

**Industrial and Commercial Bank of China (Malaysia) Berhad**  
(Company No. 839839 M)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2011**

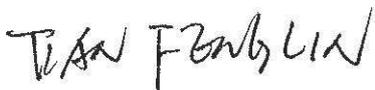
## **Industrial and Commercial Bank of China (Malaysia) Berhad**

(Company No. 839839 M)

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### **MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the 3rd quarter and nine months ended 30 September 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: 28 October 2011

# Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

		<b>30 Sept 2011</b>	31 Dec 2010
		<b>RM'000</b>	RM'000
<b>ASSETS</b>			
Cash and short-term funds	10	<b>861,869</b>	321,307
Deposits and placements with banks and other financial institutions	11	<b>1,093,490</b>	568,236
Loans, advances and financing	12	<b>330,532</b>	118,817
Other assets	13	<b>10,958</b>	6,774
Deferred tax assets		<b>766</b>	766
Plant and equipment		<b>2,201</b>	1,001
<b>TOTAL ASSETS</b>		<b><u>2,299,816</u></b>	<b><u>1,016,901</u></b>
<b>LIABILITIES</b>			
Deposits from customers	14	<b>303,339</b>	32,030
Deposits and placements of banks and other financial institutions	15	<b>1,643,342</b>	645,430
Other liabilities	16	<b>11,877</b>	4,639
Provision for taxation		<b>201</b>	1,683
<b>TOTAL LIABILITIES</b>		<b><u>1,958,759</u></b>	<b><u>683,782</u></b>
<b>EQUITY</b>			
Share capital		<b>331,000</b>	331,000
Reserves		<b>10,057</b>	2,119
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<b><u>341,057</u></b>	<b><u>333,119</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>2,299,816</u></b>	<b><u>1,016,901</u></b>

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 16 attached to the unaudited condensed interim financial statements.

## Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	3rd quarter ended		Year-To-Date ended	
		30 Sept 2011 RM'000	30 Sept 2010 RM'000	30 Sept 2011 RM'000	30 Sept 2010 RM'000
Interest income		<b>13,961</b>	4,412	<b>29,060</b>	6,568
Interest expense		<b>(6,963)</b>	(1,126)	<b>(12,994)</b>	(1,140)
Net interest income	17	<b>6,998</b>	3,286	<b>16,066</b>	5,428
Fee income	18	<b>1,848</b>	3	<b>1,956</b>	3
Net trading income	19	<b>4,678</b>	(75)	<b>6,317</b>	735
Net operating income		<b>13,524</b>	3,214	<b>24,339</b>	6,166
Other operating expenses	20	<b>(4,610)</b>	(1,354)	<b>(11,863)</b>	(2,119)
Operating profit		<b>8,914</b>	1,860	<b>12,476</b>	4,047
Allowance for impairment on loans, advances and financing	21	<b>(2,667)</b>	(422)	<b>(3,224)</b>	(422)
Profit before taxation		<b>6,247</b>	1,438	<b>9,252</b>	3,625
Tax expense		<b>(561)</b>	-	<b>(1,314)</b>	-
Profit after taxation		<b>5,686</b>	1,438	<b>7,938</b>	3,625
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		<b>5,686</b>	1,438	<b>7,938</b>	3,625
Basic earnings per ordinary share (sen):		<b>1.72</b>	0.58	<b>2.40</b>	1.46

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 16 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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	3,625	3,625
At 30 September 2010	<u>331,000</u>	<u>-</u>	<u>3,625</u>	<u>334,625</u>
<b>At 1 January 2011</b>	<b>331,000</b>	<b>1,060</b>	<b>1,059</b>	<b>333,119</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>7,938</b>	<b>7,938</b>
<b>At 30 September 2011</b>	<b><u>331,000</u></b>	<b><u>1,060</u></b>	<b><u>8,997</u></b>	<b><u>341,057</u></b>

