

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

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

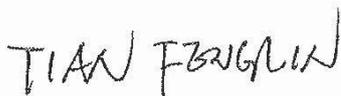
**Industrial and Commercial Bank of China (Malaysia) Berhad**

(Company No. 839839 M)

(Incorporated in Malaysia)

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed financial statements for the half year ended 30 June 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 July 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 JUNE 2011

		30 Jun 2011 RM'000	31 Dec 2010 RM'000
<b>ASSETS</b>			
Cash and short-term funds	10	657,671	321,307
Deposits and placements with banks and other financial institutions	11	1,184,194	568,236
Loans, advances and financing	12	155,351	118,817
Other assets	13	12,446	6,774
Deferred tax assets		766	766
Plant and equipment		2,317	1,001
<b>TOTAL ASSETS</b>		<b>2,012,745</b>	<b>1,016,901</b>
<b>LIABILITIES</b>			
Deposits from customers	14	97,421	32,030
Deposits and placements of banks and other financial institutions	15	1,572,229	645,430
Other liabilities	16	7,616	4,639
Provision for taxation		108	1,683
<b>TOTAL LIABILITIES</b>		<b>1,677,374</b>	<b>683,782</b>
<b>EQUITY</b>			
Share capital		331,000	331,000
Reserves		4,371	2,119
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<b>335,371</b>	<b>333,119</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,012,745</b>	<b>1,016,901</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 18 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 HALF YEAR ENDED 30 JUNE 2011

	Note	2nd quarter ended		Year-To-Date ended	
		30 Jun 2011 RM'000	30 Jun 2010 RM'000	30 Jun 2011 RM'000	30 Jun 2010 RM'000
Interest income		8,412	2,156	15,098	2,156
Interest expense		(3,531)	(14)	(6,030)	(14)
Net interest income	17	4,881	2,142	9,068	2,142
Fee income	18	36	-	108	-
Net trading income	19	1,358	810	1,639	810
Net operating income		6,275	2,952	10,815	2,952
Other operating expenses	20	(3,981)	(765)	(7,253)	(765)
Operating profit		2,294	2,187	3,562	2,187
Allowance for impairment on loans, advances and financing	21	(47)	-	(557)	-
Profit before taxation		2,247	2,187	3,005	2,187
Tax expense		(563)	-	(753)	-
Profit after taxation		1,684	2,187	2,252	2,187
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		1,684	2,187	2,252	2,187
Basic earnings per ordinary share (sen):		0.51	1.10	0.68	1.10

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 18 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 CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 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	-	-	2,187	2,187
At 30 June 2010	<u>331,000</u>	<u>-</u>	<u>2,187</u>	<u>333,187</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>2,252</b>	<b>2,252</b>
<b>At 30 June 2011</b>	<b><u>331,000</u></b>	<b><u>1,060</u></b>	<b><u>3,311</u></b>	<b><u>335,371</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 18 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 CASH FLOW STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2011

	Note	30 Jun 2011 RM'000	30 Jun 2010 RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		3,005	2,187
Adjustments for:			
Depreciation of plant and equipment		415	2
Allowance for impairment on loans, advances and financing		557	-
Operating profit before working capital changes		<u>3,977</u>	<u>2,189</u>
Increase in operating assets			
Deposits and placements with banks and other financial institutions		(615,958)	(389,655)
Loans, advances and financing		(37,091)	-
Other assets		(5,672)	(1,676)
Increase in operating liabilities			
Deposits from customers		65,391	10
Deposits and placements of banks and other financial institutions		926,799	60,718
Other liabilities		2,977	13
Cash generated from/(used in) operations		<u>340,423</u>	<u>(328,401)</u>
Income taxes paid		(2,328)	-
<b>Net cash generated from/(used in) operating activities</b>		<u><u>338,095</u></u>	<u><u>(328,401)</u></u>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment		(1,731)	(650)
<b>Net cash used in investing activity</b>		<u><u>(1,731)</u></u>	<u><u>(650)</u></u>
<b>Cash flows from financing activity</b>			
Issuance of shares		-	331,000
<b>Net cash generated from financing activity</b>		<u><u>-</u></u>	<u><u>331,000</u></u>
<b>Net increase in cash and cash equivalents</b>		336,364	1,949
<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><u>657,671</u></u>	<u><u>1,949</u></u>
* represents RM2			
<b>Cash and cash equivalents comprise:</b>			
Cash and short-term funds		<u>657,671</u>	1,949
	10	<u><u>657,671</u></u>	<u><u>1,949</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 18 attached to the unaudited condensed interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 half year ended 30 June 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>
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 half year ended 30 June 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 half year ended 30 June 2011.

