

CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Group		Company	
		30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
ASSETS					
Cash and short-term funds		600,197	785,126	503,879	726,293
Deposits and placements with licensed banks and other financial institutions		335,242	346,741	305,900	327,100
Securities held-for-trading	6	164,289	146,951	164,289	146,951
Securities available-for-sale	7	2,641,864	3,183,015	6,144	9,910
Securities held-to-maturity	8	732,284	732,795	-	-
Derivative assets		11,312	9,743	-	-
Loans, advances and financing	9	793,307	708,687	60,104	64,422
Other assets	10	264,114	206,928	128,561	21,163
Statutory deposits with Bank Negara Malaysia		116,299	144,239	-	-
Investment in associate		2,370	3,457	2,560	2,560
Investment in subsidiaries		-	-	766,029	785,252
Investment properties		3,659	3,695	-	-
Property, plant and equipment		3,708	4,434	3,084	3,642
Intangible assets		563	958	-	-
Deferred tax assets		23,999	21,480	6,871	6,409
Goodwill		86,713	86,713	-	-
TOTAL ASSETS		5,779,920	6,384,962	1,947,421	2,093,702
LIABILITIES					
Deposits from customers	11	1,297,832	1,342,950	-	-
Deposits and placements of banks and other financial institutions	12	2,112,753	2,601,236	-	-
Other liabilities		300,380	244,050	33,410	39,540
Borrowings	13	358,267	365,736	358,267	365,736
Provision for taxation and zakat		5,924	2,903	4,503	1,781
Employee benefits		10,840	11,039	8,750	8,869
Deferred tax liabilities		219	109	-	-
TOTAL LIABILITIES		4,086,215	4,568,023	404,930	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		8,799	8,723	-	-
Securities available-for-sale reserve		(28,659)	(22,485)	2,291	3,676
Retained profits		752,070	861,216	710,269	844,169
		1,693,465	1,808,709	1,542,491	1,677,776
Non-controlling interests		240	8,230	-	-
TOTAL SHAREHOLDER'S EQUITY		1,693,705	1,816,939	1,542,491	1,677,776
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		5,779,920	6,384,962	1,947,421	2,093,702
COMMITMENTS AND CONTINGENCIES	22	1,562,487	1,936,437	32,897	21,137
NET ASSETS PER SHARE (RM)		3.63	3.88	3.31	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 30 JUNE 2014

<u>Group</u>	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Continuing operations					
Operating revenue		<u>80,698</u>	84,687	<u>171,977</u>	168,363
Interest income	14	<u>42,252</u>	46,642	<u>94,901</u>	93,647
Interest expense	15	<u>(23,785)</u>	(27,436)	<u>(51,263)</u>	(54,051)
Net interest income		<u>18,467</u>	19,206	<u>43,638</u>	39,596
Net income from Islamic banking operations	27(b)	<u>11,798</u>	7,599	<u>23,148</u>	18,185
Other operating income	16	<u>20,874</u>	27,807	<u>42,006</u>	47,143
		<u>51,139</u>	54,612	<u>108,792</u>	104,924
Operating expenses	17	<u>(30,729)</u>	(27,784)	<u>(54,012)</u>	(52,688)
Operating profit		20,410	26,828	54,780	52,236
Impairment losses (made) / written-back on loans, advances and financing	18	<u>(3,761)</u>	8,666	<u>(2,227)</u>	12,126
Impairment loss (made)/written back on securities (net)	19	<u>(3,185)</u>	1,182	<u>1,542</u>	526
Impairment loss written-back on other assets		<u>105</u>	22	<u>52</u>	110
Profit before share of results in associates		<u>13,569</u>	36,698	<u>54,147</u>	64,998
Share of results in associates		<u>391</u>	676	<u>761</u>	1,187
Profit before taxation and zakat		13,960	37,374	54,908	66,185
Taxation		<u>(3,909)</u>	(9,831)	<u>(13,476)</u>	(16,698)
Zakat		<u>(191)</u>	(365)	<u>(456)</u>	(566)
Profit for the period		<u>9,860</u>	<u>27,178</u>	<u>40,976</u>	<u>48,921</u>
Attributable to:					
Shareholder of the Company		<u>9,814</u>	27,178	<u>40,930</u>	48,921
Non-controlling interests		<u>46</u>	-	<u>46</u>	-
Profit for the period		<u>9,860</u>	<u>27,178</u>	<u>40,976</u>	<u>48,921</u>
Earnings per share (sen)					
- Basic and diluted, for profit for the period		<u>2.11</u>	5.83	<u>8.78</u>	10.50

