

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

<u>Group</u>	<u>Notes</u>	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and short-term funds	13	999,700	330,142
Deposits and placements with banks and other financial institutions	14	37,584	37,573
Securities portfolio held-for-trading	15 (i)	218,946	181,862
Securities portfolio available-for-sale	15 (ii)	88,884	87,527
Securities portfolio held-to-maturity	15 (iii)	33	33
Loans and advances	16	346,412	375,980
Derivative assets	19 (i)	40	96
Other assets	17	529,523	263,522
Statutory deposits with Bank Negara Malaysia		105	105
Investment in associates		-	4,718
Property, plant and equipment		16,374	16,059
Intangible assets		9,512	9,375
Deferred tax assets		9,814	17,681
TOTAL ASSETS		2,256,927	1,324,673
LIABILITIES			
Deposits and placements of a licensed bank		911,906	150,050
Other liabilities	18	725,188	434,365
Derivative liabilities	19 (ii)	21,700	8,953
Deferred tax liabilities		1,107	1,088
TOTAL LIABILITIES		1,659,901	594,456
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		546,910	680,101
TOTAL EQUITY		597,026	730,217
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,256,927	1,324,673
COMMITMENTS AND CONTINGENCIES			
	26	1,206,827	827,536

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

Bank	Notes	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and short-term funds	13	941,626	271,642
Deposits and placements with banks and other financial institutions	14	36,315	36,312
Securities portfolio held-for-trading	15 (i)	218,946	181,862
Securities portfolio available-for-sale	15 (ii)	39,461	39,435
Securities portfolio held-to-maturity	15 (iii)	33	33
Loans and advances	16	346,412	375,980
Derivative assets	19 (i)	40	96
Other assets	17	528,361	263,734
Statutory deposits with Bank Negara Malaysia		105	105
Investment in subsidiaries		233,269	233,269
Investment in associates		-	4,200
Property, plant and equipment		16,230	15,912
Intangible assets		9,512	9,375
Deferred tax assets		9,814	17,681
TOTAL ASSETS		2,380,124	1,449,636
LIABILITIES			
Deposits and placements of a licensed bank		911,906	150,050
Other liabilities	18	891,862	603,796
Derivative liabilities	19 (ii)	21,700	8,953
TOTAL LIABILITIES		1,825,468	762,799
SHAREHOLDER'S EQUITY			
Share capital		50,116	50,116
Reserves		504,540	636,721
TOTAL EQUITY		554,656	686,837
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,380,124	1,449,636
COMMITMENTS AND CONTINGENCIES			
	26	1,206,827	827,536

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

<u>Group</u>	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Interest income	20	17,104	7,968	17,104	7,968
Interest expense	21	(5,055)	(3,463)	(5,055)	(3,463)
Net interest income		12,049	4,505	12,049	4,505
Net income from Islamic					
Banking Scheme operations	28	18,270	76,985	18,270	76,985
Non-interest income	22	101,048	55,441	101,048	55,441
Net income		131,367	136,931	131,367	136,931
Overhead expenses	23	(73,250)	(60,974)	(73,250)	(60,974)
Operating profit		58,117	75,957	58,117	75,957
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	24	(1,517)	418	(1,517)	418
		56,600	76,375	56,600	76,375
Share of results of associate		-	(3,827)	-	(3,827)
Profit before taxation and zakat		56,600	72,548	56,600	72,548
Taxation and zakat		(14,897)	(20,654)	(14,897)	(20,654)
Net profit for the period		41,703	51,894	41,703	51,894
Basic earnings per share (sen)		83	104	83	104

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Net profit for the period	41,703	51,894	41,703	51,894
Other comprehensive loss:				
Net gain/(loss) on securities available-for-sale				
- Gain/(loss) on fair value changes, net of tax	1,036	(3,113)	1,036	(3,113)
Foreign currency translation	478	(1,610)	478	(1,610)
Other comprehensive income/(loss) for the period, net of tax	1,514	(4,723)	1,514	(4,723)
Total comprehensive income for the period attributable to equity holder of the parent	43,217	47,171	43,217	47,171

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

<u>Bank</u>	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Interest income	20	16,849	7,843	16,849	7,843
Interest expense	21	(5,055)	(3,463)	(5,055)	(3,463)
Net interest income		11,794	4,380	11,794	4,380
Net income from Islamic Banking Scheme operations	28	18,270	76,985	18,270	76,985
Non-interest income	22	100,897	55,137	100,897	55,137
Net income		130,961	136,502	130,961	136,502
Overhead expenses	23	(70,855)	(59,776)	(70,855)	(59,776)
Operating profit		60,106	76,726	60,106	76,726
(Allowance for)/writeback of impairment on loans and advances and other debtors, net	24	(1,004)	418	(1,004)	418
Profit before taxation and zakat		59,102	77,144	59,102	77,144
Taxation and zakat		(14,879)	(20,637)	(14,879)	(20,637)
Net profit for the period		44,223	56,507	44,223	56,507

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Net profit for the period	44,223	56,507	44,223	56,507
Other comprehensive loss:				
Net gain/(loss) on securities available-for-sale - Gain/(loss) on fair value changes, net of tax	4	(7,682)	4	(7,682)
Other comprehensive income/(loss) for the period, net of tax	4	(7,682)	4	(7,682)
Total comprehensive income for the period attributable to equity holder of the Bank	44,227	48,825	44,227	48,825

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	Group		Bank	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Profit before taxation and zakat	56,600	72,548	59,102	77,144
Adjustment for non-operating and non-cash items	12,309	6,300	10,215	2,472
Operating profit before working capital changes	<u>68,909</u>	<u>78,848</u>	<u>69,317</u>	<u>79,616</u>
Changes in working capital:				
Net changes in operating assets	(239,328)	(564,350)	(236,887)	(562,259)
Net changes in operating liabilities	1,080,031	630,144	1,077,007	628,860
Net taxes (paid)/refunded	(61,788)	5,164	(61,187)	5,286
Net cash generated from operating activities	<u>847,824</u>	<u>149,806</u>	<u>848,250</u>	<u>151,503</u>
Net cash used in investing activities	(1,858)	(2,729)	(1,858)	(2,729)
Net cash used in financing activities - dividend paid	<u>(176,408)</u>	<u>-</u>	<u>(176,408)</u>	<u>-</u>
Net increase in cash and cash equivalents	669,558	147,077	669,984	148,774
Cash and cash equivalents at beginning of the period	<u>330,142</u>	<u>320,898</u>	<u>271,642</u>	<u>289,971</u>
Cash and cash equivalents at end of the period	<u>999,700</u>	<u>467,975</u>	<u>941,626</u>	<u>438,745</u>

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

Group	Non-distributable						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves* RM'000	Unrealised holding reserves RM'000	Exchange fluctuation reserve RM'000	Distributable retained earnings RM'000	
At 1 January 2013	50,116	172,669	50,116	18,984	(6,130)	444,462	730,217
Profit for the period	-	-	-	-	-	41,703	41,703
Other comprehensive income	-	-	-	1,036	478	-	1,514
Total comprehensive income for the period	-	-	-	1,036	478	41,703	43,217
Dividend	-	-	-	-	-	(176,408)	(176,408)
At 31 March 2013	50,116	172,669	50,116	20,020	(5,652)	309,757	597,026
At 1 January 2012	50,116	172,669	50,116	21,871	(4,526)	224,457	514,703
Profit for the period	-	-	-	-	-	51,894	51,894
Other comprehensive loss	-	-	-	(3,113)	(1,610)	-	(4,723)
Total comprehensive (loss)/income for the period	-	-	-	(3,113)	(1,610)	51,894	47,171
At 31 March 2012	50,116	172,669	50,116	18,758	(6,136)	276,351	561,874

* The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

	←-----Non-distributable-----→					Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Unrealised holding reserves RM'000	Distributable retained earnings RM'000	
Bank						
At 1 January 2013	50,116	172,669	50,116	(1)	413,937	686,837
Profit for the period	-	-	-	-	44,223	44,223
Other comprehensive income	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	4	44,223	44,227
Dividend	-	-	-	-	(176,408)	(176,408)
At 31 March 2013	50,116	172,669	50,116	3	281,752	554,656
At 1 January 2012	50,116	172,669	50,116	7,249	213,191	493,341
Profit for the period	-	-	-	-	56,507	56,507
Other comprehensive loss	-	-	-	(7,682)	-	(7,682)
Total comprehensive (loss)/income for the period	-	-	-	(7,682)	56,507	48,825
At 31 March 2012	50,116	172,669	50,116	(433)	269,698	542,166

* The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes to the interim financial statements)

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Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

1. Basis of Preparation

The unaudited condensed interim financial statements for the Group and of the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading, securities available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2012.

The unaudited condensed interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to capital market and stockbroking activities under the principles of Shariah.