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 16 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 NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	30 Sept 2011 RM'000	30 Sept 2010 RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		9,252	3,625
Adjustments for:			
Depreciation of plant and equipment		625	49
Allowance for impairment on loans, advances and financing		3,224	422
Operating profit before working capital changes		<u>13,101</u>	<u>4,096</u>
Increase in operating assets			
Deposits and placements with banks and other financial institutions		(525,254)	(870,126)
Loans, advances and financing		(214,939)	(28,102)
Other assets		(4,184)	(4,115)
Increase in operating liabilities			
Deposits from customers		271,309	4,377
Deposits and placements of banks and other financial institutions		997,912	567,884
Other liabilities		7,238	1,062
Cash generated from/(used in) operations		<u>545,183</u>	<u>(324,924)</u>
Income taxes paid		(2,796)	-
<b>Net cash generated from/(used in) operating activities</b>		<u>542,387</u>	<u>(324,924)</u>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment		(1,825)	(971)
<b>Net cash used in investing activity</b>		<u>(1,825)</u>	<u>(971)</u>
<b>Cash flows from financing activity</b>			
Issuance of shares		-	331,000
<b>Net cash generated from financing activity</b>		<u>-</u>	<u>331,000</u>
<b>Net increase in cash and cash equivalents</b>		540,562	5,105
<b>Cash and cash equivalents at beginning of the financial period /at date of incorporation</b>		<u>321,307</u>	*
<b>Cash and cash equivalents at end of the financial period</b>		<u>861,869</u>	<u>5,105</u>
<i>* represents RM2</i>			
<b>Cash and cash equivalents comprise:</b>			
Cash and short-term funds		861,869	5,105
	10	<u>861,869</u>	<u>5,105</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 16 attached to the unaudited condensed interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
30 SEPTEMBER 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 3rd quarter and nine months ended 30 September 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 and for the financial period ended 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, except for the adoption of the following FRSs, amendments to FRSs and IC Interpretations.

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:

<b>FRSs/Interpretations</b>	<b>Effective date</b>
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 3rd quarter and nine months ended 30 September 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 3rd quarter and nine months ended 30 September 2011.

**7. Issue of Shares and Debentures**

There were no issuance of shares and debentures during the 3rd quarter and nine months ended 30 September 2011.

**8. Dividend Paid**

No dividend was paid during the nine months ended 30 September 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**

	<b>30 Sept 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>22,264</b>	14,551
Money at call and deposit placements maturing within one month	<b>839,605</b>	306,756
	<b>861,869</b>	321,307

**11. Deposits and placements with banks and other financial institutions**

	<b>30 Sept 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Licensed Malaysian banks	<b>5,000</b>	65,200
Foreign banks	<b>1,088,490</b>	503,036
	<b>1,093,490</b>	568,236

**12. Loans, advances and financing**

<b>At amortised cost</b>	<b>30 Sept 2011</b>	31 Dec 2010
<b>(i) By type</b>	<b>RM'000</b>	RM'000
Term loans	<b>295,969</b>	63,212
Bankers' acceptance	<b>20,331</b>	397
Bills receivable	<b>16,346</b>	57,017
Overdraft	<b>2,836</b>	-
Staff loan	<b>83</b>	-
Gross loans, advances and financing	<b>335,565</b>	120,626
Less: Allowance for impairment		
- Collective allowance for impairment	<b>(5,033)</b>	(1,809)
Net loans, advances and financing	<b>330,532</b>	118,817