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 30 JUNE 2014

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit for the period	9,860	27,178	40,976	48,921
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	(191)	(6,924)	(3,292)	(13,894)
Net unrealised gain/(loss) on revaluation of securities available-for-sale	3,656	(1,411)	(2,882)	(543)
Total other comprehensive income/(loss) for the period, net of tax	3,465	(8,335)	(6,174)	(14,437)
Total comprehensive income for the period	13,325	18,843	34,802	34,484
Total comprehensive income for the period attributable to:				
Shareholder of the Company	13,279	18,843	34,756	34,484
Non-controlling interests	46	-	46	-
	13,325	18,843	34,802	34,484

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 30 JUNE 2014

Company	Note	Individual Quarter Ended		Cumulative Quarter Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Operating revenue		45,605	17,648	63,593	35,788
Interest income	14	6,515	9,194	14,119	18,302
Interest expense	15	(1,342)	(1,553)	(2,705)	(3,125)
Net interest income		5,173	7,641	11,414	15,177
Net income from Islamic banking operations	27(b)	5,177	3,640	9,766	6,893
Other operating income	16	37,192	11,249	47,288	18,737
		47,542	22,530	68,468	40,807
Operating expenses	17	(15,530)	(14,020)	(27,600)	(26,405)
Operating profit		32,012	8,510	40,868	14,402
Impairment losses written-back on loans, advances and financing	18	2,974	5,348	4,003	7,029
Impairment loss made on securities (net)	19	354	(278)	971	(359)
Impairment loss made on subsidiary		(24,222)	-	(24,222)	-
Profit before taxation and zakat		11,118	13,580	21,620	21,072
Taxation		(3,421)	(3,762)	(5,392)	(5,171)
Zakat		(54)	(33)	(128)	(61)
Profit for the period		7,643	9,785	16,100	15,840

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 30 JUNE 2014

<u>Company</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit for the period	<u>7,643</u>	<u>9,785</u>	<u>16,100</u>	<u>15,840</u>
Other comprehensive income:				
Net (loss)/gain on securities available-for-sale	<u>(144)</u>	<u>18</u>	<u>(1,385)</u>	<u>(19)</u>
Other comprehensive (loss)/gain for the period, net of tax	<u>(144)</u>	<u>18</u>	<u>(1,385)</u>	<u>(19)</u>
Total comprehensive income for the period	<u><u>7,499</u></u>	<u><u>9,803</u></u>	<u><u>14,715</u></u>	<u><u>15,821</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 30 JUNE 2014

	Attributable to shareholder of the Company					Distributable Retained Profits	Total	Non- controlling interests	Total Equity
	Share Capital	Share Premium	Non-Distributable 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	-	-	(3,292)	-	-	-	(3,292)	-	(3,292)
Net unrealised loss on revaluation of securities available-for-sale	-	-	(2,882)	-	-	-	(2,882)	-	(2,882)
Total other comprehensive income for the period	-	-	(6,174)	-	-	-	(6,174)	-	(6,174)
Profit for the period	-	-	-	-	-	40,930	40,930	46	40,976
Total comprehensive income for the period	-	-	(6,174)	-	-	40,930	34,756	46	34,802
Dividend paid to minority Transactions with owner of the Company	-	-	-	-	-	-	-	(8,036)	(8,036)
Profit equalisation reserve	-	-	-	76	-	(76)	-	-	-
Dividends	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Total transactions with owner of the Company	-	-	-	76	-	(150,076)	(150,000)	-	(150,000)
At 30 June 2014	466,070	363,861	(28,659)	8,799	131,324	752,070	1,693,465	240	1,693,705

* 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 30 JUNE 2013

	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 2013	466,070	363,861	17,306	9,151	114,592	754,626	1,725,606	-	1,725,606
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	-	-	(13,894)	-	-	-	(13,894)	-	(13,894)
Net unrealised gain on revaluation of securities available-for-sale	-	-	(543)	-	-	-	(543)	-	(543)
Total other comprehensive income for the period	-	-	(14,437)	-	-	-	(14,437)	-	(14,437)
Profit for the period	-	-	-	-	-	48,921	48,921	-	48,921
Total comprehensive income for the period	-	-	(14,437)	-	-	48,921	34,484	-	34,484
Transactions with owner of the Company									
Profit equalisation reserve	-	-	-	173	-	(173)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Total transactions with owner of the Company	-	-	-	173	-	(173)	-	-	-
At 30 June 2013	466,070	363,861	2,869	9,324	114,592	848,979	1,760,090	-	1,760,090

* 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 30 JUNE 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	-	-	(1,385)	-	(1,385)
Total other comprehensive income for the period	-	-	(1,385)	-	(1,385)
Profit for the period	-	-	-	16,100	16,100
Total comprehensive income for the period	-	-	(1,385)	16,100	14,715
Transaction with owner of the Company					
Dividends	-	-	-	(150,000)	(150,000)
Total transactions with owners of the Company	-	-	-	(150,000)	(150,000)
At 30 June 2014	466,070	363,861	2,291	710,269	1,542,491