The significant accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2012 except for adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, Interpretations of the Issues Committee ("IC Interpretations") and Annual Improvements 2009-2011 Cycle with effective dates of 1 July 2012 and 1 January 2013:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans (Amendments to MFRS 1)*
- MFRS 3 *Business Combinations (IFRS Business Combinations issued by IASB March 2004)*
- MFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 101 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)*
- MFRS 119 *Employee Benefits (IAS 19 as amended by IASB in June 2011)*
- MFRS 127 *Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2013)*
- MFRS 127 *Separate Financial Statements (IAS 27 as amended by IASB in May 2011)*
- MFRS 128 *Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Annual Improvements 2009-2011 Cycle:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Repeated application of MFRS 1 and borrowing costs*
- MFRS 101 *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- MFRS 116 *Property, Plant and Equipment - Classification of servicing equipment*
- MFRS 132 *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- MFRS 134 *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The adoption of the above MFRSs, amendments to MFRSs, IC Interpretations and Annual Improvements 2009-2011 Cycle did not have any material impact on the financial statements of the Group and the Bank, except for the adoption of following MFRSs and amendments to MFRSs:-

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1. Basis of Preparation (Cont'd)

MFRS 10 Consolidated Financial Statements ("MFRS 10")

MFRS 10 replaces the requirements of MFRS 127 Consolidated and Separate Financial Statements ("MFRS 127") that address the accounting for consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities ("IC 112"). Under MFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied MFRS 10 retrospectively in accordance with the transition provisions of MFRS 10.

Based on the preliminary assessment performed, the Group assessed that adoption of MFRS 10 did not result in any change in the consolidation status of its subsidiaries as at 31 March 2013.

MFRS 13 Fair Value Measurement ("MFRS 13")

MFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by MFRS. MFRS 13 also requires fair value disclosures for financial instruments to be included in interim financial report.

The Group and the Bank have adopted the above standard and the fair value disclosures for financial instruments are disclosed in Note 29.

2. Significant Accounting Policies

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 31 March 2013 were prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS"). The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012 except for those disclosed in Note 1 above.

3. Significant Accounting Estimates and Judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity are as follows:

(i) Fair Value Estimation of Securities Held-for-trading (Note 15 (i)), Available-for-sale (Note 15 (ii)) and Derivative Financial Instruments (Note 19)

The fair value of securities and derivatives that are not traded in an active market are determined using appropriate valuation techniques. Valuation techniques include the discounted cash flows method, options pricing models, credit models and other relevant valuation models.

(ii) Amortisation of Other Intangible Assets

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life. The determination of the estimated useful life of these intangible assets requires the management's judgement which includes analysing the circumstances, the industry and market practice.

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3. Significant Accounting Estimates and Judgements (Cont'd)

(iii) Deferred Tax and Income Taxes

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period which the estimates is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(iv) Impairment Losses on Loans, Advances and Financing

The Group and the Bank review its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually but for which no impairment is required and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and judgements on the effects of concentrations of risks (such as the performance of different individual groups).

(v) Impairment of Investments in Subsidiaries and Interest in Associates

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interests in associates may be impaired at each reporting date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's and the Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Group and the Bank determine whether its investments are impaired following certain indications of impairments such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals; and
- (ii) Depending on their nature and the industries in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earnings ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past trends.

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3. Significant Accounting Estimates and Judgements (Cont'd)

(v) Impairment of Investments in Subsidiaries and Interest in Associates (cont'd)

Sensitivity to changes in assumptions

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

(vi) Impairment of Securities Portfolio

The Group and the Bank review the securities portfolio and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by management:

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on various factors, such as historical value movement and the significant reduction in fair value.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2012 was not qualified.

5. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the quarter ended 31 March 2013.

6. Unusual Items Due to Their Nature, Size or Incidence

During the quarter ended 31 March 2013, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank.

7. Significant Events During the Quarter and Subsequent Events

(a) Proposed acquisition of additional Anfaal shares

The Bank had on 9 April 2012 entered into a conditional Share Purchase Agreement ("SPA") with Al Numu Real Estate Co and Anfaal Capital ("Anfaal") for the following :-

- i. Proposed acquisition of 858,499 ordinary shares of SAR10 each in Anfaal ("Anfaal Shares"), representing approximately 17.17% of the ordinary share capital of Anfaal for a cash consideration of SAR10,516,613 (RM8,907,571) being SAR12.25 for each Anfaal Share; and
- ii. Proposed assignment of the subordinated loan of SAR2,070,000 (RM1,753,290) from Al Numu to the Bank, which is intended to be converted into 207,000 new Anfaal Shares.

In addition to the above, the Board of the Bank in its meeting held on 23 August 2011 and 21 October 2011, approved the proposed subscription of 459,000 new Anfaal Shares pursuant to the proposed rights issue of SAR8,500,000 (RM7,199,500) at SAR10 per share for total consideration of SAR4,590,000 (RM3,887,730) on the basis of 17 new shares held prior to the conversion of subordinated loan.

The Bank currently holds 900,000 Anfaal Shares, representing 18.00% equity interest in Anfaal. The Bank will hold 35.17% equity interest in Anfaal upon completion of the proposed acquisition and 37.59% equity interest in Anfaal upon completion of the proposed subscription of rights issue and proposed conversion of the subordinated loan.

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7. Significant Events During the Quarter and Subsequent Events (Cont'd)

On 3 October 2012, the Board of Directors of the parent company i.e. Maybank announced that the Bank, Al Numu and Anfaal have mutually agreed to extend the period for the fulfillment of the conditions precedent of the SPA in relation to the Proposals from 30 September 2012 to 31 December 2012. Save for the above, all the other terms and conditions of the SPA remain unchanged.

On 31 December 2012, the Board of Directors of Maybank announced that the Bank, Al Numu and Anfaal have mutually agreed to extend the period for the fulfillment of the conditions precedent of the SPA in relation to the Proposals from 31 December 2012 to 31 March 2013. Subsequently, on 1 April 2013, the period was extended to 30 June 2013.

(b) Disposal of Maybank Ventures Sdn Bhd ("MVSB")

MVSB, an associated company, was disposed to Aseamlease Berhad, a wholly-owned subsidiary of Maybank on 2 January 2013.

MVSB is principally a venture capital company that engages in the promotion of and investment in companies in and outside of Malaysia with the objective of achieving capital appreciation primarily through disposal of such investments.

(c) Liquidation of Maysec (Ipoh) Sdn Bhd ("Maysec")

Maysec was placed under members' voluntary liquidation on 10 December 2010, and had its Final Meeting on 14 January 2013. On the expiration of 3 months after the lodgement of the related statutory return with the Companies Commission of Malaysia, Maysec shall be dissolved.

Maysec was previously engaged in stockbroking business and has been dormant since 2005 following the merger of its holding company, Maysec Sdn Bhd (then known as Mayban Securities (Holdings) Sdn Bhd) with Aseambankers Malaysia Berhad to form the Bank. The liquidation of Maysec is part of the corporate rationalisation exercise at the Bank which aims to streamline the capital structure of the bank and the group.

The dissolution of Maysec will not have any material effect on the earnings or assets of the Bank for the financial period ended 31 March 2013. None of the directors or substantial shareholders of the Bank or persons connected to them has any interest in the voluntary liquidation.

8. Changes in Estimates

There were no material changes in estimates during the quarter ended 31 March 2013.

9. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

10. Dividend Paid

At the Annual General Meeting on 27 March 2013, a single-tier first and final dividend in respect of the financial year ended 31 December 2012 of RM3.52 on 50,116,000 ordinary shares, amounting to a net dividend payment of RM176,408,320 was approved and subsequently paid to the shareholder.

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11. Performance Review

For the period ended 31 March 2013, the Group recorded a lower revenue and operating profit compared to the corresponding period last year due to the reduction in number of investment banking deals during first quarter 2013. Revenue dipped by 2.8% and the operating profit was down by 23.5%.

Net interest income grew by 167.5% or RM7.5 million due to higher interest income from securities held-for-trading, share margin financing and placement of deposits. Non-interest income was up by 82.3% from RM55.4 million to RM101.1 million due to higher fee-based income from investment banking business. However, the Islamic Banking income contracted by RM58.7 million from RM77.0 million due to a relatively slower sukuk activities. The net income recorded a marginal reduction of RM5.5 million or 4.1% to RM131.4 million.

Overhead expenses rose by 20.2% or RM12.3 million to RM73.3 million from RM61.0 million. This was largely attributable to the increase in personnel related costs.

The Group's profit before taxation and zakat declined by 22.0% or RM15.9 million from RM72.5 million to RM56.6 million. Net profit decreased by 19.6% or RM10.2 million to RM41.7 million compared to the corresponding period previous year.

12. Prospects

Global macro economic growth is expected to stabilise in 2013 with real Gross Domestic Product forecast at 3.3% after the 3.2% growth in 2012 due to continued US recovery, stabilising of the crisis in Eurozone, a moderate but more sustainable growth in China and sustained expansion in Asia ex-Japan. The International Monetary Fund projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to remain robust with growth of 5.9% (2012: 6.1%) on the strength of domestic demand, especially the expansion in investment.