**7. Issue of Shares and Debentures**

There were no issuance of shares and debentures during the half year ended 30 June 2011.

**8. Dividend Paid**

No dividend was paid during the half year ended 30 June 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 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>49,563</b>	14,551
Money at call and deposit placements maturing within one month	<b>608,108</b>	306,756
	<b>657,671</b>	321,307

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

	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Licensed Malaysian banks	<b>19,000</b>	65,200
Foreign banks	<b>1,165,194</b>	503,036
	<b>1,184,194</b>	568,236

**12. Loans, advances and financing**

<b>At amortised cost</b>	<b>30 Jun 2011</b>	31 Dec 2010
<b>(i) By type</b>	<b>RM'000</b>	RM'000
Term loans	<b>155,282</b>	63,212
Bankers' acceptance	<b>319</b>	397
Bills receivable	<b>1,941</b>	57,017
Overdraft	<b>89</b>	-
Staff loan	<b>86</b>	-
Gross loans, advances and financing	<b>157,717</b>	120,626
Less: Allowance for impairment		
- Collective allowance for impairment	<b>(2,366)</b>	(1,809)
Net loans, advances and financing	<b>155,351</b>	118,817

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

<b>(ii) By type of customer</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Domestic business enterprises		
- Small medium enterprises	2,573	-
- Others	62,897	57,414
Individuals	86	-
Foreign entities	92,161	63,212
	<u>157,717</u>	<u>120,626</u>
<b>(iii) By interest rate sensitivity</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Fixed rate		
- Other fixed rate loan/financing	2,346	57,414
Variable rate		
- Base Lending Rate plus	89	-
- Cost plus	149,056	-
- Other variable rates	6,226	63,212
	<u>157,717</u>	<u>120,626</u>
<b>(iv) By sector</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Agriculture	-	56,970
Manufacturing	7,672	47
Construction	55,225	-
Real estate	584	-
Wholesale & retail trade and restaurants & hotels	45,265	63,609
Finance, insurance and business services	48,885	-
Household - retail	86	-
	<u>157,717</u>	<u>120,626</u>
<b>(v) By purpose</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Purchase of landed property		
- Non residential	6,226	-
Purchase of transport vehicles	86	-
Working capital	151,316	120,626
Other purpose	89	-
	<u>157,717</u>	<u>120,626</u>
<b>(vi) By geographical distribution</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Within Malaysia	65,556	57,414
Outside Malaysia	92,161	63,212
	<u>157,717</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 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Maturity within one year	5,389	95,958
More than one year to three years	147,339	24,668
More than three years to five years	886	-
More than five years	4,103	-
	<u>157,717</u>	<u>120,626</u>

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

	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
At beginning of the financial period	1,809	-
Allowance made during the financial period	557	1,809
At end of the financial period	<u>2,366</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 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Derivative financial instruments (Note 23)	151	228
Interest receivable	9,970	4,804
Deposits	758	314
Other receivables and prepayments	1,567	1,428
	<u>12,446</u>	<u>6,774</u>

**14. Deposits from customers**

<b>(i) By type of deposit</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Demand deposits	18,475	3,500
Savings deposits	2,000	1,112
Fixed deposits	76,946	27,418
	<u>97,421</u>	<u>32,030</u>
<b>(ii) By type of customer</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Business enterprises	72,803	16,577
Individuals	20,004	14,392
Others	4,614	1,061
	<u>97,421</u>	<u>32,030</u>
<b>(iii) By maturity structure of term deposits</b>	<b>30 Jun 2011</b>	31 Dec 2010
	<b>RM'000</b>	RM'000
Due within six months	94,656	31,525
Six months to 1 year	2,765	505
	<u>97,421</u>	<u>32,030</u>