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 30 JUNE 2013

	Attributable to shareholder of the Company				Total Equity
	Share Capital	Share Premium	Securities Available-For- Sale Reserve #	Distributable Retained Profits	
	-----RM'000-----				
At 1 January 2013	466,070	363,861	3,253	760,154	1,593,338
Net unrealised gain on revaluation of securities available-for-sale	-	-	(19)	-	(19)
Total other comprehensive income for the period	-	-	(19)	-	(19)
Profit for the period	-	-	-	15,840	15,840
Total comprehensive income for the period	-	-	(19)	15,840	15,821
Transaction with owner of the Company					
Dividends	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
At 30 June 2013	466,070	363,861	3,234	775,994	1,609,159

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 30 JUNE 2014

	Group		Company	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit before taxation and zakat:				
Continuing operations	54,908	66,185	21,620	21,072
Adjustments for non-cash items	(74,959)	(36,077)	22,907	2,283
Operating profit before changes in working capital	(20,051)	30,108	44,527	23,355
Changes in working capital:				
Net changes in operating assets	403,039	(97,264)	(126,330)	22,551
Net changes in operating liabilities	(401,295)	153,112	4,022	(8,648)
Tax expense paid	(13,430)	(13,081)	(2,798)	(4,726)
Retirement benefits paid	(516)	-	(516)	-
Net cash generated from / (used in) operating activities	(32,253)	72,875	(81,095)	32,532
Net cash generated from / (used in) investing activities	1,330	125,825	(5,050)	(20,642)
Net cash used in financing activities	(165,505)	(26,184)	(157,469)	(26,184)
Net increase / (decreased) in cash and cash equivalents	(196,428)	172,516	(243,614)	(14,294)
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	935,439	1,394,648	809,779	1,152,107

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

	Group		Company	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Cash and short-term funds	600,197	1,112,456	503,879	879,757
Deposits and placements with banks and other financial institutions	335,242	282,192	305,900	272,350
	935,439	1,394,648	809,779	1,152,107

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

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 July 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 have been deferred

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

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 RM54.91 million for the period ended 30 June 2014, decreased by 17% as compared to the previous corresponding period's pre-tax profit of RM66.19 million (as analysed in Note 20). The lower pre-tax profit is attributable to higher operating expenses and lower net writeback in impairment/recoveries.

5. Prospects for 2014

The high-income economies are expected to gain momentum with respect to its recovery, despite the setback recorded in the U.S. The U.S GDP contracted -2.9% annualised in the first quarter, despite optimism over its labour market where unemployment rate has dropped to 6.3%, the lowest since the 2008 Financial Crisis. Growth in the high-income economies is expected to pick up speed as the year progresses.

In contrast, early year optimism with respect to the developing countries has waned. This is reflected by the World Bank's downgrade of its GDP growth forecast for the developing countries from 5.3% in January, to 4.8% in June. Some of the reasons weighing down on the prospects are the restructuring in China and the trend towards less expansionary policy stance in many developing countries.

Malaysia unexpectedly recorded a robust GDP growth of 6.2% in the first quarter. The economy has clearly benefitted from a turnaround in external trade. Exports grew by 12.9% in the first four months of the year, compared with the corresponding period in 2013. The electrical and electronics sub-sector, which is a mainstay of Malaysia's manufacturing sector, has been one of the beneficiaries of the turnaround in external demand. The prospect for this subsector is healthy as global sales of semiconductor has been on an uptrend.

Inflation rate stayed elevated although it had decelerated from a peak of 3.5% in March to 3.2% in May. A continual deceleration of consumer price inflation will have strong bearings on the direction of interest rates in Malaysia.

Meanwhile, the global financial market navigated the first half of the year well, recovering swiftly when it hit potholes. On Bursa Malaysia, the FBM KLCI rose 0.84% in the first half with the index hitting new highs on a few days during the period. Still, the focus was more on the second and third liner stocks. The FBM Smallcap index rose a robust 14.3% during the first six months of the year.

In the capital market, fund raising activity picked up pace in 2014 and is expected to grow stronger in the second half. Gross new issuance of debt securities by the private sector amounted to RM33.0 billion in the first five months of the year, compared with RM30.6 billion in the same period of 2013. New issuance of shares and warrants amounted to RM5.1 billion, compared with RM4.9 billion in the same period of 2013. The Investment Banking Division continues to see fee-based opportunities in the equity capital market, corporate finance and investment advisory.