Despite the slower growth in the first quarter of the year, Malaysia is expected to see full-year economic growth above-5% (2012: 5.6%) on the back of domestic demand that is underpinned by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme.

Considering the above factors, the Group anticipates to see reasonable growth in its business for the financial year ending 31 December 2013. In addition, the Group will adopt a strategy of responsible growth with equal focus on managing asset quality, liquidity and capital through sound risk management practices.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance for the financial year ending 31 December 2013.

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13. Cash and short-term funds

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	125,721	94,697	78,067	46,617
Deposit placements maturing within one month	873,979	235,445	863,559	225,025
	<u>999,700</u>	<u>330,142</u>	<u>941,626</u>	<u>271,642</u>

The monies held-in-trust for clients for the Group and the Bank as at reporting date are approximately RM641,856,000 (31 December 2012: RM88,699,000). These amounts are excluded from the cash and short-term funds of the Group and the Bank in accordance with FRSIC 18.

14. Deposits and placements with banks and other financial institutions

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Licensed banks	<u>37,584</u>	<u>37,573</u>	<u>36,315</u>	<u>36,312</u>

15. Securities portfolio

		Group		Bank	
		31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Securities held-for-trading	15 (i)	218,946	181,862	218,946	181,862
Securities available-for-sale	15 (ii)	88,884	87,527	39,461	39,435
Securities held-to-maturity	15 (iii)	33	33	33	33
Total securities portfolio		<u>307,863</u>	<u>269,422</u>	<u>258,440</u>	<u>221,330</u>

15 (i) Securities held-for-trading

At fair value	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Quoted Securities:				
Shares in Malaysia	17,771	32,120	17,771	32,120
Shares outside Malaysia	8,202	-	8,202	-
Unquoted Securities:				
Private debt securities in Malaysia	192,973	149,742	192,973	149,742
Total securities held-for-trading	<u>218,946</u>	<u>181,862</u>	<u>218,946</u>	<u>181,862</u>

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15. Securities portfolio (Cont'd)

15 (ii) Securities available-for-sale

At fair value, or cost less impairment losses for certain unquoted equity instruments	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Quoted Securities:				
Shares and loan stocks in Malaysia	53	50	53	50
Shares and loan stock outside Malaysia	49,609	48,273	186	181
	<u>49,662</u>	<u>48,323</u>	<u>239</u>	<u>231</u>
Unquoted Securities:				
Shares and loan stocks in Malaysia	37,627	37,627	37,627	37,627
Shares outside Malaysia	1,595	1,577	1,595	1,577
	<u>39,222</u>	<u>39,204</u>	<u>39,222</u>	<u>39,204</u>
Total securities available-for-sale	<u>88,884</u>	<u>87,527</u>	<u>39,461</u>	<u>39,435</u>

15 (iii) Securities held-to-maturity

At amortised Cost	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Unquoted Securities:		
Private debt securities in Malaysia	33	33
Total securities held-to-maturity	<u>33</u>	<u>33</u>

16. Loans and advances

At amortised cost	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Term loans		
- Syndicated term loan	6,447	6,447
- Other term loans	1,623	1,806
Amount due from brokers and clients		
- Margin accounts	328,720	358,038
Foreign currency loans	1,483	1,468
Staff loans	14,412	14,488
Gross loans and advances	<u>352,685</u>	<u>382,247</u>
Less: Allowance for impairment		
- Individual assessment allowance	(6,273)	(6,267)
Net loans and advances	<u>346,412</u>	<u>375,980</u>

(i) Loans and advances analysed by type of customers are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Domestic business enterprises	174,812	200,065
Individuals	176,390	180,714
Foreign entities	1,483	1,468
Gross loans and advances	<u>352,685</u>	<u>382,247</u>

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16. Loans and advances (Cont'd)

(ii) Loans and advances analysed by interest/profit rate sensitivity are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- Housing loans	8,983	9,123
- Hire purchase receivables	4,853	4,910
- Other fixed rate loans	576	455
Variable rate		
- BLR-plus	9,553	9,721
- Cost-plus	328,720	358,038
Gross loans and advances	<u>352,685</u>	<u>382,247</u>

(iii) Loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of securities	328,720	358,038
Purchase of transport vehicles	5,013	5,070
Purchase of residential landed property	10,398	10,769
Personal use	616	448
Consumer durables	6	7
Working capital	7,932	7,915
Gross loans and advances	<u>352,685</u>	<u>382,247</u>

(iv) The maturity structure of loans and advances are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Maturing within one year	333,610	359,881
One year to three years	1,292	962
Three years to five years	3,754	4,047
After five years	14,029	17,357
Gross loans and advances	<u>352,685</u>	<u>382,247</u>

(v) Movements in impaired loans and advances ("impaired loans") are as follows:

	Group and Bank	
	31 March 2013 RM'000	31 December 2012 RM'000
Gross balance at beginning of the period/year	7,009	6,980
Impaired during the period/year	30	964
Recovered/regularised during the period/year	(9)	(935)
Gross balance at end of the period/year	<u>7,030</u>	<u>7,009</u>
Less:		
Individual assessment allowance	<u>(6,273)</u>	<u>(6,267)</u>
Net balance at end of the period/year	<u>757</u>	<u>742</u>
Net impaired loans as % of gross loans and advances less individual assessment allowance	<u>0.22%</u>	<u>0.20%</u>

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16. Loans and advances (Cont'd)

(vi) Impaired loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Purchase of securities	7	-
Purchase of transport vehicles	156	156
Purchase of residential landed property	421	406
Working capital	6,446	6,447
	7,030	7,009

(vii) Movements in the individual assessment allowance are as follows:

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Individual assessment allowance:		
Balance at beginning of the period/year	6,267	6,267
Allowance made during the period/year	11	205
Amount written back in respect of recoveries	(5)	(205)
Balance at end of the period/year	6,273	6,267

17. Other assets

	Group		Bank	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	28,760	-	28,444	-
Amount due from brokers and clients				
- Non-margin accounts (a)	465,158	238,647	465,158	238,647
Amount due from ultimate holding company	16,283	8,074	16,283	8,074
Other debtors, deposits and prepayment	29,901	25,715	26,056	23,441
	540,102	272,436	535,941	270,162
Less: Allowance for doubtful debts	(10,579)	(8,914)	(7,580)	(6,428)
	529,523	263,522	528,361	263,734

(a) Amount due from brokers and clients represents net amount receivable from non-margin clients, which include outstanding purchase contracts entered into on behalf of clients, contra losses, and other fees and charges.

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18. Other liabilities

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Provisions and accruals	61,754	89,386	55,341	85,487
Provision for commitment and contingencies	6,619	6,619	6,619	6,619
Amount due to brokers and clients (a)	408,345	212,384	408,345	212,384
Deposits and other creditors	247,319	98,732	420,406	272,329
Provision for taxation and zakat	1,151	27,244	1,151	26,977
	<u>725,188</u>	<u>434,365</u>	<u>891,862</u>	<u>603,796</u>

(a) Amount due to brokers and clients represents net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients and contra gains.

19. Derivatives

19 (i) Derivative assets

	Group and Bank			
	31 March 2013		31 December 2012	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Index futures	2,492	26	-	-
Commodity related derivatives:				
Commodity futures	679	14	4,291	96
	<u>3,171</u>	<u>40</u>	<u>4,291</u>	<u>96</u>

19 (ii) Derivative liabilities

	Group and Bank			
	31 March 2013		31 December 2012	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Equity related derivatives:				
Index futures	-	-	2,527	10
Equity options	552,509	21,696	202,528	8,824
Commodity related derivatives:				
Commodity futures	-	-	5,041	53
Commodity options	23,350	4	40,790	66
	<u>575,859</u>	<u>21,700</u>	<u>250,886</u>	<u>8,953</u>

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19. Derivatives (Cont'd)

19 (iii) The Group and the Bank have recognised the fair value changes of the derivative assets and derivative liabilities as follows (Note 22):

	Group and Bank			
	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Equity related derivatives:				
Index futures	26	-	26	-
Equity options	(13,357)	4,522	(13,357)	4,522
Commodity related derivatives:				
Commodity futures	14	-	14	-
Commodity options	1,926	-	1,926	-
	<u>(11,391)</u>	<u>4,522</u>	<u>(11,391)</u>	<u>4,522</u>

20. Interest income

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans and advances				
- Interest income other than recoveries from impaired loans	5,832	3,711	5,832	3,711
- Recoveries from impaired loans	33	17	33	17
Money at call and deposit placements with banks and other financial institutions	3,539	3,347	3,539	3,347
Securities held-for-trading	7,791	-	7,791	-
Securities available-for-sale	-	893	-	893
Others	24	-	24	-
	<u>17,219</u>	<u>7,968</u>	<u>17,219</u>	<u>7,968</u>
Amortisation of premiums less accretion of discounts, net	(115)	-	(115)	-
Total interest income	<u>17,104</u>	<u>7,968</u>	<u>17,104</u>	<u>7,968</u>

