

CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	Group		Company	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
ASSETS					
Cash and short-term funds		763,006	785,126	630,775	726,293
Deposits and placements with licensed banks and other financial institutions		383,552	346,741	358,222	327,100
Securities held-for-trading	6	169,606	146,951	169,606	146,951
Securities available-for-sale	7	3,146,141	3,183,015	7,403	9,910
Securities held-to-maturity	8	732,536	732,795	-	-
Derivative assets		10,146	9,743	-	-
Loans, advances and financing	9	745,074	708,687	57,624	64,422
Other assets	10	217,988	206,928	73,997	21,163
Statutory deposits with Bank Negara Malaysia		146,947	144,239	-	-
Investment in associate		3,827	3,457	2,560	2,560
Investment in subsidiaries		-	-	790,252	785,252
Investment properties		3,673	3,695	-	-
Property, plant and equipment		4,147	4,434	3,352	3,642
Intangible assets		682	958	-	-
Deferred tax assets		25,076	21,480	6,823	6,409
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		6,439,114	6,384,962	2,100,614	2,093,702
LIABILITIES					
Deposits from customers	11	1,599,017	1,342,950	-	-
Deposits and placements of banks and other financial institutions	12	2,378,437	2,601,236	-	-
Derivative liabilities		-	-	-	-
Other liabilities		245,023	244,050	42,008	39,540
Borrowings	13	362,235	365,736	362,235	365,736
Provision for taxation and zakat		5,067	2,903	2,708	1,781
Employee benefits		10,761	11,039	8,671	8,869
Deferred tax liabilities		141	109	-	-
TOTAL LIABILITIES		4,600,681	4,568,023	415,622	415,926
SHAREHOLDER'S EQUITY					
Capital and reserves attributable to shareholder of the Company					
Share capital		466,070	466,070	466,070	466,070
Reserves :					
Share premium		363,861	363,861	363,861	363,861
Statutory reserve		131,324	131,324	-	-
Profit equalisation reserve		8,633	8,723	-	-
Securities available-for-sale reserve		(32,124)	(22,485)	2,435	3,676
Retained profits		892,422	861,216	852,626	844,169
		1,830,186	1,808,709	1,684,992	1,677,776
Non-controlling interests		8,247	8,230	-	-
TOTAL SHAREHOLDER'S EQUITY		1,838,433	1,816,939	1,684,992	1,677,776
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		6,439,114	6,384,962	2,100,614	2,093,702
COMMITMENTS AND CONTINGENCIES	22	1,917,399	1,936,437	31,364	21,137
NET ASSETS PER SHARE (RM)		3.93	3.88	3.62	3.60

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31 MARCH 2014

Group	Note	Individual/Cumulative Quarter 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000
Continuing operations			
Operating revenue		<u>91,279</u>	<u>83,676</u>
Interest income	14	56,300	50,693
Interest expense	15	<u>(27,478)</u>	<u>(26,615)</u>
Net interest income		28,822	24,078
Net income from Islamic banking operations	27(b)	11,350	10,586
Other operating income	16	<u>17,481</u>	<u>15,648</u>
		57,653	50,312
Operating expenses	17	<u>(23,283)</u>	<u>(24,816)</u>
Operating profit		34,370	25,496
Impairment losses written-back on loans, advances and financing	18	1,534	3,460
Impairment loss (made)/ written back on securities (net)	19	4,727	(656)
Impairment loss made on other assets		<u>(53)</u>	-
Profit before share of results in associates		40,578	28,300
Share of results in associates		<u>370</u>	<u>511</u>
Profit before taxation and zakat		40,948	28,811
Taxation		(9,567)	(6,867)
Zakat		<u>(265)</u>	<u>(201)</u>
Profit for the period		<u>31,116</u>	<u>21,743</u>
Attributable to:			
Shareholder of the Company		31,116	21,743
Non-controlling interests		-	-
Profit for the period		<u>31,116</u>	<u>21,743</u>
Earnings per share (sen)			
- Basic and diluted, for profit for the period		<u>6.68</u>	<u>4.67</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

<u>Group</u>	Individual/Cumulative Quarter 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
Profit for the period	31,116	21,743
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	(3,101)	(6,970)
Net unrealised (loss)/gain on revaluation of securities available-for-sale	(6,538)	868
Total other comprehensive gain for the period, net of tax	(9,639)	(6,102)
Total comprehensive income for the period	21,477	15,641
Total comprehensive income for the period attributable to:		
Shareholder of the Company	21,477	15,641
Non-controlling interests	-	-
	21,477	15,641

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31 MARCH 2014

Company	Note	Individual/Cumulative Quarter 3 Months Ended	
		31 March 2014 RM'000	31 March 2013 RM'000
Operating revenue		<u>17,988</u>	<u>18,140</u>
Interest income	14	11,255	12,796
Interest expense	15	<u>(1,363)</u>	<u>(1,572)</u>
Net interest income		9,892	11,224
Net income from Islamic banking operations	27(b)	4,589	3,253
Other operating income	16	<u>6,445</u>	<u>3,800</u>
		20,926	18,277
Operating expenses	17	<u>(12,070)</u>	<u>(12,385)</u>
Operating profit		8,856	5,892
Impairment losses written-back on loans, advances and financing	18	1,029	1,681
Impairment loss made on securities (net)	19	617	(81)
		<u>10,502</u>	<u>7,492</u>
Profit before taxation and zakat		10,502	7,492
Taxation		(1,971)	(1,409)
Zakat		(74)	(28)
Profit for the period		<u>8,457</u>	<u>6,055</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

<u>Company</u>	Individual/Cumulative Quarter 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
Net profit for the period	<u>8,457</u>	<u>6,055</u>
Other comprehensive income:		
Net (loss)/gain on securities available-for-sale	<u>(1,241)</u>	<u>(37)</u>
Other comprehensive (loss)/gain for the period, net of tax	<u>(1,241)</u>	<u>(37)</u>
Total comprehensive income for the period	<u><u>7,216</u></u>	<u><u>6,018</u></u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

	Attributable to shareholder of the Company					Distributable Retained Profits	Total	Non- controlling interests	Total Equity
	Share Capital	Share Premium	Securities Available-For- Sale Reserve #	Profit Equalisation Reserve	Statutory Reserve *				
Group	-----RM'000-----								
At 1 January 2014	466,070	363,861	(22,485)	8,723	131,324	861,216	1,808,709	8,230	1,816,939
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	-	-	(3,101)	-	-	-	(3,101)	-	(3,101)
Net unrealised loss on revaluation of securities available-for-sale	-	-	(6,538)	-	-	-	(6,538)	-	(6,538)
Total other comprehensive income for the period	-	-	(9,639)	-	-	-	(9,639)	-	(9,639)
Profit for the period	-	-	-	-	-	31,116	31,116	17	31,133
Comprehensive income for the period	-	-	(9,639)	-	-	31,116	21,477	17	21,494
Transactions with owner of the Company									
Profit equalisation reserve	-	-	-	(90)	-	90	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Total transactions with owner of the Company	-	-	-	(90)	-	90	-	-	-
At 31 March 2014	466,070	363,861	(32,124)	8,633	131,324	892,422	1,830,186	8,247	1,838,433

* The statutory reserve is maintained in compliance with the provisions of the Financial Service Act, 2013 and is not distributable as cash dividends.