**12. Loans, advances and financing (continued)**

<b>(ii) By type of customer</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic business enterprises		
- Small medium enterprises	2,747	-
- Others	76,583	57,414
Individuals	83	-
Foreign entities	256,152	63,212
	<u>335,565</u>	<u>120,626</u>
<b>(iii) By interest rate sensitivity</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Other fixed rate loan/financing	16,429	57,414
Variable rate		
- Base Lending Rate plus	2,605	-
- Cost plus	289,837	-
- Other variable rates	26,694	63,212
	<u>335,565</u>	<u>120,626</u>
<b>(iv) By sector</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	-	56,970
Manufacturing	112,447	47
Construction	59,041	-
Real estate	579	-
Wholesale & retail trade and restaurants & hotels	111,632	63,609
Finance, insurance and business services	51,783	-
Household - retail	83	-
	<u>335,565</u>	<u>120,626</u>
<b>(v) By purpose</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of landed property		
- Non residential	6,132	-
Purchase of transport vehicles	83	-
Working capital	302,132	120,626
Other purpose	27,218	-
	<u>335,565</u>	<u>120,626</u>
<b>(vi) By geographical distribution</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Within Malaysia	79,413	57,414
Outside Malaysia	256,152	63,212
	<u>335,565</u>	<u>120,626</u>

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

**12. Loans, advances and financing (continued)**

<b>(vii) By residual contractual maturity</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturity within one year	191,540	95,958
More than one year to three years	139,146	24,668
More than three years to five years	888	-
More than five years	3,991	-
	<u>335,565</u>	<u>120,626</u>

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

	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial period	1,809	-
Allowance made during the financial period	3,224	1,809
At end of the financial period	<u>5,033</u>	<u>1,809</u>
As % of gross loans, advances and financing (net of individual allowance)	<u>1.5%</u>	<u>1.5%</u>

**13. Other assets**

	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Derivative financial instruments (Note 23)	5	228
Interest receivable	8,599	4,804
Deposits	758	314
Other receivables and prepayments	1,596	1,428
	<u>10,958</u>	<u>6,774</u>

**14. Deposits from customers**

<b>(i) By type of deposit</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	31,942	3,500
Savings deposits	2,244	1,112
Fixed deposits	269,153	27,418
	<u>303,339</u>	<u>32,030</u>
<b>(ii) By type of customer</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	81,028	16,577
Individuals	23,363	14,392
Others	198,948	1,061
	<u>303,339</u>	<u>32,030</u>
<b>(iii) By maturity structure of term deposits</b>	<b>30 Sept 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	298,937	31,525
Six months to 1 year	4,402	505
	<u>303,339</u>	<u>32,030</u>

<b>15. Deposits and placements of banks and other financial institutions</b>	<b>30 Sept 2011</b>		<b>31 Dec 2010</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Licensed Malaysian banks	1,634,926		562,136	
Licensed investment banks	404		-	
Foreign banks	8,012		83,294	
	<u>1,643,342</u>		<u>645,430</u>	
<b>16. Other liabilities</b>	<b>30 Sept 2011</b>		<b>31 Dec 2010</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Interest payable	4,782		2,307	
Other payables and accruals	7,095		2,332	
	<u>11,877</u>		<u>4,639</u>	
<b>17. Interest income</b>	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing:				
- Interest income other than from impaired loans	1,638	3	3,471	3
Money at call and deposit placements with financial institutions	12,323	4,409	25,589	6,565
	<u>13,961</u>	<u>4,412</u>	<u>29,060</u>	<u>6,568</u>
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	(6,138)	(1,125)	(11,478)	(1,139)
Deposits from customers	(825)	(1)	(1,516)	(1)
	<u>(6,963)</u>	<u>(1,126)</u>	<u>(12,994)</u>	<u>(1,140)</u>
<b>Net interest income</b>	<u>6,998</u>	<u>3,286</u>	<u>16,066</u>	<u>5,428</u>
All items of interest income and expense were recognised from assets and liabilities that were not at fair value through profit or loss.				
<b>18. Fee income</b>	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
- Service charges and fees	135	3	174	3
- Loan processing fees	16	-	26	-
- Guarantee fees	139	-	187	-
- Commitment fees	9	-	20	-
- Other fee income	1,549	-	1,549	-
	<u>1,848</u>	<u>3</u>	<u>1,956</u>	<u>3</u>
<b>19. Net trading income</b>	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>	<b>30 Sept 2011</b>	<b>30 Sept 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised revaluation gains/(loss) in foreign exchange	255	(75)	2,179	735
Unrealised revaluation gains in foreign exchange	4,569	-	4,361	-
Unrealised loss arising from derivative trading	(146)	-	(223)	-
	<u>4,678</u>	<u>(75)</u>	<u>6,317</u>	<u>735</u>

