

**ECM Libra Investment Bank Berhad  
(Incorporated in Malaysia)**

**Pillar 3 disclosures**

**Capital adequacy**

The following is the computation of the capital adequacy ratio of the Bank:

**(a) Risk weighted capital ratios and Tier I and Tier II capital**

	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b><u>Before deducting proposed dividends</u></b>		
Core capital ratio	81.83%	57.76%
Risk-weighted capital ratio	83.14%	58.26%
<b><u>After deducting proposed dividends</u></b>		
Core capital ratio	81.83%	57.76%
Risk-weighted capital ratio	83.14%	58.26%

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

With effect from 1 January 2008, the capital adequacy ratios of the Group and the Company are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Company 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% (2010 - 8%) for the risk-weighted capital ratio.

The detailed disclosures on the capital base and risk-weighted assets, as set out in Note 38(b) - (f) are presented in accordance with para 4.3 of Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework (Basel II) Disclosure Requirements (Pillar 3).

The Bank has in place an Internal Capital Adequacy Assessment Process (ICAAP) which is largely conceptualised from the BNM's Concept Paper on ICAAP (Basel II - Pillar 2). The computation of the internal RWCR requirement is derived from using a simple aggregation approach and stress testing methodologies that is in line with the nature and complexity of the Bank's business operations. The application of ICAAP is based on stress test methodologies underpinned by the following structured approach:

- i) assess the capital buffer requirements over a short-term period under a stressed event
- ii) address major risks not addressed under Pillar 1
- iii) assess the capital buffer requirements based on the business activities generated under the Bank's Business Plans, usually over a period of 1~3 years

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**Capital adequacy (cont'd.)**

	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier 1 Capital</u></b>		
Paid-up share capital	513,000	513,000
Retained profit	69,055	69,055
Statutory reserve	65,720	33,934
Other reserves	612	926
	<b>648,387</b>	<b>616,915</b>
less: Goodwill		-
Less: Deferred tax assets	(10,765)	(31,637)
<b>Total Tier 1 capital (a)</b>	<b>637,622</b>	<b>585,278</b>
<b><u>Tier 2 Capital</u></b>		
Collective assessment	10,176	5,117
<b>Total Tier 2 capital (b)</b>	<b>10,176</b>	<b>5,117</b>
<b>Total capital (a) + (b)</b>	<b>647,798</b>	<b>590,395</b>
less: Investment in subsidiaries	-	-
<b>Total capital base (a) + (b)</b>	<b>647,798</b>	<b>590,395</b>
<b>Total risk-weighted assets</b>	<b>779,192</b>	<b>1,013,343</b>
	%	%
Core capital ratio	<b>81.83</b>	<b>57.76</b>
Risk weighted capital ratio	<b>83.14</b>	<b>58.26</b>

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**Capital adequacy (cont'd.)**

The breakdown of risk-weighted assets (RWA) by each major risk category is as follows:

	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	401,250	464,471
Market risk	182,207	366,302
Operational risk	195,735	182,570
	<b>779,192</b>	<b>1,013,343</b>

**(b) Risk weighted assets for credit risk, market risk, operational risk  
and large exposures risk**

**As at 31 January 2011**

<b>Risk type</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk Weighted Assets RM'000</b>
<b>(i) Credit risk</b>			
<i>On-Balance Sheet Exposures</i>			
Banks, Development Financial Institutions ('DFIs') & Multilateral Development Banks ('MDBs')	489,802	489,802	96,183
Corporates	962,517	393,222	103,042
Regulatory Retail	90,761	-	-
Other Assets	362,071	362,071	145,587
<b>Total On-Balance Sheet Exposures</b>	<b>1,905,151</b>	<b>1,245,095</b>	<b>344,812</b>
<i>Off-Balance Sheet Exposures</i>			
Credit-related off-balance sheet exposures	63,439	63,439	56,438
<b>Total Off-Balance Sheet Exposures</b>	<b>63,439</b>	<b>63,439</b>	<b>56,438</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,968,590</b>	<b>1,308,534</b>	<b>401,250</b>

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**Capital adequacy (cont'd.)**

**(ii) Market risk**

	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>	<b>Risk Weighted Assets RM'000</b>
Interest Rate Risk	433,828	-	30,688
Equity Risk	55,800	-	151,519
<b>Total</b>	<b>489,628</b>	<b>-</b>	<b>182,207</b>