The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	Attributable to shareholder of the Company								
	Share Capital	Share Premium	Non-Distributable		Statutory Reserve *	Distributable Retained Profits	Total	Non-controlling interests	Total Equity
Securities Available-For-Sale Reserve #			Profit Equalisation Reserve						
Group	RM'000								
At 1 January 2013, as previously stated	466,070	363,861	41,470	7,391	93,592	795,041	1,767,425	5	1,767,430
Effect of restatement	-	-	-	-	-	(45,605)	(45,605)	-	(45,605)
At 1 January 2013, as restated	466,070	363,861	41,470	7,391	93,592	749,436	1,721,820	5	1,721,825
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	-	-	(6,970)	-	-	-	(6,970)	-	(6,970)
Net unrealised gain on revaluation of securities available-for-sale	-	-	868	-	-	-	868	-	868
Total other comprehensive income for the period	-	-	(6,102)	-	-	-	(6,102)	-	(6,102)
Profit for the period	-	-	-	-	-	21,743	21,743	-	21,743
Comprehensive income for the period	-	-	(6,102)	-	-	21,743	15,641	-	15,641
Transactions with owner of the Company									
Profit equalisation reserve	-	-	-	125	-	(125)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Total transactions with owner of the Company	-	-	-	125	-	(125)	-	-	-
At 31 March 2013	466,070	363,861	35,368	7,516	93,592	816,659	1,737,461	5	1,737,466

* The statutory reserve is maintained in compliance with the provisions of the Financial Service Act, 2013 and is not distributable as cash dividends.

The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

	Attributable to shareholder of the Company				Total Equity
	Share Capital	Share Premium	Securities Available-For- Sale Reserve #	Distributable Retained Profits	
<u>Company</u>	-----RM'000-----				
At 1 January 2014	466,070	363,861	3,676	844,169	1,677,776
Net unrealised loss on revaluation of securities available-for-sale	-	-	(1,241)	-	(1,241)
Total other comprehensive income for the period	-	-	(1,241)	-	(1,241)
Profit for the period	-	-	-	8,457	8,457
Comprehensive income for the period	-	-	(1,241)	8,457	7,216
Transaction with owner of the Company					
Dividends	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
At 31 March 2014	466,070	363,861	2,435	852,626	1,684,992

The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

	Attributable to shareholder of the Company				Total Equity
	Share Capital	Share Premium	Securities Available-For- Sale Reserve #	Distributable Retained Profits	
<u>Company</u>	-----RM'000-----				
At 1 January 2013	466,070	363,861	1,962	776,560	1,608,453
Net unrealised gain on revaluation of securities available-for-sale	-	-	486	-	486
Total other comprehensive income for the period	-	-	486	-	486
Profit for the period	-	-	-	6,055	6,055
Comprehensive income for the period	-	-	486	6,055	6,541
Transaction with owner of the Company					
Dividends	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
At 31 March 2013	466,070	363,861	2,448	782,615	1,614,994

The securities available-for-sale reserve arises from the change in the fair value of the securities available-for-sale and it is not distributable as cash dividends.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

CONDENSED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2014

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Profit before taxation and zakat:				
Continuing operations	40,948	28,811	10,502	7,492
Adjustments for non-cash items	(19,739)	(12,983)	(1,620)	1,565
Operating profit before changes in working capital	<u>21,209</u>	15,828	<u>8,882</u>	9,057
Changes in working capital:				
Net changes in operating assets	(21,050)	(75,041)	(69,286)	14,590
Net changes in operating liabilities	27,235	251,929	6,044	(5,545)
Tax expense paid	(2,341)	(10,189)	(1,119)	(3,524)
Retirement benefits paid	(396)	-	(396)	-
Net cash generated from operating activities	<u>24,657</u>	182,527	<u>(55,875)</u>	14,578
Net cash generated from / (used in) investing activities	(6,465)	5,270	(5,020)	(332)
Net cash used in financing activities	(3,501)	(8,612)	(3,501)	(8,612)
Net increase in cash and cash equivalents	<u>14,691</u>	179,185	<u>(64,396)</u>	5,634
Cash and cash equivalents at beginning of the period	1,131,867	1,222,132	1,053,393	1,166,401
Cash and cash equivalents at end of the period	<u><u>1,146,558</u></u>	<u><u>1,401,317</u></u>	<u><u>988,997</u></u>	<u><u>1,172,035</u></u>

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Continuing operations:				
Cash and short-term funds	763,006	939,118	630,775	894,635
Deposits and placements with banks and other financial institutions	383,552	462,199	358,222	277,400
	<u>1,146,558</u>	<u>1,401,317</u>	<u>988,997</u>	<u>1,172,035</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134, Interim Financial Reporting ("MFRS 134"),
Guidelines on Financial Reporting and Guidelines on Financial Reporting for Islamic Banking Institutions issued by
Bank Negara Malaysia**

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), Bank Negara Malaysia ("BNM") Guidelines and the requirements of the Companies Act, 1965 in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 December 2013.

The 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 Company since the financial year ended 31 December 2013.

2. Significant accounting policies

The accounting policies applied by the Group and the Company in these condensed interim financial statements are the same as those applied by the Group and the Company in their financial statements for the year ended 31 December 2013 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations which are effective from 1 January 2014.

**MFRSs, Interpretations and amendments effective for annual periods beginning on
or after 1 January 2014**

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)

IC Interpretation 21 Levies

2. **Significant accounting policies (cont'd.)**

The following MFRS and Amendments to MFRS have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)

Amendments to MFRSs contained in the document entitled "Annual Improvements 2010-2012 Cycle"

Amendments to MFRSs contained in the document entitled "Annual Improvements 2011-2013 Cycle"

Standards and interpretations which effective dates are yet to be announced

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

MFRS 9, *Financial Instruments* (2010)

Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosure*

3. **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 was not qualified.

4. **Performance review**

The Group registered a pre-tax profit of RM40.95 million for the period ended 31 March 2014, increased by 42% as compared to the previous corresponding period's pre-tax profit of RM28.81 million (as analysed in Note 20). The higher pre-tax profit is attributable to higher interest income and lower operating expenses. This is also aided by a higher net writeback in impairment/recoveries.

5. Prospects for 2014

The Malaysian economy started the year on a promising note, riding on the recovery of its main trading counterparts. External trade remained healthy in January 2014, as the trade balance exceeded RM10 billion for the second consecutive month. Bank Negara Malaysia reaffirmed in March 2014, the official forecast of GDP growth for 2014 at 4.5%-5.5%.

Inflation remained a public concern in Malaysia after a series of measures to address the Government's budget deficit and the high incidence of public sector subsidy introduced in 2013. However, Bank Negara Malaysia's inflation forecast for 2014, which is 3.0%–4.0%, does not suggest expectation of an escalating inflationary environment. According to the central bank, the revisions to a number of administered prices are expected to have a transitory effect on inflation, which is projected to diminish over time. The robust domestic demand is expected to remain intact, supported by private investment and private consumption.

In the capital market, fund raising activity has yet to pick up pace in 2014. Several large Initial Public Offerings are in the pipeline this year, and the Investment Banking Division foresees itself having a role in the offerings. The Investment Banking Division continues to see fee-based opportunities in the equity capital market, corporate finance and investment advisory.

For fund-based activity, the Investment Banking Division notes a slight change in sentiment in the first quarter, with growing speculation that Bank Negara Malaysia would not rush too soon to increase official interest rates. This provided support for the bond market, and sovereign bonds especially, managed to stage a mini rally. The yield on 10-year MGS fell 18 basis points, from a high of around 4.30% in late January, to around 4.12% at end of Q1, 2014. The Investment Banking Division was able to take advantage of this volatility by correctly positioning its balance sheet, and will continue to be vigilant in managing its risk exposure.

The Development Finance Division will continue to work closely with the Government in providing financial assistance to the targeted sectors, especially the manufacturing and services sector, to enhance the capacity of Malaysian Small and Medium Enterprises ("SMEs"). The Division will continue to participate in the Government initiatives/programmes in supporting the SMEs sector as one of the major contributors to Malaysia's economy.

The Asset Management Division will continue to face increased competition in the fund management industry, despite some consolidation efforts among the asset management companies arising from mergers and acquisitions in the banking industry. We envisage a further reduction in management fees as competition intensifies. Our efforts will continue to focus on clients acquisition, customised products offerings and delivering top quartile performance to our clients.