	Quarter Ended		Cumulative 3 Months Ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans and advances				
- Interest income other than recoveries from impaired loans	5,832	3,711	5,832	3,711
- Recoveries from impaired loans	33	17	33	17
Money at call and deposit placements with banks and other financial institutions	3,284	3,264	3,284	3,264
Securities held-for-trading	7,791	-	7,791	-
Securities available-for-sale	-	851	-	851
Others	24	-	24	-
	<u>16,964</u>	<u>7,843</u>	<u>16,964</u>	<u>7,843</u>
Amortisation of premiums less accretion of discounts, net	(115)	-	(115)	-
Total interest income	<u>16,849</u>	<u>7,843</u>	<u>16,849</u>	<u>7,843</u>

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21. Interest expense

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
	Deposits and placements from a licensed bank	5,055	3,463	5,055

22. Non-interest income

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Fee and commission income:				
Arranger and upfront fees	17,216	92	17,216	92
Brokerage income	32,218	35,750	32,218	35,750
Corporate advisory fees	8,808	7,805	8,808	7,805
Placement and related fees	31,634	4,760	31,634	4,760
Underwriting commission	341	1,047	341	1,047
Others	2,261	4,702	2,261	4,702
	<u>92,478</u>	<u>54,156</u>	<u>92,478</u>	<u>54,156</u>
Investment income:				
Realised gain from sale of securities held-for-trading, net	1,599	1,876	1,599	1,876
Unrealised gain/(loss) on revaluation of securities held-for-trading, net	1,778	(6,065)	1,778	(6,065)
Realised gain/(loss) from sale of derivative financial instruments, net	15,297	(12)	15,297	(12)
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 19 (iii))	(11,391)	4,522	(11,391)	4,522
Gain from sale of securities available-for-sale, net	-	900	-	900
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	49	-	49
- Quoted outside Malaysia	-	5	-	5
Securities held-for-trading				
- Quoted in Malaysia	217	-	217	-
	<u>7,500</u>	<u>1,275</u>	<u>7,500</u>	<u>1,275</u>
Other income:				
Unrealised foreign exchange gain/(loss)	166	(201)	166	(201)
Others	904	211	904	211
	<u>1,070</u>	<u>10</u>	<u>1,070</u>	<u>10</u>
Total non-interest income	<u>101,048</u>	<u>55,441</u>	<u>101,048</u>	<u>55,441</u>

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22. Non-interest income (Cont'd)

Bank	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Fee and commission income:				
Arranger and upfront fees	17,216	92	17,216	92
Brokerage income	32,218	35,750	32,218	35,750
Corporate advisory fees	8,483	7,510	8,483	7,510
Placement and related fees	31,634	4,760	31,634	4,760
Underwriting commission	341	1,047	341	1,047
Others	2,261	4,702	2,261	4,702
	92,153	53,861	92,153	53,861
Investment income:				
Realised income from sale of securities held-for-trading, net	1,599	1,876	1,599	1,876
Unrealised gain/(loss) on revaluation of securities held-for-trading, net	1,778	(6,065)	1,778	(6,065)
Realised gain/(loss) from sale of derivative financial instruments, net	15,297	(12)	15,297	(12)
Unrealised (loss)/gain on revaluation of derivative financial instruments, net (Note 19 (iii))	(11,391)	4,522	(11,391)	4,522
Gain from sale of securities available-for-sale, net	-	900	-	900
Gross dividends from:				
Securities available-for-sale				
- Quoted in Malaysia	-	49	-	49
Securities held-for-trading				
- Quoted in Malaysia	217	-	217	-
Gain from disposal of associate	508	-	508	-
	8,008	1,270	8,008	1,270
Other income:				
Unrealised foreign exchange gain/(loss)	335	(224)	335	(224)
Others	401	230	401	230
	736	6	736	6
Total non-interest income	100,897	55,137	100,897	55,137

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23. Overhead expenses

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	51,483	36,851	51,483	36,851
- Pension costs - defined contribution plan	3,343	2,259	3,343	2,259
- Other staff related expenses	2,226	1,444	2,226	1,444
- Dealers' incentives	1,619	4,893	1,619	4,893
- Employee Share Scheme expenses	1,949	1,428	1,949	1,428
	<u>60,620</u>	<u>46,875</u>	<u>60,620</u>	<u>46,875</u>
Establishment expenses				
- Depreciation of property, plant and equipment	764	792	764	792
- Amortisation of computer software	644	405	644	405
- Rental	2,401	2,108	2,401	2,108
- Repairs and maintenance of property, plant and equipment	1,887	1,515	1,887	1,515
- Information technology expenses	869	333	869	333
- Service chargeback	(3,645)	(917)	(3,645)	(917)
- Others	1,724	2,019	1,724	2,019
	<u>4,644</u>	<u>6,255</u>	<u>4,644</u>	<u>6,255</u>
Marketing expenses				
- Advertisement and publicity	1,399	1,588	1,399	1,588
- Others	2,191	1,002	2,191	1,002
	<u>3,590</u>	<u>2,590</u>	<u>3,590</u>	<u>2,590</u>
Administration and general expenses				
- Fee and brokerage	2,818	2,841	2,818	2,841
- Administrative expenses	1,032	1,694	1,032	1,694
- General expenses	546	719	546	719
	<u>4,396</u>	<u>5,254</u>	<u>4,396</u>	<u>5,254</u>
Total	<u>73,250</u>	<u>60,974</u>	<u>73,250</u>	<u>60,974</u>

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Personnel expenses				
- Salaries, allowances and bonuses	51,483	36,851	51,483	36,851
- Pension costs - defined contribution plan	3,343	2,259	3,343	2,259
- Other staff related expenses	2,211	1,432	2,211	1,432
- Dealers' Incentives	1,619	4,893	1,619	4,893
- Employee Share Scheme expenses	1,949	1,428	1,949	1,428
	<u>60,605</u>	<u>46,863</u>	<u>60,605</u>	<u>46,863</u>

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23. **Overhead expenses (Cont'd)**

<u>Bank</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Establishment expenses				
- Depreciation of property, plant and equipment	760	785	760	785
- Amortisation of computer software	644	405	644	405
- Rental	2,401	2,071	2,401	2,071
- Repairs and maintenance of property, plant and equipment	1,887	1,515	1,887	1,515
- Information technology expenses	869	333	869	333
- Service chargeback	(5,928)	(917)	(5,928)	(917)
- Others	1,724	1,380	1,724	1,380
	<u>2,357</u>	<u>5,572</u>	<u>2,357</u>	<u>5,572</u>
Marketing expenses				
- Advertisement and publicity	1,399	1,588	1,399	1,588
- Others	2,190	1,003	2,190	1,003
	<u>3,589</u>	<u>2,591</u>	<u>3,589</u>	<u>2,591</u>
Administration and general expenses				
- Fee and brokerage	2,742	2,822	2,742	2,822
- Administrative expenses	1,016	1,672	1,016	1,672
- General expenses	546	256	546	256
	<u>4,304</u>	<u>4,750</u>	<u>4,304</u>	<u>4,750</u>
Total	<u>70,855</u>	<u>59,776</u>	<u>70,855</u>	<u>59,776</u>

24. **(Allowance for)/writeback of impairment on loans and advances and other debtors, net**

<u>Group</u>	Quarter Ended		Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impaired loans and advances:				
Individual assessment allowance				
- Made during the period	(11)	(8)	(11)	(8)
- Written back during the period	5	8	5	8
Bad debts recovered	154	441	154	441
Allowance for impairment on other debtors, net	(1,665)	(23)	(1,665)	(23)
	<u>(1,517)</u>	<u>418</u>	<u>(1,517)</u>	<u>418</u>
Bank				
Allowance for impaired loans and advances:				
Individual assessment allowance				
- Made during the period	(11)	(8)	(11)	(8)
- Written back during the period	5	8	5	8
Bad debts recovered	154	441	154	441
Allowance for impairment on other debtors, net	(1,152)	(23)	(1,152)	(23)
	<u>(1,004)</u>	<u>418</u>	<u>(1,004)</u>	<u>418</u>

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25. Capital adequacy

(l) Capital Adequacy Framework

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiaries companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank.

Bank Negara Malaysia ("BNM") had on 28 November 2012 released the updated guidelines for the implementation of Capital Adequacy Framework (Capital Components) commencing from 1 January 2013 and subject to the transition arrangements as set out in paragraphs 36.1 to 36.17 of the said framework.

The minimum regulatory capital adequacy ratios are set out as follows:

Calendar Year	Common Equity Tier 1 ("CET1") Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
2013	3.5%	4.5%	8.0%
2014	4.0%	5.5%	8.0%
2015 onwards	4.5%	6.0%	8.0%

Total risk-weighted assets ("RWA") shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The sum of the above shall be further adjusted to take into account any profit-sharing investment accounts ("PSIA") recognised as a risk absorbent for capital adequacy purposes, in the manner stipulated under the Guidelines on Recognition and Measurement of PSIA as Risk Absorbent.

Any exposures which are deducted in the calculation of CET1 Capital, Tier 1 Capital, and Total Capital shall not be subject to any further capital charges in the computation of RWA.

