



INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD (911666-D)

**RISK WEIGHTED CAPITAL ADEQUACY  
(BASEL II)**

Pillar 3 Disclosure for Half Year Ended  
30 June 2014

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## **1.0 OVERVIEW**

The Pillar 3 Disclosure for the half-year ended 30 June 2014 for India International Bank (Malaysia) Berhad (“IIBM” or “The Bank”) complies with Bank Negara Malaysia’s (BNM) “Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3)” - BNM/RH/GL 001-32

IIBM has adopted the Standardised Approach (SA) for the computation of credit and market risk weighted asset, while the Basic Indicator Approach (BIA) has been adopted for the computation of operational risk weighted asset.

## **MEDIUM AND LOCATION OF DISCLOSURE**

The Bank’s Pillar 3 Disclosure will be made available under the Financial Statement section of the Bank’s website at [www.indiainternationalbank.com.my](http://www.indiainternationalbank.com.my)

## **BASIS OF DISCLOSURE**

This Pillar 3 disclosure document is in compliance with BNM’s Basel II – Disclosure Requirement (Pillar 3) guideline. The disclosures published are for the half-year ended 30 June 2014 and is to be read in conjunction with the Bank’s financial statements for half-year ended 30 June 2014.

The disclosures have been reviewed and verified by the IIBM’s internal auditor and approved by the Board of Directors of India International Bank (Malaysia) Berhad.

## 2.0 CAPITAL MANAGEMENT

### 2.1 Capital Structure

	<u>30 June 2014</u>	<u>31 December 2013</u>
	RM'000	RM'000
<b><u>Common Equity Tier-1 Capital</u></b>		
Share capital	320,000	320,000
Accumulated Loss	(10,809)	(6,445)
<b>Total CET-1 capital</b>	<b>309,191</b>	<b>313,555</b>
<b><u>Additional Tier-1 Capital</u></b>		
Additional Tier 1 Capital Instruments	-	-
Share Premium	-	-
<b>Total Tier-1 capital</b>	<b>-</b>	<b>-</b>
<b><u>Tier-2 Capital</u></b>		
Collective Impairment Provision	800	628
<b>Total Tier-2 capital</b>	<b>800</b>	<b>628</b>
<b>Total Capital</b>	<b>309,991</b>	<b>314,183</b>

### 2.2 Capital Adequacy Ratio

Table 1: Risk Weighted Capital Ratio as at 30 June 2014 and 31 December 2013

Risk Weighted Assets (RWA)	30 June 2014 (RM '000)	31 December 2013 (RM '000)
Credit RWA	158,388	160,232
Market RWA	85	3,700
Operational RWA	14,931	16,241
<b>Total RWA</b>	<b>173,404</b>	<b>180,173</b>

<b>As at</b>	<b>Capital Adequacy</b>	<b>CET 1</b>	<b>Tier 1 Capital</b>	<b>Total Capital</b>
30 June 2014	Capital Base (RM '000)	309,191	309,191	309,991
	Risk Weighted Capital Ratio (RWCR) <sup>1</sup>	178.31%	178.31%	178.77%
31 Dec 2013	Capital Base (RM '000)	313,555	313,555	314,183
	Risk Weighted Capital Ratio (RWCR)	174.03%	174.03%	174.38%

<sup>1</sup> RWCR is computed by taking total capital base divided by total risk weighted asset.

### 3.0 REGULATORY CAPITAL REQUIREMENT

Tables 2 - 10 present the minimum regulatory capital requirement for credit risk under the Standardised Approach. These tables tabulate the total RWA under the various exposure classes under the Standardised Approach and apply the minimum capital requirement at 8% as set by BNM.