The fund-based activities of the Investment Banking Division was a bit subdued in Q2, with the bond market in limbo. Bond yields traded within a very narrow band, as exemplified by the yield on 10-year MGS trading aimlessly between 4.02 - 4.07% for most of the period up to the end of the first half of 2014. As the market had expected, Bank Negara's Monetary Policy Committee raised the Overnight Policy Rate ("OPR") by 25 basis points at its meeting on July 10, 2014. This was largely discounted by the market, and bond yields came off around 5 basis points to trade below 4%. There could now potentially be a second OPR rate hike in the offing, and listless bond trading is quite likely to continue yet again, especially if expectations build up, and/or if the Ringgit weakens against the USD.

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	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Government Investment Issues	127,568	119,855	127,568	119,855
	<u>127,568</u>	<u>119,855</u>	<u>127,568</u>	<u>119,855</u>
Quoted securities in Malaysia:				
Shares	252	222	252	222
	<u>252</u>	<u>222</u>	<u>252</u>	<u>222</u>
Unquoted securities in Malaysia:				
Private Debt Securities	36,468	19,809	36,468	19,809
Shares	1	1	1	1
Redeemable Convertible Secured Notes	-	7,064	-	7,064
	<u>36,469</u>	<u>26,874</u>	<u>36,469</u>	<u>26,874</u>
	<u>164,289</u>	<u>146,951</u>	<u>164,289</u>	<u>146,951</u>

7. Securities available-for-sale

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At fair value				
Money market instruments:				
Malaysian Government Securities	3,318	3,295	-	-
Government Investment Issue	107,919	318,459	-	-
Bank Negara Malaysia Notes	353,960	401,666	-	-
Malaysian Treasury Bills	59,533	9,947	-	-
Other Acceptances Discounted	2,017	147,598	-	-
Negotiable Instruments of Deposit	427,614	496,418	-	-
	<u>954,361</u>	<u>1,377,383</u>	<u>-</u>	<u>-</u>
Quoted securities in Malaysia:				
Shares and Warrants	1,329	2,834	-	1,944
	<u>1,329</u>	<u>2,834</u>	<u>-</u>	<u>1,944</u>
Unquoted securities in Malaysia:				
Private Debt Securities	1,676,927	1,789,882	4,048	5,916
Loan Stocks	8,190	11,859	1,796	1,750
	<u>1,685,117</u>	<u>1,801,741</u>	<u>5,844</u>	<u>7,666</u>
At cost				
Unquoted securities in Malaysia:				
Shares	1,057	1,057	300	300
	<u>1,057</u>	<u>1,057</u>	<u>300</u>	<u>300</u>
	<u>2,641,864</u>	<u>3,183,015</u>	<u>6,144</u>	<u>9,910</u>

8. Securities held-to-maturity

	Note	Group	
		30 June	31 December
		2014	2013
		RM'000	RM'000
At amortised cost			
Unquoted securities in Malaysia:			
Private Debt Securities		798,189	798,778
Loan Stocks		2,058	2,058
		<u>800,247</u>	<u>800,836</u>
Less: Individual impairment allowance	(a)	<u>(67,963)</u>	<u>(68,041)</u>
		<u>732,284</u>	<u>732,795</u>

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

	Group	
	30 June	31 December
	2014	2013
	RM'000	RM'000
At 1 January	(68,041)	(68,117)
Amount written back	-	72
Impairment made during the year	-	(5)
Write off	78	-
Discount unwind	-	9
At 30 June/December	<u>(67,963)</u>	<u>(68,041)</u>

9. Loans, advances and financing

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Term loans				
- Syndicated term loan/financing	322,617	167,515	-	-
- Hire purchase receivables	11,238	14,768	2,184	5,707
- Lease receivables	1,568	1,568	-	-
- Other term loans/financing	426,795	519,360	111,598	108,899
	<u>762,218</u>	<u>703,211</u>	<u>113,782</u>	<u>114,606</u>
Staff loans	2,615	3,010	1,754	1,822
Margin accounts	190,588	155,762	-	-
	<u>955,421</u>	<u>861,983</u>	<u>115,536</u>	<u>116,428</u>
Less: Unearned interest and income	(7,293)	(3,490)	(7,293)	(3,490)
Gross loans, advances and financing	948,128	858,493	108,243	112,938
Less: Security deposits	(23)	(23)	-	-
Less: Impairment allowance				
- Collective impairment allowance	(7,169)	(6,997)	(3,710)	(3,412)
- Individual impairment allowance	(147,629)	(142,786)	(44,429)	(45,104)
Total net loans, advances and financing	<u>793,307</u>	<u>708,687</u>	<u>60,104</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	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Domestic business enterprises				
- Small medium enterprises	63,378	706,126	59,753	64,321
- Others	756,928	48,602	46,736	46,795
Individuals	127,822	103,765	1,754	1,822
Gross loans, advances and financing	<u>948,128</u>	<u>858,493</u>	<u>108,243</u>	<u>112,938</u>