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the Total Capital Ratio.

The capital adequacy ratios of the Group and of the Bank are as follows:

<u>At 31 March 2013</u>	Group %	Bank %
Capital ratios		
CET1 capital ratio	24.05	20.88
Tier 1 capital ratio	24.05	20.88
Total capital ratio	24.05	20.88

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25. Capital adequacy (Cont'd)

(l) Capital Adequacy Framework (Cont'd)

<u>At 31 December 2012</u>	Group %	Bank %
Capital ratios		
Before deducting proposed dividends:		
Core capital ratio	40.30	38.34
Risk-weighted capital ratio	40.30	38.34
After deducting proposed dividends:		
Core capital ratio	30.73	27.78
Risk-weighted capital ratio	30.73	27.78
<u>At 31 March 2013</u>	Group RM'000	Bank RM'000
Tier 1 capital		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	288,074	237,532
CET1 capital before regulatory adjustments	560,975	510,433
Less: Deferred tax assets	(9,814)	(9,814)
Intangible assets	(9,512)	(9,512)
Investment in subsidiaries ¹	-	(61,794)
Liquidity reserve ²	(4,676)	(4,676)
Other regulatory deductions	(11,011)	(2)
CET1 capital/Tier 1 capital/ Total capital	525,962	424,635
<u>At 31 December 2012</u>	Group RM'000	Bank RM'000
Tier 1 capital		
Paid-up share capital	50,116	50,116
Share premium	172,669	172,669
Statutory reserves	50,116	50,116
Other reserves	444,462	413,937
Less: Deferred tax assets	(17,681)	(17,681)
Total Tier 1 capital/Total capital	699,682	669,157
Less: Investment in subsidiaries ¹	-	(61,794)
Liquidity reserve ²	(2,395)	(2,395)
Capital base³	697,287	604,968

¹ Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities had been transferred to the Bank on 30 December 2006.

² This is reserve for less liquid positions as per Bank Negara Malaysia Guidelines.

³ For purpose of computation of capital adequacy ratio, the core capital is taken to be similar to the capital base.

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25. Capital adequacy (Cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2013				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	360	360	-	-
Public sector entities	74	74	74	6
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,705,450	1,705,450	349,191	27,935
Corporates	301,919	301,919	325,363	26,029
Regulatory retail	193,018	193,018	181,683	14,535
Higher risk assets	88,645	88,645	132,967	10,637
Other assets	359,691	359,691	96,099	7,688
Equity exposures	233	233	233	19
Total on-balance sheet exposures	2,649,390	2,649,390	1,085,610	86,849
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	595,547	595,547	120	10
Total off-balance sheet exposures	625,547	625,547	3,120	250
Total on and off-balance sheet exposures	3,274,937	3,274,937	1,088,730	87,099
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	161,253	12,900
Commodity risk	-	-	1,627	130
Equity position risk	-	-	7,692	615
Foreign currency risk	-	-	81,547	6,524
Options risk	-	-	68,496	5,480
Total	-	-	320,615	25,649
(iii) <u>Operational Risk</u>				
	-	-	777,291	62,183
Total RWA and capital requirements	3,274,937	3,274,937	2,186,636	174,931

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25. Capital adequacy (Cont'd)

<u>Group</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2012				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	260	260	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	450,760	450,760	90,152	7,212
Corporates	341,725	341,725	340,140	27,211
Regulatory retail	194,216	194,216	182,688	14,615
Higher risk assets	92,014	92,014	138,021	11,042
Other assets	125,326	125,326	58,956	4,716
Equity exposures	233	233	233	19
Total on-balance sheet exposures	1,204,534	1,204,534	810,190	64,815
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	542,359	542,359	70	6
Total off-balance sheet exposures	572,359	572,359	3,070	246
Total on and off-balance sheet exposures	1,776,893	1,776,893	813,260	65,061
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	-	-	12,557	1,005
Foreign currency risk	-	-	70,696	5,656
Options risk	-	-	18,971	1,518
Total	-	-	200,481	16,039
(iii) <u>Operational Risk</u>				
	-	-	716,690	57,335
Total RWA and capital requirements	1,776,893	1,776,893	1,730,431	138,435

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25. Capital adequacy (Cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Bank</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2013				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	360	360	-	-
Public sector entities	74	74	74	6
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,646,120	1,646,120	337,325	26,986
Corporates	301,919	301,919	325,362	26,029
Regulatory retail	193,018	193,018	181,683	14,535
Higher risk assets	39,222	39,222	58,833	4,707
Other assets	358,839	358,839	95,248	7,620
Equity exposures	233	233	233	19
Total on-balance sheet exposures	2,539,785	2,539,785	998,758	79,902
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	595,547	595,547	120	10
Total off-balance sheet exposures	625,547	625,547	3,120	250
Total on and off-balance sheet exposures	3,165,332	3,165,332	1,001,878	80,152
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	161,253	12,900
Commodity risk	-	-	1,627	130
Equity position risk	-	-	7,692	615
Foreign currency risk	-	-	27,551	2,204
Options risk	-	-	68,496	5,480
	-	-	266,619	21,329
(iii) <u>Operational Risk</u>				
	-	-	765,033	61,203
Total RWA and capital requirements	3,165,332	3,165,332	2,033,530	162,684

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25. **Capital adequacy (Cont'd)**

<u>Bank</u>	Gross exposures RM'000	Net Exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 December 2012				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	260	260	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	391,026	391,026	78,205	6,256
Corporates	341,725	341,725	340,140	27,211
Regulatory retail	194,216	194,216	182,687	14,615
Higher risk assets	43,404	43,404	65,106	5,208
Other assets	125,368	125,368	59,296	4,744
Equity exposures	233	233	233	19
Total on-balance sheet exposures	1,096,232	1,096,232	725,667	58,053
Off-balance sheet exposures:				
Underwriting of short-term debt securities exposures	30,000	30,000	3,000	240
Credit-related off-balance sheet exposures	542,359	542,359	70	6
Total off-balance sheet exposures	572,359	572,359	3,070	246
Total on and off-balance sheet exposures	1,668,591	1,668,591	728,737	58,299
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	95,729	7,658
Commodity risk	-	-	2,528	202
Equity position risk	-	-	12,557	1,005
Foreign currency risk	-	-	17,497	1,400
Options risk	-	-	18,971	1,518
Total	-	-	147,282	11,783
(iii) <u>Operational Risk</u>				
	-	-	701,958	56,157
Total RWA and capital requirements	1,668,591	1,668,591	1,577,977	126,239

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25. Capital adequacy (Cont'd)

(III) The risk-weighted assets and capital requirements for the various categories of market risk:

Group	31 March 2013		31 December 2012	
	Risk-weighted assets equivalent	Capital required	Risk-weighted assets equivalent	Capital required
	RM'000	RM'000	RM'000	RM'000
Interest rate risk	161,253	12,900	95,729	7,658
Commodity risk	1,627	130	2,528	202
Equity position risk	7,692	615	12,557	1,005
Foreign currency risk	81,547	6,524	70,696	5,656
Options risk	68,496	5,480	18,971	1,518
Total	320,615	25,649	200,481	16,039

Bank	31 March 2013		31 December 2012	
	Risk-weighted assets equivalent	Capital required	Risk-weighted assets equivalent	Capital required
	RM'000	RM'000	RM'000	RM'000
Interest rate risk	161,253	12,900	95,729	7,658
Commodity risk	1,627	130	2,528	202
Equity position risk	7,692	615	12,557	1,005
Foreign currency risk	27,551	2,204	17,497	1,400
Options risk	68,496	5,480	18,971	1,518
Total	266,619	21,329	147,282	11,783

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25. Capital adequacy (Cont'd)

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

Group	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Exposures after netting and credit risk mitigation	Total risk- weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2013										
Risk weights										
0%	360	-	-	-	-	-	28,450	-	28,810	-
20%	-	-	1,678,448	-	-	-	293,928	-	1,972,376	394,475
50%	-	-	27,002	3,321	303	-	-	-	30,626	15,313
75%	-	-	-	-	46,158	-	-	-	46,158	34,619
100%	-	74	-	248,389	145,846	-	37,313	233	431,855	431,855
150%	-	-	-	50,209	711	88,645	-	-	139,565	209,348
Total exposures	360	74	1,705,450	301,919	193,018	88,645	359,691	233	2,649,390	1,085,610
Risk-weighted assets by exposures	-	74	349,191	325,363	181,683	132,967	96,099	233	1,085,610	
Average risk weights	0%	100%	20%	108%	94%	150%	27%	100%	41%	

Group	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Exposures after netting and credit risk mitigation	Total risk- weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2012										
Risk weights										
0%	260	-	-	-	-	-	6	-	266	-
20%	-	-	450,760	-	-	-	82,584	-	533,344	106,669
50%	-	-	-	3,171	83	-	593	-	3,847	1,924
75%	-	-	-	-	46,712	-	-	-	46,712	35,034
100%	-	-	-	338,554	147,039	-	42,143	233	527,969	527,969
150%	-	-	-	-	382	92,014	-	-	92,396	138,594
Total exposures	260	-	450,760	341,725	194,216	92,014	125,326	233	1,204,534	810,190
Risk-weighted assets by exposures	-	-	90,152	340,140	182,688	138,021	58,956	233	810,190	
Average risk weights	0%	-	20%	100%	94%	150%	47%	100%	67%	