The Group will focus on new income opportunities to enlarge the revenue base, in addition to the emphasis on operational efficiencies, credit, cost and capital management

6. Securities held-for-trading

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	132,869	119,855	132,869	119,855
	<u>132,869</u>	<u>119,855</u>	<u>132,869</u>	<u>119,855</u>
Quoted securities in Malaysia:				
Shares	252	222	252	222
Unquoted securities in Malaysia:				
Private Debt Securities	29,420	19,809	29,420	19,809
Shares	1	1	1	1
Redeemable Convertible Secured Notes	7,064	7,064	7,064	7,064
	<u>36,485</u>	<u>26,874</u>	<u>36,485</u>	<u>26,874</u>
	<u>169,606</u>	<u>146,951</u>	<u>169,606</u>	<u>146,951</u>

7. Securities available-for-sale

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	3,296	3,295	-	-
Government Investment Issue	108,042	318,459	-	-
Bank Negara Malaysia Notes	320,226	401,666	-	-
Malaysian Treasury Bills	35,156	9,947	-	-
Other Acceptances Discounted	334,761	147,598	-	-
Negotiable Instruments of Deposit	627,889	496,418	-	-
	<u>1,429,370</u>	<u>1,377,383</u>	<u>-</u>	<u>-</u>
Quoted securities in Malaysia:				
Shares and Warrants	1,301	2,834	285	1,944
Unquoted securities in Malaysia:				
Private Debt Securities	1,703,124	1,789,882	5,022	5,916
Loan Stocks	11,289	11,859	1,796	1,750
	<u>1,714,413</u>	<u>1,801,741</u>	<u>6,818</u>	<u>7,666</u>
At cost				
Unquoted securities in Malaysia:				
Shares	1,057	1,057	300	300
	<u>3,146,141</u>	<u>3,183,015</u>	<u>7,403</u>	<u>9,910</u>

8. Securities held-to-maturity

	Note	Group	
		31 March 2014 RM'000	31 December 2013 RM'000
At amortised cost			
Unquoted securities in Malaysia:			
Private Debt Securities		798,519	798,778
Loan Stocks		2,058	2,058
		<u>800,577</u>	<u>800,836</u>
Less: Individual impairment allowance	(a)	<u>(68,041)</u>	<u>(68,041)</u>
		<u>732,536</u>	<u>732,795</u>

(a) Movements in individual impairment allowance - Unquoted securities in Malaysia

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	(68,041)	(68,117)
Amount written back	-	72
Impairment made during the year	-	(5)
Write off	-	-
Discount unwind	-	9
At 31 March/December	<u>(68,041)</u>	<u>(68,041)</u>

9. Loans, advances and financing

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Term loans				
- Syndicated term loan/financing	245,790	167,515	-	-
- Hire purchase receivables	13,541	14,768	4,469	5,707
- Lease receivables	1,568	1,568	-	-
- Other term loans/financing	484,458	519,360	104,165	108,899
	<u>745,357</u>	<u>703,211</u>	<u>108,634</u>	<u>114,606</u>
Staff loans	2,854	3,010	1,790	1,822
Margin accounts	150,078	155,762	-	-
	<u>898,289</u>	<u>861,983</u>	<u>110,424</u>	<u>116,428</u>
Less: Unearned interest and income	(4,081)	(3,490)	(4,081)	(3,490)
Gross loans, advances and financing	894,208	858,493	106,343	112,938
Less: Security deposits	(23)	(23)	-	-
Less: Impairment allowance				
- Collective impairment allowance	(6,831)	(6,997)	(4,235)	(3,412)
- Individual impairment allowance	(142,280)	(142,786)	(44,484)	(45,104)
Total net loans, advances and financing	<u>745,074</u>	<u>708,687</u>	<u>57,624</u>	<u>64,422</u>

The Group and the Company operate principally in Malaysia and hence, disclosure of information by geographical area is not presented.

a. By type of customer

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Domestic business enterprises				
- Small medium enterprises	699,513	706,126	58,212	64,321
- Others	86,251	48,602	46,341	46,795
Individuals	108,444	103,765	1,790	1,822
Gross loans, advances and financing	<u>894,208</u>	<u>858,493</u>	<u>106,343</u>	<u>112,938</u>

9. Loans, advances and financing (cont'd)

b. By interest/profit rate sensitivity

	Group		Company	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Staff loans	2,854	3,010	1,790	1,822
- Hire purchase receivables	14,384	14,733	5,312	5,673
- Other fixed rate loan/financing	256,138	227,772	62,002	69,656
Variable rate				
- BLR plus	37,239	35,787	37,239	35,787
- Cost plus	583,593	577,191	-	-
Gross loans, advances and financing	<u>894,208</u>	<u>858,493</u>	<u>106,343</u>	<u>112,938</u>

c. By economic sector

	Group		Company	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Mining and quarrying	52,198	5,614	-	-
Manufacturing	177,716	189,564	75,340	77,639
Construction	64,106	33,649	-	-
Purchase of residential property	187	189	-	-
Wholesale & retail trade and restaurants & hotels	27,449	31,452	14,896	18,899
Transport, storage and communications	85,837	56,204	3,221	3,245
Finance, insurance and business services	207,609	298,248	10,668	10,693
Purchase of transport vehicles	7,787	7,777	-	-
Electricity, gas and water supply	138,300	100,194	-	-
Others	133,019	135,602	2,218	2,462
Gross loans, advances and financing	<u>894,208</u>	<u>858,493</u>	<u>106,343</u>	<u>112,938</u>

9. Loans, advances and financing (cont'd)
d. Impaired loans ("ILs"), advances and financing

(i.) ILs by economic sector

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Manufacturing	154,327	155,667	61,488	62,814
Construction	3,465	3,464	-	-
Purchase of residential property	94	94	-	-
Wholesale & retail trade and restaurants & hotels	21,169	20,280	8,624	7,735
Transport, storage and communication	3,653	3,665	2,984	2,996
Finance, insurance and business services	2,819	2,810	855	855
Purchase of transport vehicles	7,771	7,821	-	-
Others	1,133	1,122	429	437
	<u>194,431</u>	<u>194,923</u>	<u>74,380</u>	<u>74,837</u>

(ii.) Movements in ILs

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	194,923	210,308	74,837	88,612
Classified as impaired during the period/ year	29	3,851	1,269	3,557
Reclassified as unimpaired during the period/ year	(51)	(862)	-	(768)
Amount recovered	(470)	(4,899)	(1,726)	(3,075)
Amount written off	-	(13,475)	-	(13,489)
At 31 March / 31 December	<u>194,431</u>	<u>194,923</u>	<u>74,380</u>	<u>74,837</u>
Less: Individual impairment allowance	<u>(142,280)</u>	<u>(142,786)</u>	<u>(44,484)</u>	<u>(45,104)</u>
Net ILs	<u>52,151</u>	<u>52,137</u>	<u>29,896</u>	<u>29,733</u>
Net ILs as % of gross loans, advances and financing less individual impairment allowance	<u>6.94%</u>	<u>7.28%</u>	<u>48.33%</u>	<u>43.83%</u>

9. Loans, advances and financing (cont'd)
d. Impaired loans ("ILs"), advances and financing (cont'd)

(iii.) Movements in impairment provision

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Collective impairment allowance				
At 1 January	6,997	4,353	3,412	3,607
(Written back)/impairment made during the period/year	(166)	2,644	823	(195)
At 31 March/ 31 December	<u>6,831</u>	<u>6,997</u>	<u>4,235</u>	<u>3,412</u>
As % of gross loans, advances and financing less individual impairment allowance	<u>0.91%</u>	<u>0.98%</u>	<u>6.85%</u>	<u>5.03%</u>