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

b. By interest/profit rate sensitivity

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Staff loans	2,615	3,010	1,754	1,822
- Hire purchase receivables	14,146	14,733	5,092	5,673
- Other fixed rate loan/financing	262,453	227,772	69,395	69,656
Variable rate				
- BLR plus	32,002	35,787	32,002	35,787
- Cost plus	636,912	577,191	-	-
Gross loans, advances and financing	<u>948,128</u>	<u>858,493</u>	<u>108,243</u>	<u>112,938</u>

c. By economic sector

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Mining and quarrying	61,557	5,614	-	-
Manufacturing	170,622	189,564	69,753	77,639
Construction	84,850	33,649	-	-
Purchase of residential property	93	189	-	-
Wholesale & retail trade and restaurants & hotels	31,110	31,452	18,686	18,899
Transport, storage and communications	88,773	56,204	3,204	3,245
Finance, insurance and business services	237,204	298,248	13,708	10,693
Purchase of transport vehicles	7,766	7,777	-	-
Electricity, gas and water supply	-	100,194	-	-
Education & health	35,119	-	-	-
Others	231,034	135,602	2,892	2,462
Gross loans, advances and financing	<u>948,128</u>	<u>858,493</u>	<u>108,243</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	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Manufacturing	149,674	155,667	56,835	62,814
Construction	3,465	3,464	-	-
Purchase of residential property	-	94	-	-
Wholesale & retail trade and restaurants & hotels	21,043	20,280	8,627	7,735
Transport, storage and communication	3,644	3,665	2,975	2,996
Finance, insurance and business services	4,097	2,810	2,130	855
Purchase of transport vehicles	7,703	7,821	-	-
Others	1,160	1,122	428	437
	<u>190,786</u>	<u>194,923</u>	<u>70,995</u>	<u>74,837</u>

(ii.) Movements in ILs

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 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	47	3,851	2,659	3,557
Reclassified as unimpaired during the period/ year	(119)	(862)	-	(768)
Amount recovered	(3,971)	(4,899)	(6,501)	(3,075)
Amount written off	(94)	(13,475)	-	(13,489)
At 30 June / 31 December	<u>190,786</u>	<u>194,923</u>	<u>70,995</u>	<u>74,837</u>
Less: Individual impairment allowance	<u>(147,629)</u>	<u>(142,786)</u>	<u>(44,429)</u>	<u>(45,104)</u>
Net ILs	<u>43,157</u>	<u>52,137</u>	<u>26,566</u>	<u>29,733</u>
Net ILs as % of gross loans, advances and financing less individual impairment allowance	<u>5.39%</u>	<u>7.28%</u>	<u>41.63%</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	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 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	172	2,644	298	(195)
At 30 June/ 31 December	<u>7,169</u>	<u>6,997</u>	<u>3,710</u>	<u>3,412</u>
As % of gross loans, advances and financing less individual impairment allowance	<u>0.90%</u>	<u>0.98%</u>	<u>5.81%</u>	<u>5.03%</u>

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 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	9,244	5,898	2,000	3,922
Amount written-back	(2,807)	(6,264)	(1,992)	(5,442)
Amount written off	(94)	(13,489)	-	(13,489)
Discount unwind	(1,500)	(3,207)	(683)	(1,500)
At 30 June/ 31 December	<u>147,629</u>	<u>142,786</u>	<u>44,429</u>	<u>45,104</u>

10. Other assets

	Note	Group		Company	
		30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Accrued interest, commitment charges, commissions, and fees receivable		28,526	31,412	5,150	4,888
Amount due from subsidiaries					
- current accounts	(a)	-	-	2,333	1,943
- advances	(b)	-	-	111,295	1,052
Clients' and brokers' accounts	(c)	203,664	111,509	-	-
Less: Individual impairment allowance	(c)	(2,558)	(2,558)	-	-
		201,106	108,951	-	-
Trade receivables		1,572	3,163	-	-
Less: Individual impairment allowance		(213)	(88)	-	-
		1,359	3,075	-	-
Other receivables, deposits and prepayments		26,447	59,584	9,783	13,280
Less: Individual impairment allowance		(5,729)	(5,704)	-	-
		20,718	53,880	9,783	13,280
Tax recoverable		12,405	9,610	-	-
		<u>264,114</u>	<u>206,928</u>	<u>128,561</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 - advances

The advances due from subsidiaries are unsecured, bear interest at 4.35% (2013: 4.45%) per annum and are repayable on demand.