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25. Capital adequacy (Cont'd)

Bank	Exposures after Netting and Credit Risk Mitigation									
	Sovereigns/ Central banks	Public Sector Entities	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2013										
Risk weights										
0%	360	-	-	-	-	-	28,449	-	28,809	-
20%	-	-	1,619,118	-	-	-	293,928	-	1,913,046	382,609
50%	-	-	27,002	3,321	303	-	-	-	30,626	15,313
75%	-	-	-	-	46,158	-	-	-	46,158	34,619
100%	-	74	-	248,389	145,846	-	36,462	233	431,004	431,004
150%	-	-	-	50,209	711	39,222	-	-	90,142	135,213
Total exposures	360	74	1,646,120	301,919	193,018	39,222	358,839	233	2,539,785	998,758
Risk-weighted assets by exposures	-	74	337,325	325,362	181,683	58,833	95,248	233	998,758	
Average risk weights	0%	100%	20%	108%	94%	150%	27%	100%	39%	
Bank	Exposures after Netting and Credit Risk Mitigation									
31 December 2012										
Risk weights										
0%	260	-	-	-	-	-	5	-	265	-
20%	-	-	391,026	-	-	-	82,584	-	473,610	94,722
50%	-	-	-	3,171	83	-	-	-	3,254	1,627
75%	-	-	-	-	46,712	-	-	-	46,712	35,034
100%	-	-	-	338,554	147,039	-	42,779	233	528,605	528,605
150%	-	-	-	-	382	43,404	-	-	43,786	65,679
Total exposures	260	-	391,026	341,725	194,216	43,404	125,368	233	1,096,232	725,667
Risk-weighted assets by exposures	-	-	78,205	340,140	182,687	65,106	59,296	233	725,667	
Average risk weights	0%	-	20%	100%	94%	150%	47%	100%	66%	

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26. Commitments and Contingencies

Group and Bank	As at 31 March 2013			As at 31 December 2012		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
<u>Credit-related</u>						
Obligations under underwriting agreements	32,250	16,125	18,094	30,000	15,000	3,000
Irevocable commitments to extend credit:						
- Maturity not exceeding one year	595,307	-	-	542,219	-	-
- Maturity exceeding one year	240	120	120	140	70	70
	627,797	16,245	18,214	572,359	15,070	3,070
<u>Derivative Financial Instruments</u>						
Equity related contracts						
- Less than one year	352,192	-	-	205,010	-	-
- One year to less than five years	202,809	-	-	45	-	-
Commodity related contracts						
- Less than one year	24,029	-	-	50,122	-	-
	579,030	-	-	255,177	-	-
Total commitments and contingencies	1,206,827	16,245	18,214	827,536	15,070	3,070

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Contingent liabilities

The Group and the Bank are aggressively defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

Case 1

A corporate borrower had issued a writ of summons and statement of claim against the Bank in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by the Bank in connection with a syndicated facility.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the Bank and the three syndicated lenders. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, the Bank and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The two claims were heard together.

The High Court had on 6 May 2009 entered Judgement against the Bank as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at 6% per annum from date of disbursement to realisation, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date. In the same Judgement, the recovery action by the Bank and the three syndicated lenders was also dismissed.

At this juncture, the Bank as one of the syndicated lenders has an exposure of RM48.0 million out of the RM115.5 million awarded pursuant to the Judgement.

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26. Commitments and Contingencies (Cont'd)

Case 1 (Cont'd)

The Bank filed an appeal against the Judgement and an application for stay of execution of the Judgement on 8 May 2009 ("Appeal"). On 24 June 2009, the Bank successfully obtained a stay order for execution of the Judgement pending the disposal of the Appeal against the Judgement. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

The hearing at the Court of Appeal was completed on 23 January 2013. The Court of Appeal has reserved their decision on the matter to be delivered on a later date.

The Bank's solicitors are of the view that the Bank has more than even chance of succeeding in the Appeal against the Judgement.

Case 2

Several holders of a bond ("bondholders") issued by a company served a Summons and Statement of Claim on the Bank and five (5) other defendants to recover their losses arising from the limited recovery made by the bondholders following the default of the company's bonds. The claims by the bondholders, inter alia, include the sum of RM156.3 million or any other sum that the Court deems fit.

The suit was served on the Bank on 7 November 2012. The Bank entered appearance on 20 November 2012 and filed its defence on 4 February 2013. The next case management date is 20 June 2013 while the hearing dates are fixed on 11 to 18 November 2013 and 21 November to 6 December 2013.

The Bank's solicitors are of the view that the Bank has more than even chance of succeeding in defending against the claim.

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27. Interest rate risk

The Group and Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows.

The table below summarises the Group's and Bank's exposure to interest rate risk. The table indicates effective interest rates at the balance sheet date and periods in which the financial instruments repriced or mature, whichever is earlier.

Group 31 March 2013	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
	month	months	months	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	794,738	-	-	-	-	204,962	-	999,700	2.87
Deposits and placements with banks and other financial institutions	20	-	1,233	-	-	36,331	-	37,584	2.95
Securities held-for-trading	-	-	-	-	-	-	218,946	218,946	-
Securities available-for-sale	-	-	-	-	-	88,884	-	88,884	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	330,693	-	2	781	9,718	4,461	-	345,655	6.36
- impaired*	-	-	-	-	-	757	-	757	-
Other assets	-	-	-	-	-	529,523	-	529,523	-
Derivative assets	-	-	-	-	-	-	40	40	-
Other non-interest sensitive balances	-	-	-	-	-	35,805	-	35,805	-
Total assets	1,125,451	-	1,235	781	9,718	900,756	218,986	2,256,927	

* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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27. Interest rate risk (Cont'd)

<u>Group (Cont'd)</u> 31 March 2013	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	553,000	115,000	240,000	-	-	3,906	-	911,906	3.24
Derivative liabilities	-	-	-	-	-	-	21,700	21,700	-
Other liabilities	-	-	-	-	-	725,188	-	725,188	-
Other non-interest sensitive balances	-	-	-	-	-	1,107	-	1,107	-
Total liabilities	553,000	115,000	240,000	-	-	730,201	21,700	1,659,901	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	546,910	-	546,910	-
Total equity	-	-	-	-	-	597,026	-	597,026	
Total liabilities and equity	553,000	115,000	240,000	-	-	1,327,227	21,700	2,256,927	
On-balance sheet interest sensitivity gap	572,451	(115,000)	(238,765)	781	9,718	(426,471)	197,286	-	
Total interest sensitivity gap	572,451	(115,000)	(238,765)	781	9,718	(426,471)	197,286	-	
Cumulative interest rate sensitivity gap	572,451	457,451	218,686	219,467	229,185	(197,286)	-	-	

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27. Interest rate risk (Cont'd)

Group	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
31 December 2012									
Assets									
Cash and short-term funds	226,668	-	-	-	-	103,474	-	330,142	2.83
Deposits and placements with banks and other financial institutions	20	-	1,233	-	-	36,320	-	37,573	3.15
Securities held-for-trading	-	-	-	-	-	-	181,862	181,862	-
Securities available-for-sale	-	-	-	-	-	87,527	-	87,527	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	360,012	-	4	750	10,235	4,237	-	375,238	6.38
- impaired*	-	-	-	-	-	742	-	742	-
Other assets	-	-	-	-	-	263,522	-	263,522	-
Derivative assets	-	-	-	-	-	-	96	96	-
Other non-interest sensitive balances	-	-	-	-	-	47,938	-	47,938	-
Total assets	586,700	-	1,237	750	10,235	543,793	181,958	1,324,673	

* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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27. Interest rate risk (Cont'd)

<u>Group (Cont'd)</u> 31 December 2012	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	150,000	-	-	-	-	50	-	150,050	3.06
Derivative liabilities	-	-	-	-	-	-	8,953	8,953	-
Other liabilities	-	-	-	-	-	434,365	-	434,365	-
Other non-interest sensitive balances	-	-	-	-	-	1,088	-	1,088	-
Total liabilities	150,000	-	-	-	-	435,503	8,953	594,456	-
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	680,101	-	680,101	-
Total equity	-	-	-	-	-	730,217	-	730,217	-
Total liabilities and equity	150,000	-	-	-	-	1,165,720	8,953	1,324,673	-
On-balance sheet interest sensitivity gap	436,700	-	1,237	750	10,235	(621,927)	173,005	-	-
Total interest sensitivity gap	436,700	-	1,237	750	10,235	(621,927)	173,005	-	-
Cumulative interest rate sensitivity gap	436,700	436,700	437,937	438,687	448,922	(173,005)	-	-	-

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27. Interest rate risk (Cont'd)