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Individual impairment allowance				
At 1 January	142,786	159,848	45,104	61,613
Impairment made during the period/year	2,406	5,898	901	3,922
Amount written-back	(2,116)	(6,264)	(1,139)	(5,442)
Amount written off	-	(13,489)	-	(13,489)
Discount unwind	(796)	(3,207)	(382)	(1,500)
At 31 March/ 31 December	<u>142,280</u>	<u>142,786</u>	<u>44,484</u>	<u>45,104</u>

10. Other assets

	Note	Group		Company	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Accrued interest, commitment charges, commissions, and fees receivable		31,120	31,412	5,524	4,888
Amount due from subsidiaries					
- current accounts	(a)	-	-	2,742	1,943
- advance	(b)	-	-	56,383	1,052
Clients' and brokers' accounts	(c)	124,278	111,509	-	-
Less: Individual impairment allowance	(c)	(2,558)	(2,558)	-	-
		121,720	108,951	-	-
Trade receivables		3,655	3,163	-	-
Less: Individual impairment allowance		(153)	(88)	-	-
		3,502	3,075	-	-
Other receivables, deposits and prepayments		57,785	59,584	9,348	13,280
Less: Individual impairment allowance		(5,718)	(5,704)	-	-
		52,067	53,880	9,348	13,280
Tax recoverable		9,579	9,610	-	-
		<u>217,988</u>	<u>206,928</u>	<u>73,997</u>	<u>21,163</u>

(a) Amount due from subsidiaries - current accounts

These amounts are unsecured, interest free and repayable on demand.

(b) Amount due from subsidiaries - advance

The advance due from subsidiaries are unsecured, bear interest at 4.45% (2013: 4.51%) per annum and are repayable on demand.

10. Other assets (cont'd)

(c) Clients' and brokers' accounts		31 March 2014	31 December 2013
Group	Note	RM'000	RM'000
Brokers		89,341	23,779
Clients		34,937	87,730
		<u>124,278</u>	<u>111,509</u>
Less: Individual impairment allowance	(i)	<u>(2,558)</u>	<u>(2,558)</u>
		<u>121,720</u>	<u>108,951</u>

This arose from trading of securities, through the investment bank subsidiary, which are not yet due for settlement as at the reporting date under the Rules of Bursa Malaysia Securities Berhad.

Group		31 March 2014	31 December 2013
		RM'000	RM'000
(i) Movements in individual impairment allowance on amount from clients:			
At 1 January		(2,558)	(2,576)
Amount written back		-	18
At 31 March/ 31 December		<u>(2,558)</u>	<u>(2,558)</u>

11. Deposits from customers

	Group	
	31 March 2014	31 December 2013
	RM'000	RM'000
(i) By type of deposit		
- Call deposits	178,272	119,976
- Fixed deposits	1,420,745	1,222,974
	<u>1,599,017</u>	<u>1,342,950</u>
(ii) By type of customer		
- Business enterprises	1,495,101	1,219,053
- Government and statutory bodies	100,000	120,000
- Individuals	3,916	3,897
	<u>1,599,017</u>	<u>1,342,950</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	1,593,613	1,340,247
Six months to one year	5,404	2,703
	<u>1,599,017</u>	<u>1,342,950</u>

12. Deposits and placements of banks and other financial institutions

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
(i) Call deposits		
- Other financial institutions	128,963	119,231
(ii) Fixed deposits		
- Licensed Islamic banks	252,200	60,400
- Licensed commercial banks	-	322,200
- Licensed investment banks	-	155,000
- Other financial institutions	1,997,274	1,944,405
	<u>2,378,437</u>	<u>2,482,005</u>
(iii) Negotiable Instruments Notes Issued		
- Licensed banks	-	-
	<u>2,378,437</u>	<u>2,601,236</u>

13. Borrowings

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
(a) Short Term				
Unsecured	13,141	13,467	13,141	13,467
	<u>13,141</u>	<u>13,467</u>	<u>13,141</u>	<u>13,467</u>
(b) Long Term				
Unsecured	189,048	191,898	189,048	191,898
Unsecured – Islamic operations	160,046	160,371	160,046	160,371
	<u>349,094</u>	<u>352,269</u>	<u>349,094</u>	<u>352,269</u>
Total borrowings	<u>362,235</u>	<u>365,736</u>	<u>362,235</u>	<u>365,736</u>

Included in the borrowings are loans obtained from a Japanese financial institution, denominated in Yen, equivalent to RM27.577 million. The foreign exchange risk on these loans are borne by the Government of Malaysia.

14. Interest income

	Individual / Cumulative Quarter	
	31 March 2014 RM'000	31 March 2013 RM'000
<u>Group</u>		
Loans, advances and financing		
- Interest income on non-impaired loans	10,024	4,026
- Interest income on impaired loans ("ILs")	784	820
Income from Government Scheme Funds	3,651	3,688
Money at call and deposit placements with financial institutions	7,487	8,602
Securities available-for-sale ("AFS")		
- Interest income on AFS	16,673	23,995
- Interest income on impaired AFS	5,653	541
Discount unwind on HFT	-	181
Securities held-to-maturity		
- Interest income on non-impaired securities	7,978	6,830
- Interest income on impaired securities	-	8
Hire purchase and leasing operations	16	1
Accretion of discounts (net of amortisation of premium)	3,962	1,979
Derivatives instruments	72	22
	<u>56,300</u>	<u>50,693</u>
<u>Company</u>		
Loans, advances and financing		
- Interest income on non-impaired loans	462	822
- Interest income on impaired loans ("ILs")	380	375
Income from Government Scheme Funds	3,651	3,688
Money at call and deposit placements with financial institutions	6,364	7,685
Securities available-for-sale ("AFS")		
- Interest income on AFS	5	48
- Interest income on impaired AFS	-	181
Hire purchase and leasing operations	4	(14)
Loans to subsidiaries	389	11
	<u>11,255</u>	<u>12,796</u>

15. Interest expense

	Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
<u>Group</u>		
Deposits and placements of banks and other financial institutions	2,900	5,667
Deposits from customers	22,938	19,037
Concessionary funds	1,363	1,572
Derivative instruments	271	229
Commercial loans	-	110
Miscellaneous	6	-
	<u>27,478</u>	<u>26,615</u>
<u>Company</u>		
Concessionary funds	<u>1,363</u>	<u>1,572</u>
	<u>1,363</u>	<u>1,572</u>

16. Other operating income

	Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
<u>Group</u>		
(a) Revenue income:		
Fee income derived from:		
- Capital market activities	4,231	3,229
- Management fees	457	347
- Brokerage fees	5,559	6,598
Investment income derived from:		
- Net unrealised loss on revaluation of securities held-for-trading	30	19
- Net unrealised loss on revaluation of derivative assets	403	291
- Gain on sale of securities:		
- Available-for-sale	4,190	3,616
- Held-for-trading	1,638	11
Total dividends (gross) from:		
- Securities available-for-sale	-	161
Income from factoring	134	189
	<u>16,642</u>	<u>14,461</u>

16. Other operating income (cont'd)

<u>Group</u>	Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
(b) Other income:		
Interest income on:		
- promissory notes	71	116
Gain on disposal of:		
- Property, plant and equipment	3	254
Interest on staff loans	1	3
Commitment fee	18	24
Rental income on buildings	438	551
Insurance commissions	180	139
Others	128	100
	<u>839</u>	<u>1,187</u>
Total other operating income	<u>17,481</u>	<u>15,648</u>
<u>Company</u>		
(a) Revenue income:		
Fee income derived from:		
- Management fees	2,114	2,076
Net unrealised gain on revaluation of securities held-for-trading	30	15
	<u>2,144</u>	<u>2,091</u>
(b) Other income:		
Interest income on:		
- promissory notes	71	116
Gain on disposal of:		
- Property, plant and equipment	3	52
Gain on sale of securities:		
- Available-for-sale	1,106	-
- Held-for-trading	1,631	-
Guarantee fee	-	-
Commitment fee	-	6
Rental of premises	1,004	1,143
Insurance commissions	180	139
Others	306	253
	<u>4,301</u>	<u>1,709</u>
Total other operating income	<u>6,445</u>	<u>3,800</u>