10. Other assets (cont'd)

(c) Clients' and brokers' accounts		30 June 2014	31 December 2013
Group	Note	RM'000	RM'000
Brokers		5,069	23,779
Clients		198,595	87,730
		<u>203,664</u>	<u>111,509</u>
Less: Individual impairment allowance	(i)	(2,558)	(2,558)
		<u>201,106</u>	<u>108,951</u>

Clients' and brokers' debit balances 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	30 June 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 30 June/ 31 December	<u>(2,558)</u>	<u>(2,558)</u>

11. Deposits from customers

	Group	
	30 June 2014	31 December 2013
	RM'000	RM'000
(i) By type of deposit		
- Call deposits	69,444	119,976
- Fixed deposits	1,228,388	1,222,974
	<u>1,297,832</u>	<u>1,342,950</u>
(ii) By type of customer		
- Business enterprises	1,203,897	1,219,053
- Government and statutory bodies	90,000	120,000
- Individuals	3,935	3,897
	<u>1,297,832</u>	<u>1,342,950</u>
(iii) The maturity structure of term deposits is as follows:		
Due within six months	1,274,882	1,340,247
Six months to one year	22,950	2,703
	<u>1,297,832</u>	<u>1,342,950</u>

12. Deposits and placements of banks and other financial institutions

	Group	
	30 June 2014	31 December 2013
	RM'000	RM'000
(i) Call deposits		
- Other financial institutions	120,127	119,231
(ii) Fixed deposits		
- Licensed banks	70,800	60,400
- Licensed Islamic banks	230,000	322,200
- Licensed investment banks	150,000	155,000
- Other financial institutions	1,541,826	1,944,405
	<u>1,992,626</u>	<u>2,482,005</u>
	<u>2,112,753</u>	<u>2,601,236</u>

13. Borrowings

	Group and Company	
	30 June 2014	31 December 2013
	RM'000	RM'000
(a) Short Term		
Unsecured	13,136	13,467
	<u>13,136</u>	<u>13,467</u>
(b) Long Term		
Unsecured	185,091	191,898
Unsecured – Islamic operations	160,040	160,371
	<u>345,131</u>	<u>352,269</u>
Total borrowings	<u>358,267</u>	<u>365,736</u>

Included in the borrowings are loans obtained from a Japanese financial institution, denominated in Yen, equivalent to RM23.615 million. The foreign exchange risk on these loans are borne by the Government of Malaysia.

14. Interest income

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>Group</u>				
Loans, advances and financing				
- Interest income on non-impaired loans	9,907	4,664	19,931	8,690
- Interest income on impaired loans ("ILs")	704	820	1,488	1,640
Money at call and deposit placements with financial institutions	5,805	8,955	13,292	17,557
Securities available-for-sale ("AFS")				
- Interest income on AFS	15,144	19,149	31,817	43,144
- Interest income on impaired AFS	234	324	5,887	865
Securities held-for-trading ("HFT")				
- Interest income on HFT	170	392	170	573
Securities held-to-maturity	8,098	6,557	16,076	13,387
- Interest income on non-impaired securities				
- Interest income on impaired securities	-	1	-	9
Hire purchase and leasing operations	(15)	17	1	18
Accretion of discounts (net of amortisation of premium)	1,998	5,740	5,960	7,719
Derivatives instruments	207	23	279	45
	<u>42,252</u>	<u>46,642</u>	<u>94,901</u>	<u>93,647</u>

Company

Loans, advances and financing				
- Interest income on non-impaired loans	291	577	753	1,399
- Interest income on impaired loans ("ILs")	300	376	680	751
Money at call and deposit placements with financial institutions	4,855	7,838	11,219	15,523
Securities available-for-sale ("AFS")				
- Interest income on AFS	11	(48)	16	-
- Interest income on impaired AFS	-	(133)	-	48
Securities held-for-trading ("HFT")				
- Interest income on HFT	170	573	170	573
Hire purchase and leasing operations	(24)	-	(20)	(14)
Loans to subsidiaries	912	11	1,301	22
	<u>6,515</u>	<u>9,194</u>	<u>14,119</u>	<u>18,302</u>

15. Interest expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	1,359	20,603	4,265	26,270
Deposits from customers	20,979	4,832	43,917	23,869
Concessionary funds	1,343	1,553	2,706	3,125
Derivative instruments	104	337	375	566
Commercial loans	-	111	-	221
	<u>23,785</u>	<u>27,436</u>	<u>51,263</u>	<u>54,051</u>
Company				
Concessionary funds	1,342	1,553	2,705	3,125
	<u>1,342</u>	<u>1,553</u>	<u>2,705</u>	<u>3,125</u>