**Table 2a: Disclosure on Capital Adequacy under Standardised Approach as at 30 June 2014 (RM'000)**

Exposure Class	Gross Exposures / EAD before CRM		Net Exposures / EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the Standardised Approach</b>					
<u>On-Balance Sheet Exposures</u>					
Corporate	43,769	43,769	43,769	32,303	2,584
Sovereigns/Central Banks	20,770	20,770	20,770	0	0
Banks, Development Financial Institutions & MDBs	389,261	389,261	389,261	90,473	7,238
Other Assets	13,013	13,013	13,013	11,995	960
Defaulted Exposures	3,106	3,106	3,106	2,233	179
<b>Total for On- Balance Sheet Exposures</b>	<b>469,919</b>	<b>469,919</b>	<b>469,919</b>	<b>137,004</b>	<b>10,961</b>
<u>Off-Balance Sheet Exposures</u>					
Credit Derivatives	176	176	176	35	3
Off balance sheet exposures other than OTC derivatives or credit derivatives	22,930	22,930	22,930	21,349	1,707
Defaulted Exposures	0	0	0	0	0
<b>Total Off- Balance Sheet Exposures</b>	<b>23,106</b>	<b>23,106</b>	<b>23,106</b>	<b>21,384</b>	<b>1,710</b>
<b>Total On and Off- Balance Sheet Exposures (A)</b>	<b>493,025</b>	<b>493,025</b>	<b>493,025</b>	<b>158,388</b>	<b>12,671</b>
<b>Market Risk (Standardised Approach)</b>	<b>Long Position</b>	<b>Short Position</b>			
Foreign Currency Risk	85	0	85	85	7
<b>Total Market Exposures (B)</b>				<b>85</b>	<b>7</b>
<b>Operational Risk (Basic Indicator Approach) (C)</b>				<b>14,931</b>	<b>1,194</b>
<b>Total RWA and Capital Requirements (A+B+C)</b>				<b>173,404</b>	<b>13,872</b>

**Table 2b: Disclosure on Capital Adequacy under Standardised Approach as at 31 December 2013  
 (RM'000)**

Exposure Class (RM in '000)	Gross Exposures / EAD before CRM		Net Exposures / EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the Standardised Approach</b>					
<u>On-Balance Sheet Exposures</u>					
Corporate	41,445	41,445	29,837	2,387	
Sovereigns/Central Banks	10,790	10,790	0	0	
Banks, Development Financial Institutions & MDBs	395,599	395,599	86,247	6,900	
Other Assets	14,185	14,185	13,737	1,099	
<b>Total for On- Balance Sheet Exposures</b>	<b>462,019</b>	<b>462,019</b>	<b>129,821</b>	<b>10,386</b>	
<u>Off-Balance Sheet Exposures</u>					
Credit Derivatives	134	134	27	2	
Off balance sheet exposures other than OTC derivatives or credit derivatives	33,065	33,065	30,384	2,431	
<b>Total Off- Balance Sheet Exposures</b>	<b>33,199</b>	<b>33,199</b>	<b>30,411</b>	<b>2,433</b>	
<b>Total On and Off- Balance Sheet Exposures (A)</b>	<b>495,218</b>	<b>495,218</b>	<b>160,232</b>	<b>12,819</b>	
<b>Market Risk (Standardised Approach)</b>	Long Position	Short Position			
Foreign Currency Risk	3,700	0	3,700	3,700	296
<b>Total Market Exposures (B)</b>				<b>3,700</b>	<b>296</b>
<b>Operational Risk (Basic Indicator Approach) (C)</b>				<b>16,241</b>	<b>1,299</b>
<b>Total RWA and Capital Requirements (A+B+C)</b>				<b>180,173</b>	<b>14,414</b>

