322,884)	-		
Total interest sensitivity gap	212,704	82,684	27,496	-	-	(322,884)	-		

^ Other assets include other assets, deferred tax assets as well as plant and equipment as disclosed in the statement of financial position.

Other liabilities include other liabilities and provision for taxation as disclosed in the statement of financial position.

25. Capital adequacy

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

	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Tier 1 capital		
Paid-up share capital	331,000	331,000
Retained earnings	1,059	1,059
Statutory reserves	1,060	1,060
	333,119	333,119
Less: Deferred tax assets	(766)	(766)
Total Tier 1 capital	332,353	332,353
Tier 2 capital		
Collective assessment allowance, representing total Tier 2 capital	2,319	1,809
Capital base	334,672	334,162
Core capital ratio	89.09%	71.40%
Risk-weighted capital ratio	89.71%	71.79%

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

	31 Mar 2011		31 Dec 2010	
	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	1,272,876	334,449	1,233,605	436,205
Total RWA for market risk	-	5,304	-	4,498
Total RWA for operational risk	-	33,295	-	24,781
	1,272,876	373,048	1,233,605	465,484

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).

25. Capital adequacy (continued)

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

31 Mar 2011				
	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	211,752	211,752	-	-
Banks, Development Financial Institutions and MDBs	810,409	810,409	203,815	16,305
Corporates	154,612	154,612	77,107	6,169
Other assets	12,811	12,811	11,733	939
Total On-Balance Sheet Exposures	1,189,584	1,189,584	292,655	23,413
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	82,926	82,926	41,463	3,317
OTC derivatives	366	366	331	26
Total Off-Balance Sheet Exposures	83,292	83,292	41,794	3,343
Total On and Off-Balance Sheet Exposures	1,272,876	1,272,876	334,449	26,756
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	Long position	Short position		
Foreign currency risk	5,304	-	5,304	424
<i>Operational Risk</i>	-	-	33,295	2,664
Total RWA and Capital Requirements			373,048	29,844

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

25. Capital adequacy (continued)

- (a) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category under standardised approach for the financial period ended 31 December 2010 are as follow:

	31 Dec 2010			
	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	173,896	173,896	-	-
Banks, Development Financial Institutions and MDBs	714,325	714,325	260,405	20,832
Corporates	120,626	120,626	60,138	4,811
Other assets	8,871	8,871	7,548	604
Total On-Balance Sheet Exposures	1,017,718	1,017,718	328,091	26,247
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	215,460	215,460	107,730	8,618
OTC derivatives	427	427	384	31
Total Off-Balance Sheet Exposures	215,887	215,887	108,114	8,649
Total On and Off-Balance Sheet Exposures	1,233,605	1,233,605	436,205	34,896
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<u>Long position</u>	<u>Short position</u>		
Foreign currency risk	4,498	-	4,498	360
<i>Operational Risk</i>	-	-	24,781	1,982
Total RWA and Capital Requirements			465,484	37,238

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

(Company No. 839839 M)

25. Capital adequacy (continued)

(b) The breakdown of credit risk exposures by risk weights are as follows:

31 Mar 2011 Risk Weights	Exposures after Netting and Credit Risk Mitigation				Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000		
0%	211,752	-	398	1,079	213,229	-
20%	-	671,298	-	43	671,341	134,268
50%	-	139,111	237,140	-	376,251	188,126
75%	-	-	-	-	-	-
100%	-	-	-	12,055	12,055	12,055
150%	-	-	-	-	-	-
Total Exposures	211,752	810,409	237,538	13,177	1,272,876	334,449
Risk-Weighted Assets by Exposures	-	203,815	118,570	12,064	334,449	
Average Risk Weight	0.0%	25.1%	49.9%	91.6%	26.3%	
Deduction from Capital Base	-	-	-	-	-	

31 Dec 2010 Risk Weights	Exposures after Netting and Credit Risk Mitigation				Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Bank	Banks, MDBs and DFIs	Corporates	Other Assets		
	RM'000	RM'000	RM'000	RM'000		
0%	173,896	-	397	1,324	175,617	-
20%	-	322,524	-	53	322,577	64,515
50%	-	391,801	335,642	-	727,443	363,722
75%	-	-	-	-	-	-
100%	-	-	47	7,921	7,968	7,968
150%	-	-	-	-	-	-
Total Exposures	173,896	714,325	336,086	9,298	1,233,605	436,205
Risk-Weighted Assets by Exposures	-	260,405	167,868	7,932	436,205	
Average Risk Weight	0.0%	36.5%	49.9%	85.3%	35.4%	
Deduction from Capital Base	-	-	-	-	-	

The above are disclosures on credit risk by risk weight of the Bank as at reporting date 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

26. Performance review

The Bank registered a profit before taxation of RM0.76 million for the first quarter ended 31 March 2011. The net operating income generated amounted to RM4.54 million. This was offset by other operating expenses of RM3.27 million and allowance for impairment on loans, advances and financing of RM0.51 million.

The net operating income was mainly generated from interest income on international trade business and interbank placements, while the net trading income was mainly attributed by realised revaluation gains in foreign exchange amounted to RM0.73 million. The other operating expenses were mainly incurred for personnel costs of RM1.57 million, which made up 48% of total other operating expenses.

The total assets grew by 17% or RM171.34 million from the last financial period ended to RM1.19 billion, in tandem with the increase in deposits and placements with banks and other financial institutions by 25% or RM141.29 million. Loans, advances and financing stood at RM152.29 million, which is RM33.48 million higher than the RM118.82 million recorded as at 31 December 2010. The increase was mainly due to higher term loans disbursed to customers.

27. Business prospects

The Bank is confident that it will continue to gain momentum in its performance and focusing on establishing its presence in Malaysia. The outlook is positive as there are plans in the pipeline and the strategic plan moving ahead consists of introducing new products, deepening customer relationships, network reach and branch strategy.

The focus for the first half financial year is to launch the Bank's credit card product in the local market. The introduction of new product will enhance the aim in offering a comprehensive range of financial products to customers. In addition, plans are well underway to widen the Bank's geographical reach with the opening of a new branch in the second half of the financial year. The location of the new branch will be well placed to capture new businesses in both corporate and retail segments.