16. Other operating income

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Group				
Fee income:				
Capital market activities	6,293	1,697	10,524	4,926
Service fees	1	-	1	-
Management fees	498	310	955	657
Brokerage fees	4,755	6,767	10,314	13,365
Other fee income	1	-	1	-
Commitment fee	46	17	64	41
Income from Government Scheme Funds	4,306	4,097	7,957	7,785
	<u>15,900</u>	<u>12,888</u>	<u>29,816</u>	<u>26,774</u>
Investment income/(loss):				
Gain on sale of securities:				
- Available-for-sale	932	5,247	5,122	8,863
- Held-for-trading	2,016	147	3,654	158
Net unrealised loss on revaluation of securities held-for-trading	(30)	13	-	32
Net unrealised loss on revaluation of derivative assets	1,166	2,390	1,569	2,681
(Loss)/ gain on sale of trust units	2	(14)	2	(14)
Total dividends (gross) from:				
- Securities available-for-sale	98	236	98	397
Income from factoring	69	162	203	351
	<u>4,253</u>	<u>8,181</u>	<u>10,648</u>	<u>12,468</u>

16. Other operating income (cont'd)

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Other income:				
Interest income on:				
- promissory notes	71	225	142	341
Gain on disposal of:				
- Property, plant and equipment	-	205	3	459
Interest on staff loans	2	2	3	5
Rental income on buildings	436	554	874	1,105
Insurance commissions	129	149	309	288
Others	83	5,603	211	5,703
	<u>721</u>	<u>6,738</u>	<u>1,542</u>	<u>7,901</u>
Total other operating income	<u>20,874</u>	<u>27,807</u>	<u>42,006</u>	<u>47,143</u>
 Company				
Fee income:				
- Management fees	<u>2,390</u>	<u>2,227</u>	<u>4,504</u>	<u>4,303</u>
Investment income/(loss):				
Gain on sale of securities:				
- Available-for-sale	765	-	1,871	-
- Held-for-trading	2,012	-	3,643	-
Net unrealised gain on revaluation of securities held-for-trading	-	15	30	30
Commitment fee	-	-	-	6
Income from Government Scheme Funds	4,306	4,097	7,957	7,785
Gross dividend income:				
- Associate	1,848	2,772	1,848	2,772
- Subsidiary	24,359	-	24,359	-
	<u>33,290</u>	<u>6,884</u>	<u>39,708</u>	<u>10,593</u>
Other income:				
Interest income on:				
- promissory notes	71	226	142	342
Gain on disposal of:				
- Property, plant and equipment	-	206	3	258
Rental of premises	1,027	1,176	2,031	2,319
Insurance commissions	129	149	309	288
Others	285	381	591	634
	<u>1,512</u>	<u>2,138</u>	<u>3,076</u>	<u>3,841</u>
Total other operating income	<u>37,192</u>	<u>11,249</u>	<u>47,288</u>	<u>18,737</u>

17. Operating expenses

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Staff costs				
- Wages, Salaries and bonuses	18,481	15,309	31,482	28,717
- Employee benefits:				
Current period	250	277	366	506
- Social security costs	71	73	138	143
- Defined contribution plan	2,939	2,390	5,056	4,527
- Other staff related expenses	1,309	1,756	2,425	2,955
	<u>23,050</u>	<u>19,805</u>	<u>39,467</u>	<u>36,848</u>
Establishment costs				
- Depreciation	623	1,020	1,261	2,094
- Office rental	1,741	1,707	3,415	3,384
- Equipment rental	22	28	37	51
- Others	2,230	1,552	3,704	3,202
	<u>4,616</u>	<u>4,307</u>	<u>8,417</u>	<u>8,731</u>
Promotion and marketing-related expenses				
- Advertisement & publicity	101	104	204	221
- Others	1,333	1,165	2,529	2,310
	<u>1,434</u>	<u>1,269</u>	<u>2,733</u>	<u>2,531</u>
General and administrative expenses				
- Communication expenses	132	148	236	292
- Audit fees	136	145	257	272
- Directors' fees and meeting allowances	470	443	929	879
- Securities Commission's levy	251	343	527	657
- Others	640	1,324	1,446	2,478
	<u>1,629</u>	<u>2,403</u>	<u>3,395</u>	<u>4,578</u>
	<u>30,729</u>	<u>27,784</u>	<u>54,012</u>	<u>52,688</u>

17. Operating expenses (cont'd)

<u>Company</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Wages, Salaries and bonuses	8,900	6,688	14,908	12,573
- Employee benefits:				
Current period	199	368	397	660
- Social security costs	41	41	81	81
- Defined contribution plan	1,396	1,099	2,411	2,088
- Other staff related expenses	888	1,244	1,738	1,995
	<u>11,424</u>	<u>9,440</u>	<u>19,535</u>	<u>17,397</u>
Establishment costs				
- Depreciation	292	564	605	1,109
- Office rental	1,694	1,706	3,352	3,365
- Equipment rental	9	11	12	20
- Other establishment costs	620	635	1,198	1,241
	<u>2,615</u>	<u>2,916</u>	<u>5,167</u>	<u>5,735</u>
Promotion and marketing-related expenses				
- Advertisement & publicity	15	41	69	53
- Other marketing expenses	782	648	1,545	1,352
	<u>797</u>	<u>689</u>	<u>1,614</u>	<u>1,405</u>
General and administrative expenses				
- Communication expenses	72	85	136	162
- Audit fees	49	53	96	96
- Directors' fees and meeting allowances	243	234	486	462
- Others	330	603	566	1,148
	<u>694</u>	<u>975</u>	<u>1,284</u>	<u>1,868</u>
	<u>15,530</u>	<u>14,020</u>	<u>27,600</u>	<u>26,405</u>