**20. Other operating expenses**

	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sept 2011</b>	30 Sept 2010	<b>30 Sept 2011</b>	30 Sept 2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	<b>2,124</b>	346	<b>5,273</b>	350
- Pension fund contributions	<b>211</b>	20	<b>447</b>	20
- Other staff costs	<b>157</b>	62	<b>359</b>	62
Promotion and marketing related expenses:				
- Advertising and promotion	<b>69</b>	6	<b>295</b>	6
- Others	<b>150</b>	19	<b>418</b>	21
Establishment costs:				
- Depreciation of plant and equipment	<b>210</b>	47	<b>625</b>	49
- Property management fees	<b>96</b>	21	<b>236</b>	28
- Rental	<b>658</b>	277	<b>1,740</b>	498
- Others	<b>21</b>	61	<b>198</b>	348
Administrative expenses:				
- Professional fees	<b>237</b>	119	<b>415</b>	141
- Licence fee	<b>28</b>	3	<b>83</b>	103
- Membership fee	<b>11</b>	21	<b>24</b>	21
- Communication	<b>214</b>	170	<b>570</b>	249
- Insurance	<b>62</b>	-	<b>184</b>	-
- Others	<b>362</b>	182	<b>996</b>	223
	<b>4,610</b>	1,354	<b>11,863</b>	2,119

**21. Allowance for impairment on loans, advances and financing**

	<b>3rd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Sept 2011</b>	30 Sept 2010	<b>30 Sept 2011</b>	30 Sept 2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Collective allowance for impairment				
- made during the financial period	<b>2,667</b>	422	<b>3,872</b>	422
- written back during the financial period	-	-	<b>(648)</b>	-
	<b>2,667</b>	422	<b>3,224</b>	422

## 22. Commitments and contingencies

The commitments and contingencies constitute the following:

	30 Sept 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	222,807	-	111,404	67,992
Short term self-liquidating trade-related contingencies	19,439	-	3,888	1,682
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	53,072	-	10,614	8,167
- exceeding one year	4,676	-	2,338	2,338
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	35,767	5	1,390	467
<b>Total</b>	<b>335,761</b>	<b>5</b>	<b>129,634</b>	<b>80,646</b>

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
<b>Total</b>	<b>442,319</b>	<b>228</b>	<b>215,887</b>	<b>108,114</b>

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

	30 Sept 2011		31 Dec 2010	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange derivatives	5	-	20	-
Currency swaps	-	-	208	-
<b>Total recognised derivative assets (Note 13, 22)</b>	<b>5</b>	<b>-</b>	<b>228</b>	<b>-</b>

**24. Capital adequacy**

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

	<b>30 Sept 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
<b>Tier 1 capital</b>		
Paid-up share capital	<b>331,000</b>	331,000
Retained earnings	<b>1,059</b>	1,059
Statutory reserves	<b>1,060</b>	1,060
	<b>333,119</b>	333,119
Less: Deferred tax assets	<b>(766)</b>	(766)
Total Tier 1 capital	<b>332,353</b>	332,353
<b>Tier 2 capital</b>		
Collective assessment allowance, representing total Tier 2 capital	<b>5,033</b>	1,809
Capital base	<b>337,386</b>	334,162
Core capital ratio	<b>50.64%</b>	71.40%
Risk-weighted capital ratio	<b>51.41%</b>	71.79%

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

	<b>30 Sept 2011</b>		31 Dec 2010	
	<b>Principal</b>	<b>Risk-weighted</b>	Principal	Risk-weighted
	<b>RM'000</b>	<b>RM'000</b>	RM'000	RM'000
Total RWA for credit risk	<b>2,433,713</b>	<b>615,712</b>	1,233,605	436,205
Total RWA for market risk	-	<b>5,334</b>	-	4,498
Total RWA for operational risk	-	<b>35,209</b>	-	24,781
	<b>2,433,713</b>	<b>656,255</b>	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).