**RM'000**

**(iii) Operational risk**

**195,735**

**Total RWA**

**779,192**

**As at 31 January 2010**

<b>Risk type</b>	<b>Gross Exposures RM'000</b>	<b>Net Exposures RM'000</b>	<b>Risk Weighted Assets RM'000</b>
<b>(i) Credit risk</b>			
<i>On-Balance Sheet Exposures</i>			
Banks, Development Financial Institutions ('DFIs') & Multilateral Development Banks ('MDBs')	803,630	803,630	159,901
Corporates	587,545	321,185	113,124
Regulatory Retail	62,225	16	12
Other Assets	222,814	222,814	112,082
<b>Total On-Balance Sheet Exposures</b>	<b>1,676,214</b>	<b>1,347,645</b>	<b>385,119</b>
<i>Off-Balance Sheet Exposures</i>			
Credit-related off-balance sheet exposures	85,578	85,578	79,352
<b>Total Off-Balance Sheet Exposures</b>	<b>85,578</b>	<b>85,578</b>	<b>79,352</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,761,792</b>	<b>1,433,223</b>	<b>464,471</b>

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**Capital adequacy (cont'd.)**

**(ii) Market risk**

	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>	<b>Risk Weighted Assets</b>
Interest Rate Risk	323,696	-	21,401
Equity Risk	135,410	-	344,901
<b>Total</b>	<b>459,106</b>	<b>-</b>	<b>366,302</b>

**(iii) Operational risk**

			<b>182,570</b>
<b>Total RWA</b>			<b>1,013,343</b>

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**Capital adequacy (cont'd.)**

**(c) Credit risk exposures by risk weights**

**As at 31 January 2011**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets RM'000
	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory Retail RM'000	Other assets RM'000	Total Exposures RM'000	
0%	8,888	155,394	-	3,693	167,975	-
20%	480,914	150,542	-	265,989	897,445	179,489
50%	-	28,705	-	-	28,705	14,353
75%	-	-	28,004	-	28,004	21,003
100%	-	94,016	-	92,389	186,405	186,405
<b>Total</b>	<b>489,802</b>	<b>428,657</b>	<b>28,004</b>	<b>362,071</b>	<b>1,308,534</b>	<b>401,250</b>
Risk-weighted assets by exposures	96,183	159,480	-	145,587	401,250	
Average risk weight	20%	37%	-	40%	31%	
Deduction from Capital Base	-	-	-	-	-	

**As at 31 January 2010**

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets RM'000
	Banks, DFIs and MDBs RM'000	Corporates RM'000	Regulatory Retail RM'000	Other assets RM'000	Total Exposures RM'000	
0%	4,125	35,160	-	1,926	41,211	-
20%	799,505	103,322	-	136,008	1,038,835	207,767
50%	-	180,486	-	-	180,486	90,243
75%	-	-	24,921	-	24,921	18,691
100%	-	62,890	-	84,880	147,770	147,770
<b>Total</b>	<b>803,630</b>	<b>381,858</b>	<b>24,921</b>	<b>222,814</b>	<b>1,433,223</b>	<b>464,471</b>
Risk-weighted assets by exposures	159,901	192,476	12	112,082	464,471	
Average risk weight	20%	50%	0%	50%	32%	
Deduction from Capital Base	-	-	-	-	-	

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**Capital adequacy (cont'd.)**

**(d) Residual contractual maturity breakdown by major types of gross credit exposures**

As at 31 January 2011

	< 1 month RM'000	> 1 - 3 Months RM'000	> 3 - 6 Months RM'000	> 6 - 12 Months RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>On-Balance Sheet Financial Assets</b>							
Cash and balances with banks	389,500	-	-	-	-	-	389,500
Deposits and placements with banks and other financial institutions	-	20,849	431	209	-	-	21,489
Financial assets held-for-trading	87,242	266,576	-	-	-	-	353,818
Financial investments available-for-sale	-	166,067	11,562	50,031	139,807	152,012	519,479
Financial investments held-to-maturity	20,000	50,000	-	-	-	-	70,000
Derivative financial instrument	-	-	1,693	-	7,859	-	9,552
Gross loans, advances and financing	129,445	209,923	298,438	22,250.0	-	-	660,056
Statutory deposits with Central Bank	-	-	-	-	-	8,834	8,834
Trade receivables	483,132	-	-	-	-	-	483,132
<b>Total</b>	<b>1,109,319</b>	<b>713,415</b>	<b>312,124</b>	<b>72,490</b>	<b>147,666</b>	<b>160,846</b>	<b>2,515,860</b>
<b>Commitments and contingencies</b>							
Commitments	277,026	10,780	29,387	-	-	-	317,193
<b>Total</b>	<b>1,386,345</b>	<b>724,195</b>	<b>341,511</b>	<b>72,490</b>	<b>147,666</b>	<b>160,846</b>	<b>2,833,053</b>

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**ECM Libra Investment Bank Berhad  
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**Capital adequacy (cont'd.)**