<b>15. Deposits and placements of banks and other financial institutions</b>	<b>30 Jun 2011</b>		<b>31 Dec 2010</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Licensed Malaysian banks	1,511,725		562,136	
Licensed investment banks	303		-	
Foreign banks	60,201		83,294	
	<u>1,572,229</u>		<u>645,430</u>	
<b>16. Other liabilities</b>	<b>30 Jun 2011</b>		<b>31 Dec 2010</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Interest payable	6,086		2,307	
Other payables and accruals	1,530		2,332	
	<u>7,616</u>		<u>4,639</u>	
<b>17. Interest income</b>	<b>2nd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>30 Jun 2011</b>	<b>30 Jun 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	1,022	-	1,833	-
Money at call and deposit placements with financial institutions	7,390	2,156	13,265	2,156
	<u>8,412</u>	<u>2,156</u>	<u>15,098</u>	<u>2,156</u>
<b>Interest expense</b>				
Deposits and placements of banks and other financial institutions	(3,059)	(14)	(5,339)	(14)
Deposits from customers	(472)	-	(691)	-
	<u>(3,531)</u>	<u>(14)</u>	<u>(6,030)</u>	<u>(14)</u>
<b>Net interest income</b>	<u>4,881</u>	<u>2,142</u>	<u>9,068</u>	<u>2,142</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>2nd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
- Service charges and fees	26	-	39	-
- Loan processing fees	10	-	10	-
- Guarantee fees	-	-	48	-
- Commitment fees	-	-	11	-
	<u>36</u>	<u>-</u>	<u>108</u>	<u>-</u>

<b>19. Net trading income</b>	<b>2nd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Realised revaluation gains in foreign exchange	1,198	810	1,924	810
Unrealised revaluation gains/(loss) in foreign exchange	212	-	(208)	-
Unrealised loss arising from derivative trading	(52)	-	(77)	-
	<u>1,358</u>	<u>810</u>	<u>1,639</u>	<u>810</u>

**20. Other operating expenses**

	<b>2nd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Jun 2011</b>	30 Jun 2010	<b>30 Jun 2011</b>	30 Jun 2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	<b>1,753</b>	4	<b>3,149</b>	4
- Pension fund contributions	<b>150</b>	-	<b>236</b>	-
- Other staff costs	<b>115</b>	-	<b>202</b>	-
Promotion and marketing related expenses:				
- Advertising and promotion	<b>30</b>	-	<b>226</b>	-
- Others	<b>119</b>	2	<b>268</b>	2
Establishment costs:				
- Depreciation of plant and equipment	<b>217</b>	2	<b>415</b>	2
- Property management fees	<b>92</b>	7	<b>140</b>	7
- Rental	<b>656</b>	221	<b>1,082</b>	221
- Others	<b>14</b>	287	<b>177</b>	287
Administrative expenses:				
- Professional fees	<b>82</b>	22	<b>178</b>	22
- Licence fee	<b>27</b>	100	<b>55</b>	100
- Membership fee	<b>12</b>	-	<b>13</b>	-
- Communication	<b>191</b>	79	<b>356</b>	79
- Insurance	<b>86</b>	-	<b>122</b>	-
- Others	<b>437</b>	41	<b>634</b>	41
	<b>3,981</b>	765	<b>7,253</b>	765

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

	<b>2nd quarter ended</b>		<b>Year-To-Date ended</b>	
	<b>30 Jun 2011</b>	30 Jun 2010	<b>30 Jun 2011</b>	30 Jun 2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Collective allowance for impairment				
- made during the financial period	<b>396</b>	-	<b>1,205</b>	-
- written back during the financial period	<b>(349)</b>	-	<b>(648)</b>	-
	<b>47</b>	-	<b>557</b>	-