**24. 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:

30 Sept 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	381,159	381,159	-	-
Banks, Development Financial Institutions and MDBs	1,572,270	1,572,270	346,333	27,707
Corporates	335,565	335,565	175,578	14,046
Other assets	15,085	15,085	13,155	1,052
<b>Total On-Balance Sheet Exposures</b>	<b>2,304,079</b>	<b>2,304,079</b>	<b>535,066</b>	<b>42,805</b>
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	128,244	128,244	80,179	6,414
OTC derivatives	1,390	1,390	467	37
<b>Total Off-Balance Sheet Exposures</b>	<b>129,634</b>	<b>129,634</b>	<b>80,646</b>	<b>6,451</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>2,433,713</b>	<b>2,433,713</b>	<b>615,712</b>	<b>49,256</b>
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<b>Long position</b>	<b>Short position</b>		
Foreign currency risk	-	5,334	5,334	427
<i>Operational Risk</i>	-	-	35,209	2,817
<b>Total RWA and Capital Requirements</b>			<b>656,255</b>	<b>52,500</b>

Note:

*MDBs - Multilateral Development Banks*

*OTC - Over the counter*

**24. 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
<b>Total On-Balance Sheet Exposures</b>	<b>1,017,718</b>	<b>1,017,718</b>	<b>328,091</b>	<b>26,247</b>
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	215,460	215,460	107,730	8,618
OTC derivatives	427	427	384	31
<b>Total Off-Balance Sheet Exposures</b>	<b>215,887</b>	<b>215,887</b>	<b>108,114</b>	<b>8,649</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,233,605</b>	<b>1,233,605</b>	<b>436,205</b>	<b>34,896</b>
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
<b>Total RWA and Capital Requirements</b>			<b>465,484</b>	<b>37,238</b>

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 are as follows:

30 Sept 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%	381,159	-	9,171	1,931	392,261	-
20%	-	1,466,015	-	1,153	1,467,168	293,434
50%	-	106,251	397,761	-	504,012	252,006
100%	-	4	56,877	13,391	70,272	70,272
Total Exposures	381,159	1,572,270	463,809	16,475	2,433,713	615,712
Risk-Weighted Assets by Exposures	-	346,333	255,758	13,622	615,712	
Average Risk Weight	0.0%	22.0%	55.1%	82.7%	25.3%	
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
100%	-	-	47	7,921	7,968	7,968
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*

**25. Performance review**

The Bank achieved a profit before taxation of RM9.3 million for the nine months ended 30 September 2011, an increase of 155% or RM5.6 million compared to the previous period. Operating profit increased by RM8.4 million or 208% compared to the corresponding period in 2010. The main increase was due to higher net interest income and trading income by RM10.6 million and RM7.5 million respectively compared to previous period in September 2010, which resulted from strong loan growth as well as higher foreign exchange gains. Operating expenses increased by RM9.7 million against the previous corresponding period, mainly due to higher personnel costs as a result of increase in headcount in line with the Bank's expansion.

Total assets grew by 126% or RM1.3 billion compared to the last financial period ended 31 December 2010 to RM2.3 billion, in tandem with the increase in deposits and placements with banks and other financial institutions by 92% or RM525.3 million. Loans, advances and financing stood at RM330.5 million, which is RM211.7 million higher than RM118.8 million recorded as at 31 December 2010, mainly funded by the increase in deposits from customers, as well as deposits and placements of banks and other financial institutions.

**26. Business prospects**

The uncertainties over the fiscal position and sovereign debt concerns in some advanced economies have had no adverse impact on the domestic financial markets. In Malaysia, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. The domestic demand is expected to remain resilient and support growth amidst sustained private consumption and strong private investment.

In the last quarter of the financial year, the Bank will focus in exploring the expansion of the branch network and introducing new products to better serve the customers' needs. With the continuous growth momentum in the financial performance, the Bank is confident to achieve sustainable profit and remain competitive.