**(d) Residual contractual maturity breakdown by major types of gross credit exposures (cont'd.)**

As at 31 January 2010

	< 1 month RM'000	> 1 - 3 Months RM'000	> 3 - 6 Months RM'000	> 6 - 12 Months RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>On-Balance Sheet Financial Assets</b>							
Cash and balances with banks	588,709	-	-	-	-	-	588,709
Deposits and placements with banks and other financial institutions	-	50,167	660	-	-	43	50,870
Financial assets held-for-trading	77,207	153,108	69,997	800	799	-	301,911
Financial investments available-for-sale	70,000	42,940	72,968	123,086	102,546	64,284	475,824
Financial investments held-to-maturity	30,000	130,000	-	-	-	2,200	162,200
Derivative financial instrument	-	237	-	-	102	-	339
Gross loans, advances and financing	260,612	116	17,201	32,250	18,409	-	328,588
Statutory deposits with Central Bank	-	-	-	-	-	4,073	4,073
Trade receivables	289,550	-	-	-	-	-	289,550
<b>Total</b>	<b>1,316,078</b>	<b>376,568</b>	<b>160,826</b>	<b>156,136</b>	<b>121,856</b>	<b>70,600</b>	<b>2,202,064</b>
<b>Commitments and contingencies</b>							
Commitments	290,239	59,962	8,166	7,579	61,943	-	427,889
<b>Total</b>	<b>1,606,317</b>	<b>436,530</b>	<b>168,992</b>	<b>163,715</b>	<b>183,799</b>	<b>70,600</b>	<b>2,629,953</b>

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**Capital adequacy (cont'd.)**

**(e) Rated exposures according to ratings by External Credit Assessment Institutions ("ECAIs")**

As at January 2011

<b>Ratings of Corporate by Approved ECAIs</b>			
<b>AAA to AA</b>	<b>A+ to A</b>	<b>Not rated</b>	<b>Unrated</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**On and Off-Balance-Sheet Exposures**

Credit Exposures (using Corporate Risk Weights)

Corporates	150,542	28,705	155,394	663,311
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<b>Ratings of Banking Institutions by Approved ECAIs</b>			
<b>AAA to AA</b>	<b>A+ to A</b>	<b>Not rated</b>	<b>Unrated</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**On and Off-Balance-Sheet Exposures**

Banks, MDBs and FDIs	187,713	91,778	73,788	136,523
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As at January 2010

<b>Ratings of Corporate by Approved ECAIs</b>			
<b>AAA to AA</b>	<b>A+ to A</b>	<b>BB+ to B</b>	<b>Unrated</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**On and Off-Balance-Sheet Exposures**

Credit Exposures (using Corporate Risk Weights)

Corporates	103,322	180,486	35,160	329,250
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<b>Ratings of Banking Institutions by Approved ECAIs</b>			
<b>AAA to AA</b>	<b>A+ to A</b>	<b>BB+ to B</b>	<b>Unrated</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**On and Off-Balance-Sheet Exposures**

Banks, MDBs and FDIs	235,756	181,325	335,025	51,524
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**Capital adequacy (cont'd.)**

**(f) Credit Risk Mitigation**

As at 31 January 2011

	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>Credit Risk</b>				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	489,802	-	-	-
Corporates	962,517	-	569,295	-
Regulatory retail	90,761	-	90,761	-
Other assets	362,071	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<b>1,905,151</b>	-	<b>660,056</b>	-
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	63,439	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>63,439</b>	-	-	-
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,968,590</b>	-	<b>660,056</b>	-

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**Capital adequacy (cont'd.)**

**(f) Credit Risk Mitigation (cont'd.)**

As at 31 January 2010

	Exposures before CRM RM'000	Exposures Covered by Guarantees/ Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
<b>Credit Risk</b>				
<u>On-Balance Sheet Exposures</u>				
Banks, Development Financial Institutions & MDBs	803,630	-	-	-
Corporates	587,545	-	266,360	-
Regulatory retail	62,225	-	62,209	-
Other assets	222,814	-	-	-
<b>Total for On-Balance Sheet Exposures</b>	<b>1,676,214</b>	<b>-</b>	<b>328,569</b>	<b>-</b>
<u>Off-Balance Sheet Exposures</u>				
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	85,578	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>85,578</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>1,761,792</b>	<b>-</b>	<b>328,569</b>	<b>-</b>

Collateral are securities and/or guarantees that the borrower is willing to provide in return for the credit facilities extended. In line with the investment bank business, listed equities are the most common form of collaterals provided. The Bank make assessment on the value of these equities including the quality and volatility of its market prices, as well as the ease in realizing the collaterals provided and hence the liquidity of these collaterals is analyzed. For property related collaterals, an independent valuation report of no more than 24 months are used.

**(g) The risk-weighted assets and capital requirements for the various categories of risk under Market Risk are as follows:**

	2011		2010	
	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000	Risk-Weighted Assets Equivalent RM'000	Capital Required RM'000
Interest rate risk				
- General interest rate risk	18,200	1,456	9,888	791
- Specific interest rate risk	12,488	999	11,514	921
	<b>30,688</b>	<b>2,455</b>	<b>21,402</b>	<b>1,712</b>