Bank 31 March 2013	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	778,072	-	-	-	-	163,554	-	941,626	2.89
Deposits and placements with banks and other financial institutions	-	-	-	-	-	36,315	-	36,315	-
Securities held-for-trading	-	-	-	-	-	-	218,946	218,946	-
Securities available-for-sale	-	-	-	-	-	39,461	-	39,461	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	330,693	-	2	781	9,718	4,461	-	345,655	6.36
- impaired*	-	-	-	-	-	757	-	757	-
Other assets	-	-	-	-	-	528,361	-	528,361	-
Derivative assets	-	-	-	-	-	-	40	40	-
Other non-interest sensitive balances	-	-	-	-	-	268,930	-	268,930	-
Total assets	1,108,765	-	2	781	9,718	1,041,872	218,986	2,380,124	

* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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27. Interest rate risk (Cont'd)

<u>Bank (Cont'd)</u> 31 March 2013	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	553,000	115,000	240,000	-	-	3,906	-	911,906	3.24
Derivative liabilities	-	-	-	-	-	-	21,700	21,700	-
Other liabilities	-	-	-	-	-	891,862	-	891,862	-
Total liabilities	553,000	115,000	240,000	-	-	895,768	21,700	1,825,468	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	504,540	-	504,540	-
Total equity	-	-	-	-	-	554,656	-	554,656	
Total liabilities and equity	553,000	115,000	240,000	-	-	1,450,424	21,700	2,380,124	
On-balance sheet interest sensitivity gap	555,765	(115,000)	(239,998)	781	9,718	(408,552)	197,286	-	
Total interest sensitivity gap	555,765	(115,000)	(239,998)	781	9,718	(408,552)	197,286	-	
Cumulative interest rate sensitivity gap	555,765	440,765	200,767	201,548	211,266	(197,286)	-	-	

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27. Interest rate risk (Cont'd)

Bank 31 December 2012	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	192,040	-	-	-	-	79,602	-	271,642	2.86
Deposits and placements with banks and other financial institutions	-	-	-	-	-	36,312	-	36,312	-
Securities held-for-trading	-	-	-	-	-	-	181,862	181,862	-
Securities available-for-sale	-	-	-	-	-	39,435	-	39,435	-
Securities held-to-maturity	-	-	-	-	-	33	-	33	-
Loans and advances									
- performing	360,012	-	4	750	10,235	4,237	-	375,238	6.38
- impaired*	-	-	-	-	-	742	-	742	-
Other assets	-	-	-	-	-	263,734	-	263,734	-
Derivative assets	-	-	-	-	-	-	96	96	-
Other non-interest sensitive balances	-	-	-	-	-	280,542	-	280,542	-
Total assets	552,052	-	4	750	10,235	704,637	181,958	1,449,636	

* This is arrived at after deducting the individual assessment allowance from gross impaired loans outstanding.

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27. Interest rate risk (Cont'd)

Bank (Cont'd) 31 December 2012	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	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Deposits and placements of a licensed bank	150,000	-	-	-	-	50	-	150,050	3.06
Derivative liabilities	-	-	-	-	-	-	8,953	8,953	-
Other liabilities	-	-	-	-	-	576,819	-	576,819	-
Other non-interest sensitive balances	-	-	-	-	-	26,977	-	26,977	-
Total liabilities	150,000	-	-	-	-	603,846	8,953	762,799	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	636,721	-	636,721	-
Total equity	-	-	-	-	-	686,837	-	686,837	
Total liabilities and equity	150,000	-	-	-	-	1,290,683	8,953	1,449,636	
On-balance sheet interest sensitivity gap	402,052	-	4	750	10,235	(586,046)	173,005	-	
Total interest sensitivity gap	402,052	-	4	750	10,235	(586,046)	173,005	-	
Cumulative interest rate sensitivity gap	402,052	402,052	402,056	402,806	413,041	(173,005)	-	-	

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28. Net income from Islamic Banking Scheme operations

Condensed Financial Statements
Unaudited Statements of Financial Position as at 31 March 2013

	Notes	Group and Bank	
		31 March 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and short-term funds		40,199	37,709
Securities portfolio held-for-trading	(a)	25,198	-
Other assets	(b)	98,139	115,510
Total assets		163,536	153,219
LIABILITIES			
Other liabilities	(c)	149	143
Provision for taxation and zakat		24,203	21,528
Total liabilities		24,352	21,671
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Reserves		134,184	126,548
		139,184	131,548
Total liabilities and Islamic banking fund		163,536	153,219

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28. Net income from Islamic Banking Scheme operations (Cont'd)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For the First Quarter Ended 31 March 2013

Group and Bank	Notes	Quarter Ended		Cumulative 3 Months Ended	
		31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of Islamic banking capital funds	(d)	18,270	76,985	18,270	76,985
Income attributable to the Group and the Bank		18,270	76,985	18,270	76,985
Overhead expenses	(e)	(7,959)	(19,573)	(7,959)	(19,573)
Profit before taxation and zakat		10,311	57,412	10,311	57,412
Taxation		(2,578)	(14,548)	(2,578)	(14,548)
Zakat		(97)	(495)	(97)	(495)
Profit for the period		7,636	42,369	7,636	42,369
Total comprehensive income for the period		7,636	42,369	7,636	42,369

Unaudited Consolidated Statements of Changes in Equity
For the First Quarter Ended 31 March 2013

Group and Bank	Islamic banking capital fund RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2013	5,000	126,548	131,548
Profit for the period	-	7,636	7,636
Total comprehensive income for the period	-	7,636	7,636
At 31 March 2013	5,000	134,184	139,184
At 1 January 2012	5,000	66,514	71,514
Profit for the period	-	43,145	43,145
Total comprehensive income for the period	-	43,145	43,145
At 31 March 2012	5,000	109,659	114,659

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28. Net income from Islamic Banking Scheme operations (Cont'd)

Condensed Financial Statements
Unaudited Cash Flow Statements
For the First Quarter Ended 31 March 2013

	Group and Bank	
	31 March	31 March
	2013	2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation and zakat	10,311	57,412
(Increase)/decrease in securities	(25,198)	30,000
Decrease/(increase) in receivables	17,371	(137,923)
Increase in payables	6	85,733
Net cash generated from operating activities	2,490	35,222
Net increase in cash and cash equivalents	2,490	35,222
Cash and cash equivalents at beginning of the period	37,709	10,258
Cash and cash equivalents at end of the period	40,199	45,480

(a) Securities portfolio held-for-trading

	Group and Bank	
	31 March	31 December
	2012	2011
	RM'000	RM'000
Unquoted Securities:		
Private debt securities in Malaysia	25,198	-

(b) Other assets

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Debtors and prepayments	98,139	115,510
	98,139	115,510

(c) Other liabilities

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
Provisions and accruals	149	143

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(d) Income derived from investment of Islamic banking capital funds

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
	Gross income from:			
- Securities held-for-trading	904	-	904	-
- Securities available-for-sale	-	206	-	206
- Deposit and placement with financial institutions	123	215	123	215
- Gain from sale of investment securities	9,863	68,958	9,863	68,958
Fee and commission income from:				
- Arranger and upfront fee	5,100	6,217	5,100	6,217
- Corporate advisory fee	252	180	252	180
- Brokerage income	991	759	991	759
- Other fee income	1,000	450	1,000	450
Others	37	-	37	-
	18,270	76,985	18,270	76,985

(e) Overhead expenses

	Group and Bank Quarter Ended		Group and Bank Cumulative 3 Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
	Personnel expenses	8,214	24,755	8,214
Establishment costs				
- Service chargeback	(1,431)	(7,937)	(1,431)	(7,937)
- Other establishment costs	578	1,266	578	1,266
Marketing costs	311	612	311	612
Administration and general expenses	287	877	287	877
	7,959	19,573	7,959	19,573

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(f) Capital adequacy

(i) The capital adequacy ratios of the Group and the Bank are as follows:

<u>At 31 March 2013</u>	Group and Bank %
Capital ratios	
CET1 capital ratio	53.56%
Tier 1 capital ratio	53.56%
Total capital ratio	53.56%

<u>At 31 December 2012</u>	Group and Bank %
Capital ratios	
Core capital ratio	56.25
Risk-weighted capital ratio	56.25

<u>At 31 March 2013</u>	Group and Bank RM'000
Tier 1 capital	
Islamic banking capital fund	5,000
Retained profits	126,548
CET1 capital before regulatory adjustments	131,548
Less: Liquidity reserve	(70)
CET1 capital/Tier 1 capital/ Total capital	131,478

<u>At 31 March 2013</u>	Group and Bank RM'000
Tier 1 capital	
Islamic banking capital fund	5,000
Retained profits	126,548
Capital base	131,548