17. Operating expenses

<u>Group</u>	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
Staff costs		
- Wages, Salaries and bonuses	13,001	13,408
- Employee benefits:		
Current period	116	229
- Social security costs	67	70
- Defined contribution plan	2,117	2,137
- Other staff related expenses	1,116	1,199
	<u>16,417</u>	<u>17,043</u>
Establishment costs		
- Depreciation	638	1,074
- Office rental	1,674	1,677
- Equipment rental	15	23
- Others	1,474	1,650
	<u>3,801</u>	<u>4,424</u>
Promotion and marketing-related expenses		
- Advertisement & publicity	103	117
- Others	1,196	1,145
	<u>1,299</u>	<u>1,262</u>
General and administrative expenses		
- Communication expenses	104	144
- Audit fees	121	127
- Directors' fees and meeting allowances	459	436
- Securities Commission's levy	276	314
- Others	806	1,066
	<u>1,766</u>	<u>2,087</u>
	<u>23,283</u>	<u>24,816</u>

17. Operating expenses (cont'd)

<u>Company</u>	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
Personnel costs		
- Wages, Salaries and bonuses	6,008	5,885
- Employee benefits:		
Current period	198	292
- Social security costs	40	40
- Defined contribution plan	1,015	989
- Other staff related expenses	850	751
	<u>8,111</u>	<u>7,957</u>
Establishment costs		
- Depreciation	313	545
- Office rental	1,658	1,659
- Equipment rental	3	9
- Other establishment costs	578	606
	<u>2,552</u>	<u>2,819</u>
Promotion and marketing-related expenses		
- Advertisement & publicity	54	12
- Other marketing expenses	763	704
	<u>817</u>	<u>716</u>
General and administrative expenses		
- Communication expenses	64	77
- Audit fees	47	43
- Directors' fees and meeting allowances	243	228
- Others	236	545
	<u>590</u>	<u>893</u>
	<u>12,070</u>	<u>12,385</u>

18. Impairment losses written-back on loans, advances
and financing

<u>Group</u>	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
(a) Individual impairment allowances		
- made in the financial period	(2,406)	(4,243)
- written-back	2,115	1,928
(b) Collective impairment allowances		
- made in the financial period	(2,241)	-
- written-back	2,407	1,080
(c) Recoveries from impaired loans	1,659	4,695
	<u>1,534</u>	<u>3,460</u>

18. Impairment losses (made)/ written-back on loans, advances and financing (cont'd)

	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
<u>Company</u>		
(a) Individual impairment allowances		
- made in the financial period	(901)	(3,644)
- written-back	1,139	1,572
(b) Collective impairment allowances		
- made in the financial period	(1,025)	-
- written-back	202	1,012
(c) Recoveries from impaired loans	1,614	2,741
	<u>1,029</u>	<u>1,681</u>

19. Impairment losses (made)/written back on securities

	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
<u>Group</u>		
Securities available-for-sale (net)	4,727	(728)
Securities held-to-maturity (net)	-	72
	<u>4,727</u>	<u>(656)</u>
<u>Company</u>		
Securities available-for-sale (net)	617	(81)
	<u>617</u>	<u>(81)</u>

20. Segment information

For management purposes, the Group is organised into business units based on their products and services, has five reportable operating segments as follows:

Segment Revenue	Individual / Cumulative Quarter 3 Months Ended	
	31 March 2014	31 March 2013
	RM'000	RM'000
Investment banking	70,482	66,610
Development finance	12,662	10,649
Asset management	554	390
Investment holding	9,336	8,834
Others	1,761	340
	<u>94,795</u>	<u>86,823</u>
Inter-segment elimination	(3,516)	(3,147)
	<u>91,279</u>	<u>83,676</u>

20. **Segment information (cont'd)**

	Individual / Cumulative Quarter	
	3 Months Ended	
	31 March 2014 RM'000	31 March 2013 RM'000
Segment Results		
Investment banking	30,304	21,775
Development finance	7,887	5,637
Asset management	(662)	(637)
Investment holding	2,642	1,775
Others	407	(250)
	<u>40,578</u>	<u>28,300</u>
Share of results in associates	370	511
	<u>40,948</u>	<u>28,811</u>

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Group operates principally in Malaysia and hence, disclosure of information by geographical area is not presented.

21. **Capital commitments**

Group	As at	As at
	31 March	31 December
	2014	2013
	RM'000	RM'000
Authorised but not contracted for	<u>7,002</u>	<u>7,042</u>
Company		
Authorised but not contracted for	<u>4,228</u>	<u>4,239</u>

22. Commitments and contingencies

In the normal course of business, the Group and the Company made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Company as at the end of financial period/year are as follows:

Group	← As at 31.03.2014 →			← As at 31.12.2013 →		
	Principal	Credit	Risk	Principal	Credit	Risk
	amount	equivalent	weighted	amount	equivalent	weighted
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Guarantee facilities	-	-	-	-	-	-
Obligations under underwriting agreement	12,500	6,250	1,250	12,500	6,250	1,250
Interest rate related contracts over one year to five years	1,720,000	33,887	6,777	1,720,000	37,537	7,507
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	106,996	30,808	30,808	86,093	17,218	17,218
- Maturity exceeding one year	77,903	38,952	38,952	117,844	58,922	58,922
Total	1,917,399	109,897	77,787	1,936,437	119,927	84,897
Company						
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	31,364	15,682	15,682	21,137	4,227	4,227
Total	31,364	15,682	15,682	21,137	4,227	4,227

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia Guidelines.

23. **Related party disclosures**

Significant related party transactions and balances

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period / year.

	Group		Company	
	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Penultimate holding company				
Income:				
Brokerage fees earned	129	66	-	-
Fee income	-	-	-	-
Expenditures:				
Interest expense on deposits	-	-	-	-
Rental expense	1,569	2,157	1,569	2,157
Subsidiaries				
Income:				
Interest on loans	-	-	6	11
Rental of premises	-	-	613	656
Interest on short term deposits	-	-	-	13
Management fees	-	-	2,121	2,091
Expenditures:				
Other expenses	-	-	-	1

23. Related party disclosures (cont'd.)

Significant related party transactions and balance (cont'd)

	Group		Company	
	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000
Associates				
Income:				
Brokerage fees	16	21	-	-
Rental received	107	107	107	107
Other related companies				
Income:				
Interest income on securities	4,145	4,483	-	-
Interest income on loans and advances	-	-	-	-
Fee income	40	20	-	-
Management fees	-	20	4	20
Rental received	-	-	-	-
Expenditures:				
Interest expense on deposits	614	74	-	-
Car park charges	4	4	-	-

In addition to the related party information disclosed elsewhere in the financial statements, the significant outstanding balances of the Group and of the Company with their related parties are as follows:

	Group		Company	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Penultimate holding company				
Amount due from:				
Sundry deposit received	1,564	1,564	1,564	1,564

23. Related party disclosures (cont'd.)

Significant related party transactions and balance (cont'd)

	Group		Company	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Associates				
Amount due from:				
Trade receivables	20	20	20	20
Amount due to:				
Rental deposit received	107	107	107	107
Deposit placement	4,498	4,463	-	-
Other related companies				
Amount due from:				
Fee receivables	81	90	-	-
Sundry deposits	362	362	-	-
Trade receivables	-	16	3	16
Securities	323,468	323,551	-	-
Amount due to:				
Deposits from placements of banks and other financial institutions	8,623	14,807	-	-
Other payables	-	-	23	20

Other related companies include companies within the PNB Group and companies related to the Directors of the Group and of the Company.