#### 4.0 CREDIT RISK

**Table 3a: Disclosure on Credit Risk Exposure – Geographical Analysis as at 30 June 2014 (RM '000)**

Geographical Exposure as at 30 June 2014  Exposure Class	Malaysia					Other Countries	Total
	Northern Region	East Coast Region	Central Region	Southern Region	East Malaysia		
<b>Exposures under the Standardised Approach</b>							
Corporate	7,696	24,713	33,877	-	-	413	<b>66,699</b>
Regulatory Retail	-	-	-	-	-	-	-
Sovereigns/Central Banks	-	-	20,770	-	-	-	<b>20,770</b>
Banks, Development Financial Institutions & MDBs	-	-	387,533	-	-	1,904	<b>389,437</b>
Other Assets	-	-	13,013	-	-	-	<b>13,013</b>
Defaulted Exposures	-	-	3,106	-	-	-	<b>3,106</b>
<b>Total Credit Exposure</b>	<b>7,696</b>	<b>24,713</b>	<b>458,299</b>	<b>-</b>	<b>-</b>	<b>2,317</b>	<b>493,025</b>

**Table 3b: Disclosure on Credit Risk Exposure – Geographical Analysis as at 31 December 2013 (RM '000)**

Geographical Exposure as at 31 December 2013  Exposure Class	Malaysia					Other Countries	Total
	Northern Region	East Coast Region	Central Region	Southern Region	East Malaysia		
<b>Exposures under the Standardised Approach</b>							
Corporate	7,589	21,225	41,946	3,350	-	400	<b>74,510</b>
Regulatory Retail	-	-	-	-	-	-	-
Sovereigns/Central Banks	-	-	10,790	-	-	-	<b>10,790</b>
Banks, Development Financial Institutions & MDBs	-	-	392,034	-	-	3,699	<b>395,733</b>
Other Assets	-	-	14,185	-	-	-	<b>14,185</b>
Defaulted Exposures	-	-	-	-	-	-	-
<b>Total Credit Exposure</b>	<b>7,589</b>	<b>21,225</b>	<b>458,955</b>	<b>3,350</b>	<b>-</b>	<b>4,099</b>	<b>495,218</b>



**Table 4a: Disclosure on Credit Risk Exposure – Sectoral Analysis as at 30 June 2014 (RM '000)**

Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurant and Hotels	Transport, Storage and Communication	Finance, Insurance and Real Estate and Business Activities	Education, Health and Others	Household	Sector N.E.C	Total
<b>Exposures under the Standardised Approach</b>												
Corporate	-	-	35,869	-	1,215	19,767	-	9,107	741	-	-	<b>66,699</b>
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns/Central Banks	-	-	-	-	-	-	-	20,770	-	-	-	<b>20,770</b>
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	389,437	-	-	-	<b>389,437</b>
Other Assets	-	-	-	-	-	-	-	-	-	-	13,013	<b>13,013</b>
Defaulted Exposures	-	-	-	-	1,058	2,048	-	-	-	-	-	<b>3,106</b>
<b>Total Credit Exposure</b>	-	-	<b>35,869</b>	-	<b>2,273</b>	<b>21,815</b>	-	<b>419,314</b>	<b>741</b>	-	<b>13,013</b>	<b>493,025</b>

**Table 4b: Disclosure on Credit Risk Exposure – Sectoral Analysis as at 31 December 2013 (RM '000)**

Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurant and Hotels	Transport, Storage and Communication	Finance, Insurance and Real Estate and Business Activities	Education, Health and Others	Household	Sector N.E.C	Total
<b>Exposures under the Standardised Approach</b>												
Corporate	-	-	35,609	-	1,654	27,427	-	9,820	-	-	-	<b>74,510</b>
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	-
Sovereigns/Central Banks	-	-	-	-	-	-	-	10,790	-	-	-	<b>10,790</b>
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	395,733	-	-	-	<b>395,733</b>
Other Assets	-	-	-	-	-	-	-	-	-	-	14,185	<b>14,185</b>
Defaulted Exposures	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Credit Exposure</b>	-	-	<b>35,609</b>	-	<b>1,654</b>	<b>27,427</b>	-	<b>416,343</b>	-	-	<b>14,185</b>	<b>495,218</b>