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(f) Capital adequacy (Cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Group and Bank</u>				
31 March 2013	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	89	89	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	40,110	40,110	8,022	642
Other assets	98,142	98,142	51,629	4,130
Total on-balance sheet exposures	138,341	138,341	59,651	4,772
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	138,341	138,341	59,651	4,772
(ii) Market Risk				
Profit rate risk	-	-	23,369	1,870
(ii) Operational Risk				
	-	-	162,463	12,997
Total RWA and capital requirements	138,341	138,341	245,483	19,639
<u>Group and Bank</u>				
31 December 2012	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	106	106	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	37,603	37,603	7,520	601
Other assets	216,249	216,249	75,258	6,021
Total on-balance sheet exposures	253,958	253,958	82,778	6,622
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	253,958	253,958	82,778	6,622
(ii) Operational Risk				
	-	-	151,096	12,088
Total RWA and capital requirements	253,958	253,958	233,874	18,710

28. Net income from Islamic Banking Scheme operations (Cont'd)

(f) Capital adequacy (cont'd)

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

Group and Bank		Exposures after Netting and Credit Risk Mitigation										
		Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Exposures after netting and credit risk mitigation	Total	Total risk- weighted assets	
31 March 2013		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights		89	-	-	-	-	-	-	-	-	89	-
0%		-	40,110	-	-	-	-	-	-	-	98,251	19,650
20%		-	-	-	-	-	-	-	-	-	40,001	40,001
100%		-	-	-	-	-	-	-	-	-	138,341	59,651
Total exposures		89	40,110	-	-	-	-	-	-	-	138,341	59,651
Risk-weighted assets by exposures		-	8,022	-	-	-	-	-	-	-	59,651	
Average risk weights		0%	20%	0%	0%	0%	0%	0%	53%	0%	43%	

Group and Bank		Exposures after Netting and Credit Risk Mitigation										
		Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Exposures after netting and credit risk mitigation	Total	Total risk- weighted assets	
31 December 2012		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights		106	-	-	-	-	-	-	-	-	106	-
0%		-	37,603	-	-	-	-	-	-	-	213,842	42,768
20%		-	-	-	-	-	-	-	-	-	40,010	40,010
100%		-	-	-	-	-	-	-	-	-	253,958	82,778
Total exposures		106	37,603	-	-	-	-	-	-	-	253,958	82,778
Risk-weighted assets by exposures		-	7,520	-	-	-	-	-	-	-	82,778	
Average risk weights		0%	20%	0%	0%	0%	0%	0%	35%	0%	33%	

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(g) Yield/profit rate risk on IBS portfolio

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in interest rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Group and the Bank to protect the income from IBS operations.

The table below summarises the Group's and the Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective yield/profit rates at the balance sheet date and the periods in which the financial instruments repriced or mature, whichever is earlier.

Group and Bank 31 March 2013	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	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	40,100	-	-	-	-	99	-	40,199	2.95
Securities held-for-trading	-	-	-	-	-	-	25,198	25,198	-
Other assets	-	-	-	-	-	98,139	-	98,139	-
Total assets	40,100	-	-	-	-	98,238	25,198	163,536	
Liabilities and Islamic banking fund									
Provision for taxation and zakat	-	-	-	-	-	24,203	-	24,203	-
Other liabilities	-	-	-	-	-	149	-	149	-
Total liabilities	-	-	-	-	-	24,352	-	24,352	
Reserves									
Islamic banking fund	-	-	-	-	-	134,184	-	134,184	-
Total Islamic banking fund	-	-	-	-	-	139,184	-	139,184	
Total liabilities and Islamic banking fund	-	-	-	-	-	163,536	-	163,536	
Total yield/profit rate sensitivity gap	40,100	-	-	-	-	(65,298)	25,198	-	
Cumulative yield/profit rate sensitivity gap	40,100	40,100	40,100	40,100	40,100	(25,198)	-	-	

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(g) Yield/profit rate risk on IBS portfolio (cont'd)

Group and Bank 31 December 2012	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	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	37,600	-	-	-	-	109	-	37,709	2.95
Other assets	-	-	-	-	-	115,510	-	115,510	-
Total assets	37,600	-	-	-	-	115,619	-	153,219	
Liabilities and Islamic banking fund									
Provision for taxation and zakat	-	-	-	-	-	21,528	-	21,528	-
Other liabilities	-	-	-	-	-	143	-	143	-
Total liabilities	-	-	-	-	-	21,671	-	21,671	
Reserves									
Islamic banking fund	-	-	-	-	-	126,548	-	126,548	-
Total Islamic banking fund	-	-	-	-	-	5,000	-	5,000	-
Total liabilities and Islamic banking fund	-	-	-	-	-	131,548	-	131,548	
Total yield/profit rate sensitivity gap	37,600	-	-	-	-	(37,600)	-	-	
Cumulative yield/profit rate sensitivity gap	37,600	37,600	37,600	37,600	37,600	-	-	-	

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28. Net income from Islamic Banking Scheme operations (Cont'd)

(h) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date, which are considered short term in maturity, approximate their carrying amounts as shown in the statement of financial position.

(i) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institution in calculating and deriving the rate of return for the depositors.

(j) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institution Act, 1989 ("the Act"), which stipulates that "any licensed institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council ("SAC") established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" known as Shariah Governance Framework ("SGF") (which supersedes the BNM/GPS 1), stipulates that "every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations;
- (ii) To endorse Shariah Compliance Manual;
- (iii) To endorse and validate relevant documentations;
- (iv) To assist related parties on Shariah matters for advice upon request;
- (v) To advise on matters to be referred to the SAC;
- (vi) To provide written Shariah opinion; and
- (vii) To assist the SAC on reference for advice.

The Group and the Bank presently have five (31 December 2012: five) Shariah members.

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29. Fair value of financial instruments

Fair value hierarchy

The Group and the Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

(a) Level 1: Quoted prices

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

(b) Level 2: Valuation techniques using observable inputs

Refers to inputs other than quoted prices included those within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds and less liquid equities.

(c) Level 3: Valuation techniques using significant unobservable inputs

Refers to financial instruments where fair value is measured using significant unobservable market inputs. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Banks' own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets and private equity investments.

The following table shows the Group's and the Bank's financial assets and liabilities that are measured at fair value analysed by level within the fair value hierarchy as at 31 March 2013 and 31 December 2012.

Group	<u>Valuation technique using</u>			Total
	Quoted Market Price (Level 1) RM'000	Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Securities held-for-trading				
Non-money market instruments	25,973	192,973	-	218,946
Securities available-for-sale				
Non-money market instruments	49,662	39,222	-	88,884
Derivative assets				
Equity and commodity related contracts	40	-	-	40
	<u>75,675</u>	<u>232,195</u>	<u>-</u>	<u>307,870</u>
Financial liabilities measured at fair value:				
Derivative liabilities				
Equity related contracts	6,066	15,634	-	21,700
	<u>6,066</u>	<u>15,634</u>	<u>-</u>	<u>21,700</u>

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29. Fair value of financial instruments (Cont'd)

Group As at 31 December 2012	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading				
Non-money market instruments	32,120	149,742	-	181,862
Financial investments available-for-sale				
Non-money market instruments	48,323	39,204	-	87,527
Derivative assets				
Equity and commodity related contracts	96	-	-	96
	<u>80,539</u>	<u>188,946</u>	<u>-</u>	<u>269,485</u>

Financial liabilities measured at fair value:

Derivative liabilities				
Equity related contracts	8,746	207	-	8,953
	<u>8,746</u>	<u>207</u>	<u>-</u>	<u>8,953</u>

Bank As at 31 March 2013	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading				
Non-money market instruments	25,973	192,973	-	218,946
Financial investments available-for-sale				
Non-money market instruments	239	39,222	-	39,461
Derivative assets				
Equity and commodity related contracts	40	-	-	40
	<u>26,252</u>	<u>232,195</u>	<u>-</u>	<u>258,447</u>

Financial liabilities measured at fair value:

Derivative liabilities				
Equity related contracts	6,066	15,634	-	21,700
	<u>6,066</u>	<u>15,634</u>	<u>-</u>	<u>21,700</u>

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29. Fair value of financial instruments (Cont'd)

Bank As at 31 December 2012	Quoted Market Price (Level 1) RM'000	Valuation technique using		Total RM'000
		Observable Inputs (Level 2) RM'000	Unobservable Inputs (Level 3) RM'000	
Financial assets measured at fair value:				
Financial assets held-for-trading				
Non-money market instruments	32,120	149,742	-	181,862
Financial investments available-for-sale				
Non-money market instruments	231	39,204	-	39,435
Derivative assets				
Equity and commodity related contracts	96	-	-	96
	<u>32,447</u>	<u>188,946</u>	<u>-</u>	<u>221,393</u>
Financial liabilities measured at fair value:				
Derivative liabilities				
Equity related contracts	8,746	207	-	8,953
	<u>8,746</u>	<u>207</u>	<u>-</u>	<u>8,953</u>

Valuation techniques

The valuation techniques used for the financial instruments that are not determined by reference to quoted prices (Level 1), are described below:

Derivatives

The fair values of the Group's and the Bank's derivative instruments are derived using discounted cash flows analysis, option pricing and benchmarking models.

Securities held-for-trading and available-for-sale

The fair values of securities portfolio are determined by reference to prices quoted by independent data providers and independent broker quotations.