24. Credit exposures arising from credit transactions with connected parties

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
(i) Total credit exposures with connected parties	347,276	330,000
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	9.67%	9.10%
(iii) Percentage of total credit exposures to connected parties which is impaired or in default	Nil	Nil

25. Capital adequacy

(i) The capital adequacy ratio of the Group and of the Company are as follows:

	Group		Company	
	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	466,070	466,070	466,070	466,070
Share premium	363,861	363,861	363,861	363,861
Statutory reserve	131,324	131,324	-	-
Securities available-for-sale reserve	(32,124)	(22,485)	2,435	3,676
Profit equalisation reserve	8,633	8,723	-	-
Retained profits	892,422	861,216	852,626	844,169
	1,830,186	1,808,709	1,684,992	1,677,776
Less: Regulatory adjustments	(124,931)	(121,331)	(800,981)	(796,243)
Total CET1 Capital / Tier 1 Capital	1,705,255	1,687,378	884,011	881,533
Tier 2 Capital				
Collective impairment allowance	6,831	6,997	4,235	3,412
Less: Regulatory adjustments	(3,364)	(2,456)	(3,364)	(2,456)
Total Tier 2 capital	3,467	4,541	871	956
Total Capital	1,708,722	1,691,919	884,882	882,489
Before deducting interim dividend*:				
CET 1 Capital	54.985%	55.377%	147.996%	160.460%
Tier 1 Capital	54.985%	55.377%	147.996%	160.460%
Total Capital	55.097%	55.526%	148.142%	160.635%
After deducting interim dividend*:				
CET 1 Capital	50.148%	50.454%	122.884%	133.157%
Tier 1 Capital	50.148%	50.454%	122.884%	133.157%
Total Capital	50.260%	50.603%	123.030%	133.331%

* Relates to interim dividend in respect of financial year ended 31 December 2013 which was approved by Bank Negara Malaysia after reporting date on 2 April 2014.

25. Capital adequacy (cont'd.)

ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

Group	31 March 2014		31 December 2013	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	1,554,096	-	1,811,965	-
20%	3,211,165	642,233	2,923,247	584,649
35%	486	170	520	182
50%	142,583	71,292	149,764	74,882
75%	78	59	164	123
100%	1,506,610	1,506,610	1,474,121	1,474,121
150%	64,423	96,635	61,794	92,691
Total risk weighted assets for credit risk	6,479,441	2,316,998	6,421,575	2,226,648
Total risk weighted assets equivalent for market risk	-	353,046	-	394,718
Total risk weighted assets equivalent for operational risk	-	431,264	-	425,699
	<u>6,479,441</u>	<u>3,101,308</u>	<u>6,421,575</u>	<u>3,047,065</u>

Company	31 March 2014		31 December 2013	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	132,870	-	119,855	-
20%	988,997	197,799	1,053,393	210,679
35%	-	-	-	-
50%	10,352	5,176	13,366	6,683
75%	-	-	-	-
100%	163,606	163,606	108,808	108,808
150%	10,100	15,150	7,471	11,207
Total risk weighted assets for credit risk	1,305,925	381,731	1,302,893	337,377
Total risk weighted assets equivalent for market risk	-	67,221	-	65,018
Total risk weighted assets equivalent for operational risk	-	148,369	-	146,982
	<u>1,305,925</u>	<u>597,321</u>	<u>1,302,893</u>	<u>549,377</u>

26. Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2014				
Financial assets				
Asset measured at fair value:				
Securities held-for-trading				
Money market instruments	-	-	-	-
Quoted securities	252	-	-	252
Unquoted securities	-	-	7,065	7,065
Securities available-for-sale				
Money market instruments	-	1,429,370	-	1,429,370
Quoted securities	285	1,639,697	-	1,639,982
Unquoted securities	-	-	7,118	7,118
Securities held-to-maturity				
Money market instruments	-	-	-	-
Quoted securities	-	-	-	-
Unquoted securities	-	729,319	-	729,319
Derivative assets	-	10,146	-	10,146
	<u>537</u>	<u>3,808,532</u>	<u>14,183</u>	<u>3,823,252</u>
Asset for which fair value are disclosed:				
Loans, advances and financing	-	-	-	-
Liabilities for which fair values are disclosed:				
Borrowings	-	362,235	-	362,235

26. Fair value hierarchy (cont'd.)

At 31 December 2013

Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Asset measured at fair value:				
Securities held-for-trading				
Money market instruments	889	-	-	889
Quoted securities	1,944	-	-	1,944
Unquoted securities	-	-	7,966	7,966
Securities available-for-sale				
Money market instruments	-	1,377,383	-	1,377,383
Quoted securities	222	-	-	222
Unquoted securities	-	1,721,516	79,624	1,801,140
Securities held-to-maturity				
Money market instruments	-	-	-	-
Quoted securities	-	-	-	-
Unquoted securities	-	732,795	-	732,795
Derivative assets	-	-	-	-
	<u>3,055</u>	<u>3,831,694</u>	<u>87,590</u>	<u>3,922,339</u>
Asset for which fair value are disclosed:				
Loans, advances and financing	-	714,826	-	714,826
Liabilities for which fair values are disclosed:				
Borrowings	-	365,736	-	365,736

26. Fair value hierarchy (cont'd)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2014				
Financial assets				
Securities held-for-trading				
Quoted securities	252	-	-	252
Unquoted securities	-	-	7,065	7,065
Securities available-for-sale				
Quoted securities	285	-	-	285
Unquoted securities	-	-	7,118	7,118
	<u>537</u>	<u>-</u>	<u>14,183</u>	<u>14,720</u>
At 31 December 2013				
Financial assets				
Securities held-for-trading				
Quoted securities	222	-	-	222
Unquoted securities	-	-	7,065	7,065
Securities available-for-sale				
Quoted securities	1,944	-	-	1,944
Unquoted securities	-	-	7,966	7,966
	<u>2,166</u>	<u>-</u>	<u>15,031</u>	<u>17,197</u>

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial period.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

26. Fair value hierarchy (cont'd)

Group 31.3.2014	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
Unquoted securities			
At 1 January	7,065	80,525	87,590
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	314	314
Included within net income from Islamic Banking operation	-	56	56
Included within impairment loss on securities	-	(799)	(799)
	-	(429)	(429)
Total gains/(losses) recognised in other comprehensive income	-	-	-
Additional investment	-	(4,232)	(4,232)
Settlements	-	-	-
At 31 March	<u>7,065</u>	<u>80,096</u>	<u>82,929</u>
31.12.2013			
Unquoted securities			
At 1 January	3,596	149,940	153,536
Total gains/(losses) recognised in profit or loss:			
Included within interest income	964	1,764	2,728
Included within net income from Islamic Banking operation	-	261	261
Included within impairment loss on securities	2,505	3,703	6,208
	3,469	5,728	9,197
Total gains/(losses) recognised in other comprehensive income	-	456	456
Settlements	-	(75,559)	(75,559)
At 31 December	<u>7,065</u>	<u>80,565</u>	<u>87,630</u>

26. Fair value hierarchy (cont'd)

Company 31.3.2014	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
Unquoted securities			
At 1 January	7,065	7,966	15,031
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	-	-
Included within impairment loss on securities	-	85	85
	-	85	85
Total gains/(losses) recognised in other comprehensive income	-	(441)	(441)
Settlements	-	(492)	(492)
At 31 March	<u>7,065</u>	<u>7,118</u>	<u>14,183</u>
	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
31.12.2013			
Unquoted securities			
At 1 January	3,596	13,288	16,884
Total gains/(losses) recognised in profit or loss:			
Included within interest income	964	194	1,158
Included within impairment loss on securities	2,505	(404)	2,101
	3,469	(210)	3,259
Total gains/(losses) recognised in other comprehensive income	-	456	456
Settlements	-	(5,568)	(5,568)
At 31 December	<u>7,065</u>	<u>7,966</u>	<u>15,031</u>

The above total gains/(losses) on Level 3 financial instruments recognised in profit or loss for the current financial period is attributable to those financial instruments held as at reporting date.