**Table 5a: Disclosure on Credit Risk Exposure – Maturity Analysis as at 30 June 2014 (RM '000)**

Exposure Class	One Year or Less	One to Five Years	Over Five Years	Total
<b>Exposures under the Standardised Approach</b>				
Corporate	59,232	-	10,573	<b>69,805</b>
Regulatory Retail	-	-	-	-
Sovereigns/Central Banks	633	20,137	-	<b>20,770</b>
Banks, Development Financial Institutions & MDBs	389,437	-	-	<b>389,437</b>
Other Assets	1,503	-	11,510	<b>13,013</b>
<b>Total Credit Exposure</b>	<b>450,805</b>	<b>20,137</b>	<b>22,083</b>	<b>493,025</b>

**Table 5b: Disclosure on Credit Risk Exposure – Maturity Analysis as at 31 December 2013 (RM '000)**

Exposure Class	One Year or Less	One to Five Years	Over Five Years	Total
<b>Exposures under the Standardised Approach</b>				
Corporate	59,719	-	14,791	<b>74,510</b>
Regulatory Retail	-	-	-	-
Sovereigns/Central Banks	614	10,176	-	<b>10,790</b>
Banks, Development Financial Institutions & MDBs	395,733	-	-	<b>395,733</b>
Other Assets	1,082	-	13,103	<b>14,185</b>
<b>Total Credit Exposure</b>	<b>457,148</b>	<b>10,176</b>	<b>27,894</b>	<b>495,218</b>

**Table 6a: Impaired Loans, Collective Impairment Allowance, Individual Impairment Allowance and Write-offs as at 30 June 2014 (RM '000)**

Purpose of Financing	Collective Impairment	Individual Impairment	Impaired Assets	Write-Offs
<b><u>Exposures under the Standardised Approach</u></b>				
Purchase of Non-Residential Property	87	-	-	-
Purchase of Fixed Asset other than Land/ Buildings	-	-	-	-
Working Capital	713	2,110	3,106	-
Others	-	-	-	-
<b>Total Credit Exposure</b>	<b>800</b>	<b>2,110</b>	<b>3,106</b>	<b>-</b>

**Table 6b: Impaired Loans, Collective Impairment Allowance, Individual Impairment Allowance and Write-offs as at 31 December 2013 (RM '000)**

Purpose of Financing	Collective Impairment	Individual Impairment	Impaired Assets	Write-Offs
<b><u>Exposures under the Standardised Approach</u></b>				
Purchase of Non-Residential Property	58	-	-	-
Purchase of Fixed Asset other than Land/ Buildings	-	-	-	-
Working Capital	570	-	-	-
Others	-	-	-	-
<b>Total Credit Exposure</b>	<b>628</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.1 Credit Rating

**Table 7a: Disclosure on Risk Weights under Standardised Approach as at 30 June 2014 (RM'000)**

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation	Equity		
0%	20,770	-	-	-	12,283	-	-	-	1,018	-	-	-	34,071	-
20%	-	-	347,367	-	-	-	-	-	-	-	-	-	347,367	69,473
50%	-	-	42,070	-	3,275	-	-	-	-	-	-	-	45,345	22,673
100%	-	-	-	-	54,247	-	-	-	11,995	-	-	-	66,242	66,242
<b>Total Exposure</b>	<b>20,770</b>	-	<b>389,437</b>	-	<b>69,805</b>	-	-	-	<b>13,013</b>	-	-	-	<b>493,025</b>	<b>158,388</b>
<b>Total RWA</b>	-	-	<b>90,508</b>	-	<b>55,885</b>	-	-	-	<b>11,995</b>	-	-	-		
Average Risk Weight	<b>0.00%</b>	-	<b>23.24%</b>	-	<b>80.06%</b>	-	-	-	<b>92.18%</b>	-	-	-		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