**22. Commitments and contingencies**

The commitments and contingencies constitute the following:

	<b>30 Jun 2011</b>			
	<b>Principal amount RM'000</b>	<b>Positive value of derivative contracts ^ RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk weighted assets * RM'000</b>
<u>Credit-related exposures</u>				
Transaction-related contingent items	173,318	-	86,659	43,330
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	56,444	-	11,289	8,432
- exceeding one year	1,214	-	607	607
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- less than one year	6,800	151	234	208
<b>Total</b>	<b>237,776</b>	<b>151</b>	<b>98,789</b>	<b>52,577</b>

Note 23

	<b>31 Dec 2010</b>			
	<b>Principal amount RM'000</b>	<b>Positive value of derivative contracts ^ RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk weighted assets * RM'000</b>
<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**

	<b>30 Jun 2011</b>		<b>31 Dec 2010</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange derivatives	5	-	20	-
Currency swaps	146	-	208	-
<b>Total recognised derivative assets (Note 22)</b>	<b>151</b>	<b>-</b>	<b>228</b>	<b>-</b>

(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.

30 Jun 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				
<b>Assets</b>									
Cash and short-term funds	608,108	-	-	-	-	49,563	-	657,671	2.76
Deposits and placements with banks and other financial institutions	-	492,464	691,730	-	-	-	-	1,184,194	2.70
Loans, advances and financing:									
- performing	1,035	381	3,892	146,002	4,041	-	-	155,351	3.33
Other assets ^	-	-	-	-	-	15,529	-	15,529	-
<b>Total assets</b>	<b>609,143</b>	<b>492,845</b>	<b>695,622</b>	<b>146,002</b>	<b>4,041</b>	<b>65,092</b>	<b>-</b>	<b>2,012,745</b>	
<b>Liabilities</b>									
Deposits from customers	64,320	11,997	3,302	-	-	17,802	-	97,421	2.19
Deposits and placements of banks and other financial institutions	399,482	666,664	503,073	-	-	3,010	-	1,572,229	1.23
Other liabilities #	-	-	-	-	-	7,724	-	7,724	-
<b>Total liabilities</b>	<b>463,802</b>	<b>678,661</b>	<b>506,375</b>	<b>-</b>	<b>-</b>	<b>28,536</b>	<b>-</b>	<b>1,677,374</b>	
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,371</b>	<b>-</b>	<b>335,371</b>	
<b>Total liabilities and equity</b>	<b>463,802</b>	<b>678,661</b>	<b>506,375</b>	<b>-</b>	<b>-</b>	<b>363,907</b>	<b>-</b>	<b>2,012,745</b>	
On-balance sheet interest sensitivity gap	145,341	(185,816)	189,247	146,002	4,041	(298,815)	-		
<b>Total interest sensitivity gap</b>	<b>145,341</b>	<b>(185,816)</b>	<b>189,247</b>	<b>146,002</b>	<b>4,041</b>	<b>(298,815)</b>	<b>-</b>		

^ 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				
<b>Assets</b>									
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	-
<b>Total assets</b>	<b>344,768</b>	<b>191,687</b>	<b>457,354</b>	<b>-</b>	<b>-</b>	<b>23,092</b>	<b>-</b>	<b>1,016,901</b>	
<b>Liabilities</b>									
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	-
<b>Total liabilities</b>	<b>132,064</b>	<b>109,003</b>	<b>429,858</b>	<b>-</b>	<b>-</b>	<b>12,857</b>	<b>-</b>	<b>683,782</b>	
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>333,119</b>	<b>-</b>	<b>333,119</b>	
<b>Total liabilities and equity</b>	<b>132,064</b>	<b>109,003</b>	<b>429,858</b>	<b>-</b>	<b>-</b>	<b>345,976</b>	<b>-</b>	<b>1,016,901</b>	
On-balance sheet interest sensitivity gap	212,704	82,684	27,496	-	-	(322,884)	-		
<b>Total interest sensitivity gap</b>	<b>212,704</b>	<b>82,684</b>	<b>27,496</b>	<b>-</b>	<b>-</b>	<b>(322,884)</b>	<b>-</b>		