26. **Operations of Islamic Banking Business**

(a) **CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	Note	Group	
		31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		124,312	98,681
Deposits and placements with licensed banks and other financial institutions		86,700	87,800
Securities held-for-trading	26 (c)	-	-
Securities available-for-sale	26 (d)	1,193,413	1,170,275
Securities held-to-maturity	26 (e)	95,054	95,072
Financing and advances	26 (f)	136,325	95,459
Other assets		3,727	8,661
Deferred tax assets		5,378	4,752
TOTAL ASSETS		1,644,909	1,560,700
LIABILITIES			
Deposits from customers	26 (g)	479,205	441,966
Deposits and placements of banks and other financial institutions	26 (h)	417,616	456,239
Borrowings (unsecured)	13	160,046	160,371
Profit equalisation reserve		11,024	11,372
Other liabilities		25,824	19,863
Provision for taxation and zakat		1,626	926
Amount due to Head Office		8	8,530
TOTAL LIABILITIES		1,095,349	1,099,267
ISLAMIC BANKING CAPITAL FUNDS			
Funds allocated from Head Office		416,600	336,600
Reserves		132,960	124,833
TOTAL ISLAMIC BANKING CAPITAL FUNDS		549,560	461,433
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,644,909	1,560,700

27. **Operations of Islamic Banking Business**

(a) **CONDENSED STATEMENTS OF PROFIT & LOSS FOR THE PERIOD ENDED 31 MARCH 2014**

	Note	Company	
		31 March 2014 RM'000	31 December 2013 RM'000
ASSETS			
Cash and short-term funds		102,361	98,348
Deposits and placements with licensed banks and other financial institutions		86,700	87,800
Financing and advances	26 (f)	13,727	12,995
Other assets		1,100	1,192
Deferred tax assets		96	96
TOTAL ASSETS		203,984	200,431
LIABILITIES			
Borrowings (unsecured)	13	160,046	160,371
Other liabilities		15,683	14,059
Provision for taxation and zakat		646	137
Amount due to Head Office		8	1,051
TOTAL LIABILITIES		176,383	175,618
ISLAMIC BANKING CAPITAL FUNDS			
Funds allocated from Head Office		20,000	20,000
Reserves		7,601	4,813
TOTAL ISLAMIC BANKING CAPITAL FUNDS		27,601	24,813
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		203,984	200,431

27. **Operations of Islamic Banking Business (cont'd)**

(b) **CONDENSED STATEMENTS OF PROFIT & LOSS FOR THE PERIOD ENDED 31 MARCH 2014**

	Individual/ Cumulative Quarter	
	3 Months Ended	
	31 March 2014	31 March 2013
<u>Group</u>	RM'000	RM'000
Income derived from investment of depositors funds and others	14,339	15,934
Income derived from Government Scheme Funds	3,967	2,588
Transfer to profit equalisation reserve	-	-
Total attributable income	18,306	18,522
Income attributable to depositors	(6,956)	(7,936)
Net income attributable to the reporting institution	11,350	10,586
Other operating expenses	(2,495)	(2,420)
Operating profit	8,855	8,166
Impairment losses on securities	-	(67)
Impairment losses on financing and advances	1,009	59
Finance costs	(1)	(6)
Profit before taxation and zakat	9,863	8,152
Taxation	(954)	(355)
Zakat	(265)	(201)
Profit for the period	8,644	7,596
<u>Company</u>		
Income derived from investment of depositors funds and others	622	665
Income derived from Government Scheme Funds	3,967	2,588
Income attributable to the reporting institution	4,589	3,253
Other operating expenses	(1,818)	(1,882)
Operating profit	2,771	1,371
Impairment (losses) / writeback on financing and advances	1,046	59
Finance costs	(1)	(6)
Profit before taxation and zakat	3,816	1,424
Taxation	(954)	(355)
Zakat	(74)	(28)
Profit for the period	2,788	1,041

27. Operations of Islamic Banking Business (cont'd)

(c) Securities held-for-trading

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	-

(d) Securities available-for-sale

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:		
Government Investment Issue	100,252	200,546
Bank Negara Monetary Notes	195,369	199,543
Islamic Acceptance Bills	-	-
Islamic Negotiable Certificate of Deposits	627,889	496,417
	<u>923,510</u>	<u>896,506</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	269,903	273,769
	<u>1,193,413</u>	<u>1,170,275</u>

(e) Securities held-to-maturity

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	95,054	95,072

(f) Financing and advances

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Term financing				
- Islamic hire purchase/leasing	3,633	4,865	3,633	4,865
- Syndicated term financing	122,635	82,464	-	-
- Other term financing	16,484	14,070	16,484	14,070
	<u>142,752</u>	<u>101,399</u>	<u>20,117</u>	<u>18,935</u>
Less: Unearned income	(4,066)	(3,468)	(4,066)	(3,468)
Gross financing and advances	138,686	97,931	16,051	15,467
Less: Impairment provision				
- Collective impairment provision	(181)	(287)	(144)	(287)
- Individual impairment provision	(2,180)	2,185	(2,180)	(2,185)
Total net financing and advances	<u>136,325</u>	<u>99,829</u>	<u>13,727</u>	<u>12,995</u>

27. Operations of Islamic Banking Business (cont'd)

(f) Financing and advances (cont'd)

(i) By contract

Group

31 March 2014

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Comodity Murabahah RM'000	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
Syndicated term financing	122,635	-	-	122,635
Deferred payment sales	-	11,565	-	11,565
Finance lease	-	-	4,486	4,486
	<u>122,635</u>	<u>11,565</u>	<u>4,486</u>	<u>138,686</u>

31 December 2013

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Comodity Murabahah RM'000	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
Syndicated term financing	82,464	-	-	82,464
Deferred payment sales	-	10,620	-	10,620
Finance lease	-	-	4,847	4,847
	<u>82,464</u>	<u>10,620</u>	<u>4,847</u>	<u>97,931</u>

Company

31 March 2014

	Sale-based contract	Lease-based contract	Total financing and advances RM'000
	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
Deferred payment sales	11,565	-	11,565
Finance lease	-	4,486	4,486
	<u>11,565</u>	<u>4,486</u>	<u>16,051</u>

31 December 2013

	Sale-based contract	Lease-based contract	Total financing and advances RM'000
	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
Deferred payment sales	10,620	-	10,620
Finance lease	-	4,847	4,847
	<u>10,620</u>	<u>4,847</u>	<u>15,467</u>

27. Operations of Islamic Banking Business (cont'd)

(f) Financing and advances (cont'd)

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
(iv) By profit rate sensitivity				
Variable rate				
Cost-plus	122,635	82,464	-	-
Fixed rate				
Hire purchase receivables	4,486	4,847	4,486	4,847
Other fixed rate financing	11,565	10,620	11,565	10,620
	<u>138,686</u>	<u>97,931</u>	<u>16,051</u>	<u>15,467</u>
(iv) By economic sector				
Manufacturing	5,765	6,065	5,765	6,065
Wholesale & retail trade and restaurants & hotels	2,697	1,908	2,697	1,908
Transport, storage and communications	82,296	52,652	349	361
Construction	40,688	30,173	-	-
Finance, insurance and business services	6,845	6,526	6,845	6,526
Others	395	607	395	607
	<u>138,686</u>	<u>97,931</u>	<u>16,051</u>	<u>15,467</u>

27. Operations of Islamic Banking Business (cont'd)

(f) Financing and advances (cont'd)

(v) Impaired financing and advances by economic sector

	Group and Company	
	31 March 2014 RM'000	31 December 2013 RM'000
Manufacturing	3,701	3,716
Wholesale & retail trade and restaurants & hotels	113	116
Transport, storage and communications	349	361
Others	395	404
	<u>4,558</u>	<u>4,597</u>