**Table 7b: Disclosure on Risk Weights under Standardised Approach as at 31 December 2013 (RM'000)**

Risk Weights	Exposures after Netting and Credit Risk Mitigation											Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets	
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation			Equity
0%	10,790	-	-	-	13,163	-	-	-	448	-	-	-	24,401	-
20%	-	-	371,975	-	-	-	-	-	-	-	-	-	371,975	74,395
50%	-	-	23,758	-	2,252	-	-	-	-	-	-	-	26,010	13,005
100%	-	-	-	-	59,095	-	-	-	13,737	-	-	-	72,832	72,832
<b>Total Exposure</b>	<b>10,790</b>	-	<b>395,733</b>	-	<b>74,510</b>	-	-	-	<b>14,185</b>	-	-	-	<b>495,218</b>	<b>160,232</b>
<b>Total RWA</b>	<b>0</b>	-	<b>86,274</b>	-	<b>60,221</b>	-	-	-	<b>13,737</b>	-	-	-		
Average Risk Weight	<b>0.00%</b>	-	<b>21.80%</b>	-	<b>80.82%</b>	-	-	-	<b>96.84%</b>	-	-	-		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

**Table 8a: Disclosure on Rated and Unrated Exposures according to Ratings by ECAIs as at 30 June 2014 (RM'000)**

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>On and Off Balance-Sheet Exposures</b>						
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	69,805
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,805</b>

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
<b>On and Off Balance-Sheet Exposures</b>						
Banks, MDBs and DFIs		387,534	-	1,903	-	-
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	69,805
<b>Total</b>		<b>387,534</b>	<b>0</b>	<b>1,903</b>	<b>0</b>	<b>69,805</b>

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<b>On and Off Balance-Sheet Exposures</b>						
Sovereigns and Central Banks		20,770	-	-	-	-
<b>Total</b>		<b>20,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Exposure Class	Ratings of Banking Institutions by Approved ECAIs					
	Moody's	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<b>On and Off Balance-Sheet Exposures</b>						
Banks, MDBs and DFIs		347,367	40,167	1,903	-	-
<b>Total</b>		<b>347,367</b>	<b>40,167</b>	<b>1,903</b>	<b>-</b>	<b>-</b>



**Table 8b: Disclosure on Rated and Unrated Exposures according to Ratings by ECAIs as at 31 December 2013 (RM'000)**

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moodys	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>On and Off Balance-Sheet Exposures</b>						
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	74,510
<b>Total</b>		-	-	-	-	<b>74,510</b>

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moodys	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
<b>On and Off Balance-Sheet Exposures</b>						
Banks, MDBs and DFIs		392,035	-	3,698	-	-
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-
Corporates		-	-	-	-	74,510
<b>Total</b>		<b>392,035</b>	<b>0</b>	<b>3,698</b>	<b>0</b>	<b>74,510</b>

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moodys	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Exposures						
Sovereigns and Central Banks		10,790	-	-	-	-
<b>Total</b>		<b>10,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Exposure Class	Ratings of Banking Institutions by Approved ECAIs					
	Moodys	Aaa to Aaa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Exposures						
Banks, MDBs and DFIs		371,975	20,060	3,698	-	-
<b>Total</b>		<b>371,975</b>	<b>20,060</b>	<b>3,698</b>	<b>-</b>	<b>-</b>

## 4.2 Credit Risk Mitigation

**Table 9a: Disclosure on Credit Risk Mitigation Analysis as at 30 June 2014 (RM '000)**

Exposure Class (RM '000)	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b>Credit Risk</b>				
<b>Exposures under the Standardised Approach</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	20,770	0	0	0
Banks, Development Financial Institutions & MDBs	389,261	0	0	0
Corporate	43,769	1,196	10,868	0
Other Assets	13,013	0	1,018	0
Defaulted Exposures	3,106	0	40	0
<b>Total for On- Balance Sheet Exposures</b>	<b>469,919</b>	<b>1,196</b>	<b>11,926</b>	<b>0</b>
<u>Off-Balance Sheet Exposures</u>				
Credit Derivatives	176	0	0	0
Off balance sheet exposures other than OTC derivatives or credit derivatives	22,930	413	1,375	0
Defaulted Exposures	0	0	0	0
<b>Total Off- Balance Sheet Exposures</b>	<b>23,106</b>	<b>413</b>	<b>1,375</b>	<b>0</b>
<b>Total On and Off- Balance Sheet Exposures</b>	<b>493,025</b>	<b>1,609</b>	<b>13,301</b>	<b>0</b>