^ 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:

	<b>30 Jun 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>2,366</b>	1,809
Capital base	<b>334,719</b>	334,162
Core capital ratio	<b>63.55%</b>	71.40%
Risk-weighted capital ratio	<b>64.00%</b>	71.79%

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

	<b>30 Jun 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>2,112,983</b>	<b>500,290</b>	1,233,605	436,205
Total RWA for market risk	-	<b>197</b>	-	4,498
Total RWA for operational risk	-	<b>22,530</b>	-	24,781
	<b>2,112,983</b>	<b>523,017</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).

**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:

	<b>30 Jun 2011</b>			
	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk Weighted Assets RM'000</b>	<b>Capital Requirements RM'000</b>
<i>Credit Risk</i>				
On-Balance Sheet Exposures				
Sovereigns/Central Bank	288,058	288,058	-	-
Banks, Development Financial Institutions and MDBs	1,552,028	1,552,028	341,713	27,337
Corporates	157,717	157,717	91,388	7,311
Other assets	16,391	16,391	14,612	1,169
<b>Total On-Balance Sheet Exposures</b>	<b>2,014,194</b>	<b>2,014,194</b>	<b>447,713</b>	<b>35,817</b>
Off-Balance Sheet Exposures				
Credit-related off-balance sheet exposures	98,555	98,555	52,369	4,189
OTC derivatives	234	234	208	17
<b>Total Off-Balance Sheet Exposures</b>	<b>98,789</b>	<b>98,789</b>	<b>52,577</b>	<b>4,206</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>2,112,983</b>	<b>2,112,983</b>	<b>500,290</b>	<b>40,023</b>
Large exposure risk requirement	-	-	-	-
<i>Market Risk</i>				
	<b><u>Long position</u></b>	<b><u>Short position</u></b>		
Foreign currency risk	-	197	197	16
<i>Operational Risk</i>	-	-	22,530	1,802
<b>Total RWA and Capital Requirements</b>			<b>523,017</b>	<b>41,841</b>

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			Capital Requirements RM'000
	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets 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*

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**25. Capital adequacy (continued)**

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

30 Jun 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%	288,058	-	3,176	1,779	293,013	-
20%	-	1,447,677	-	33	1,447,710	289,542
50%	-	104,347	218,678	-	323,025	161,513
100%	-	4	34,418	14,813	49,235	49,235
Total Exposures	288,058	1,552,028	256,272	16,625	2,112,983	500,290
Risk-Weighted Assets by Exposures	-	341,713	143,757	14,820	500,290	
Average Risk Weight	0.0%	22.0%	56.1%	89.1%	23.7%	
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*

**26. Performance review**

The Bank registered a profit before taxation of RM3.0 million for the half year ended 30 June 2011, an increase of 37.4% or RM0.8 million compared against 30 June 2010. Operating profit increased by RM1.4 million or 62.9% compared to the corresponding period in 2010. The main increase was due to higher net interest income and trading income by RM6.9 million and RM0.8 million respectively compared to previous period whereby the operations only commenced in April 2010. Operating expenses increased by RM6.5 million against the previous corresponding period, mainly attributed by lower operating costs incurred in the first three months of business commencement.

Total assets grew by 97.9% or RM995.8 million compared to the last financial period ended 31 December 2010 to RM2.0 billion, in tandem with the increase in deposits and placements with banks and other financial institutions by 108.4% or RM615.9 million. Loans, advances and financing stood at RM155.4 million, which is RM36.5 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.

**27. Business prospects**

Despite global uncertainties arising from Europe's spreading debt crisis, Middle Eastern political tensions and growing concerns over slow global economic growth; the Malaysian economy is expected to show a steady growth albeit at a slower pace.

In the second half year of 2011, the Bank will continue to focus on introducing new products, deepening customer relationships, offering e-banking services and expanding the branch network. With the existing healthy loan portfolio and plans in the pipeline, the Bank is confident that it will continue to gain momentum in its financial performance and achieve sustainable profit growth.