(vi) Movements in impaired financing and advances

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
At 1 January	4,597	5,786	4,597	5,786
Impaired during the period/year	-	413	-	413
Amount recovered	(39)	(518)	(39)	(518)
Amount written off	-	(1,084)	-	(1,084)
At 31 March/ 31 December	<u>4,558</u>	<u>4,597</u>	<u>4,558</u>	<u>4,597</u>
Less: Individual impairment provision	<u>(2,180)</u>	<u>(2,185)</u>	<u>(2,180)</u>	<u>(2,185)</u>
Net impaired financing and advances	<u>2,378</u>	<u>2,412</u>	<u>2,378</u>	<u>2,412</u>
As % of gross financing and advances less individual impairment allowance	<u>1.74%</u>	<u>2.41%</u>	<u>17.14%</u>	<u>18.16%</u>

27. Operations of Islamic Banking Business (cont'd)

(f) Financing and advances (cont'd)

(vii) Movements in impairment allowance

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Collective impairment allowance				
At 1 January	287	401	287	401
Amount written back	(106)	(114)	(143)	(114)
At 31 March/ 31 December	<u>181</u>	<u>287</u>	<u>144</u>	<u>287</u>
As % of gross financing and advances less individual impairment allowance	<u>0.13%</u>	<u>0.29%</u>	<u>1.04%</u>	<u>2.16%</u>

	Group		Company	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
Individual impairment allowance				
At 1 January	2,185	3,294	2,185	3,294
Impairment made during the period/year	56	273	56	273
Impairment allowance written back during the period/year	(59)	(272)	(59)	(272)
Amount written off	-	(1,098)	-	(1,098)
Discount unwind	(2)	(12)	(2)	(12)
At 31 March/ 31 December	<u>2,180</u>	<u>2,185</u>	<u>2,180</u>	<u>2,185</u>

27. Operations of Islamic Banking Business (cont'd)

(g) Deposits from customers

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
(i) By type of deposits		
Mudharabah Fund		
- Fixed/Investment deposits	348,116	383,230
- Others	69,500	58,736
	<u>417,616</u>	<u>441,966</u>
(ii) By type of customers		
Mudharabah Fund		
- Business enterprises	<u>417,616</u>	<u>441,966</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	<u>417,616</u>	<u>441,966</u>

(h) Deposits and placements of banks and other financial institutions

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
(i) By type of deposits		
Mudharabah Fund		
- Fixed/Investment deposits	478,263	455,297
- Others	942	942
	<u>479,205</u>	<u>456,239</u>

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
(ii) By type of customers		
Mudharabah Fund		
- Licensed Islamic banks	-	60,400
- Other financial institutions	479,205	395,839
	<u>479,205</u>	<u>456,239</u>

27. Operations of Islamic Banking Business (cont'd)

(i) Income derived from investment of depositors funds and others

Income derived from investment of general investment deposits:

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Income derived from investment of:				
(i) General investment deposits	14,339	15,934	622	665
(ii) Other deposits	3,967	2,588	3,967	2,588
	<u>18,306</u>	<u>18,522</u>	<u>4,589</u>	<u>3,253</u>

(j) General investment deposits

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Finance income and hibah				
Money at call and deposit placements with financial institutions	161	390	-	-
Securities held-for-trading	-	-	-	-
Securities available-for-sale				
- Profit on non-impaired securities	4,176	5,084	-	-
- Profit from impaired securities	56	67	-	-
Securities held-to-maturity	1,631	129	-	-
	<u>6,024</u>	<u>5,670</u>	-	-
Accretion of discounts less amortisation of premiums	5,780	6,228	-	-
Total finance income and hibah	<u>11,804</u>	<u>11,898</u>	-	-
Other operating income				
Net gain/(loss) on sale of securities available-for-				
- Held-for-trading sale	-	3,554	-	-
- Held-to-maturity	-	2	-	-
Net unrealised loss on revaluation of securities held-for-trading	-	-	-	-
	<u>-</u>	<u>3,556</u>	<u>-</u>	<u>-</u>
	<u>11,804</u>	<u>15,454</u>	<u>-</u>	<u>-</u>

27. Operations of Islamic Banking Business (cont'd)

(i) Income derived from investment of depositors funds and others (cont'd.)

(ii) Other deposits

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Group and Bank				
Finance income and hibah				
Financing and advances	6,956	7,936	-	-
Other operating income				
Fee income	-	-	-	-
Other income	-	-	-	-
	<u>6,956</u>	<u>7,936</u>	<u>-</u>	<u>-</u>

(k) Income attributable to depositors

	Group		Company	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Mudharabah Fund				
Deposits from customers	2,994	2,649	-	-
Deposits and placements of banks and financial institutions	3,962	5,287	-	-
	<u>6,956</u>	<u>7,936</u>	<u>-</u>	<u>-</u>

27. Operations of Islamic Banking Business (cont'd)

(i) Capital adequacy

(i) The capital adequacy ratio of the Group and of the Company are as follows:

	Group		Company	
	March 2014 RM'000	31 December 2013 RM'000	March 2014 RM'000	31 December 2013 RM'000
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 (CET1)				
Paid-up share capital	416,600	336,600	20,000	20,000
Paid-up non-cumulative perpetual preference share available-for-sale	(7,316)	(7,253)	-	-
Profit equalisation reserve	8,633	8,723	-	-
Retained profits	131,643	121,550	7,601	4,813
Regulatory adjustments of CET1	549,560	459,620	27,601	24,813
Less: Deferred tax assets	(5,378)	(4,752)	(96)	(96)
55% of cumulative gains of available-for-sale	-	(252)	-	-
Profit equalisation reserve	(8,633)	(8,723)	-	-
Total Tier-I capital	535,549	445,893	27,505	24,717
Eligible collective impairment allowance	144	287	144	287
Total Tier-II capital	144	287	144	287
Total capital	535,693	446,180	27,649	25,004
CET1 Capital	99.95%	91.79%	34.37%	32.08%
Tier 1 Capital	99.95%	91.79%	34.37%	32.08%
Total Capital	99.98%	91.85%	34.55%	32.45%

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group			
	31 March 2014		31 December 2013	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	400,328	-	506,086	-
20%	1,008,221	201,644	853,528	170,706
50%	930	465	4,625	2,313
100%	269,328	269,328	250,917	250,917
Total risk weighted assets for credit risk	1,678,807	471,437	1,615,156	423,936
Total risk weighted assets equivalent for market risk	-	-	-	-
Total risk weighted assets equivalent for operational risk	-	64,389	-	61,851
	1,678,807	535,826	1,615,156	485,787

27. Operations of Islamic Banking Business (cont'd)

(i) Capital adequacy

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Company			
	31 March 2014		31 December 2013	
	Notional amount RM'000	Risk- weighed amount RM'000	Notional amount RM'000	Risk- weighed amount RM'000
0%	-	-	-	-
20%	189,061	37,812	186,148	37,230
50%	-	-	2,412	1,206
100%	15,114	15,114	12,062	12,062
Total risk-weighted assets for credit risk	204,175	52,926	200,622	50,498
Total risk-weighted assets equivalent for market risk	-	-	-	-
Total risk-weighted assets equivalent for operational risk	-	27,093	-	26,552
	204,175	80,019	200,622	77,050

I, Foo Wei Hoong, the officer primarily responsible for the financial management of Malaysian Industrial Development Finance Berhad, do hereby state that, the unaudited interim financial statements for the three months ended 31st March 2014, as set out on pages 1 to 52, have been prepared from the Group and the Company's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31st March 2014. The results and cash flows of the Group and the Company for the period ended on that date are prepared in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirement of the Companies Act, 1965.



FOO WEI HOONG
CHIEF FINANCIAL OFFICER

17 April 2014