**Table 9b: Disclosure on Credit Risk Mitigation Analysis as at 31 December 2013 (RM '000)**

Exposure Class (RM '000)	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b>Credit Risk</b>				
<b>Exposures under the Standardised Approach</b>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	10,790	0	0	0
Banks, Development Financial Institutions & MDBs	395,599	0	0	0
Corporate	41,445	1,852	10,681	0
Other Assets	14,185	0	448	0
Defaulted Exposures	-	-	-	-
<b>Total for On- Balance Sheet Exposures</b>	<b>462,019</b>	<b>1,852</b>	<b>11,129</b>	<b>0</b>
<u>Off-Balance Sheet Exposures</u>				
Credit Derivatives	134	0	0	0
Off balance sheet exposures other than OTC derivatives or credit derivatives	33,065	400	2,481	0
Defaulted Exposures	-	-	-	-
<b>Total Off- Balance Sheet Exposures</b>	<b>33,199</b>	<b>400</b>	<b>2,481</b>	<b>0</b>
<b>Total On and Off- Balance Sheet Exposures</b>	<b>495,218</b>	<b>2,252</b>	<b>13,610</b>	<b>0</b>

### 4.3 Off-Balance Sheet Exposure

**Table 10a: Disclosures of Off-Balance Sheet Items as at 30 June 2014 (RM'000)**

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
<b>Credit Substitutes</b>	<b>13,303</b>		<b>13,303</b>	<b>11,723</b>
Short Term Self Liquidating trade related	832		166	166
<b>Foreign exchange related contracts</b>				
One year or less	16,417	60	176	35
Over one year to five years				
Over five years				
<b>Interest/Profit rate related contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year</b>	<b>11,600</b>		<b>5,800</b>	<b>5,800</b>
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>	<b>18,304</b>		<b>3,661</b>	<b>3,661</b>
<b>Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total</b>	<b>60,456</b>	<b>60</b>	<b>23,106</b>	<b>21,385</b>

**Table 10b: Disclosures of Off-Balance Sheet Items as at 31 December 2013 (RM'000)**

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
<b>Credit Substitutes</b>	<b>14,340</b>		<b>14,340</b>	<b>11,659</b>
Short Term Self Liquidating trade related	1,463		293	293
<b>Foreign exchange related contracts</b>				
One year or less	8,346	11	134	27
Over one year to five years				
Over five years				
<b>Interest/Profit rate related contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year</b>	<b>21,912</b>		<b>10,956</b>	<b>10,956</b>
<b>Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year</b>	<b>37,380</b>		<b>7,476</b>	<b>7,476</b>
<b>Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total</b>	<b>83,441</b>	<b>11</b>	<b>33,199</b>	<b>30,410</b>

## 5.0 MARKET RISK

**Table 11: Disclosure on Market Risk – Interest Rate Risk/Rate of Return Risk in the Banking Book**

	<b>30 June 2014 (RM '000)</b>	<b>31 December 2013 (RM '000)</b>
<i>Movement in basis points</i>	<i>+/- 100 bps</i>	<i>+/- 100 bps</i>
Effect on Net Interest Income	1,949	2,139
Effect on Economic Value of Equity	1,085	431

## 6.0 OPERATIONAL RISK

Operational Risk capital charge is calculated using the Basic Indicator Approach (BIA) as per BNM's "Risk-Weighted Capital Adequacy Framework (Basel II - Risk-Weighted Assets Computation)" guideline. Operational risk capital charge calculation applies a fixed percentage of 15% to the average of positive gross income that was achieved over the preceding three years.

**Table 12: Disclosure on Operational Risk Weighted Assets**

	<b>30 June 2014 (RM '000)</b>	<b>31 December 2013 (RM '000)</b>
Total RWA for Operational Risk	14,931	16,241