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

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	(6,838)	(1,120)	(9,244)	(5,363)
- written-back	692	5,636	2,807	7,564
(b) Collective impairment allowances				
- made in the financial period	(1,704)	(2,136)	(3,945)	(1,124)
- written-back	1,366	67	3,773	135
(c) Recoveries from impaired loans	2,723	6,219	4,382	10,914
	<u>(3,761)</u>	<u>8,666</u>	<u>(2,227)</u>	<u>12,126</u>

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

<u>Company</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
(a) Individual impairment allowances				
- made in the financial period	(1,099)	(850)	(2,000)	(4,494)
- written-back	853	5,438	1,992	7,010
(b) Collective impairment allowances				
- made in the financial period	(36)	(2,136)	(1,061)	(1,124)
- written-back	561	-	763	-
(c) Recoveries from impaired loans	2,695	2,896	4,309	5,637
	<u>2,974</u>	<u>5,348</u>	<u>4,003</u>	<u>7,029</u>

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

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale (net)	(3,214)	1,188	1,513	460
Securities held-to-maturity (net)	29	(6)	29	66
	<u>(3,185)</u>	<u>1,182</u>	<u>1,542</u>	<u>526</u>
 <u>Company</u>				
Securities available-for-sale (net)	354	(278)	971	(359)
	<u>354</u>	<u>(278)</u>	<u>971</u>	<u>(359)</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 Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Investment banking	57,078	66,557	127,560	133,167
Development finance	13,436	11,524	26,098	22,173
Asset management	583	403	1,137	793
Mezzanine financing	4,620	99	6,106	235
Investment holding	35,245	11,876	44,581	20,710
Others	221	221	496	425
	<u>111,183</u>	<u>90,680</u>	<u>205,978</u>	<u>177,503</u>
Inter-segment elimination	(30,485)	(5,993)	(34,001)	(9,140)
	<u>80,698</u>	<u>84,687</u>	<u>171,977</u>	<u>168,363</u>

20. Segment information (cont'd)

Segment Results	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Investment banking	1,864	26,981	32,168	48,756
Development finance	9,441	9,670	17,328	15,307
Asset management	(689)	(831)	(1,351)	(1,468)
Mezzanine financing	2,991	(227)	3,417	(400)
Investment holding	(184)	1,172	2,458	2,947
Others	146	(67)	127	(144)
	<u>13,569</u>	<u>36,698</u>	<u>54,147</u>	<u>64,998</u>
Share of results in associates	391	676	761	1,187
	<u>13,960</u>	<u>37,374</u>	<u>54,908</u>	<u>66,185</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 30 June 2014	As at 31 December 2013
	RM'000	RM'000
Authorised but not contracted for	<u>6,947</u>	<u>7,042</u>
Company		
Authorised but not contracted for	<u>4,185</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 30.06.2014 →			← As at 31.12.2013 →		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Guarantee facilities	-	-	-	-	-	-
Obligations under underwriting agreement	15,000	7,500	1,500	12,500	6,250	1,250
Interest rate related contracts over one year to five years	1,370,000	30,649	6,130	1,720,000	37,537	7,507
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	123,082	24,616	24,616	86,093	17,218	17,218
- Maturity exceeding one year	54,405	27,203	27,203	117,844	58,922	58,922
Total	1,562,487	89,968	59,449	1,936,437	119,927	84,897
Company						
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	32,897	6,579	6,579	21,137	4,227	4,227
Total	32,897	6,579	6,579	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 30 June 2014 RM'000	As at 30 June 2013 RM'000	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Penultimate holding company				
Income:				
Brokerage fees earned	237	171	-	-
Fee income	-	-	-	-
Expenditures:				
Interest expense on deposits	-	-	-	-
Rental expense	3,139	4,314	3,139	4,314
Subsidiaries				
Income:				
Interest on loans	-	-	1,301	22
Rental of premises	-	-	1,246	1,330
Interest on short term deposits	-	-	-	13
Management fees	-	-	4,439	4,252
Dividend from subsidiaries	-	-	24,359	-
Expenditures:				
Other expenses	-	-	5	5

23. Related party disclosures (cont'd.)

Significant related party transactions and balance (cont'd)

	Group		Company	
	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Associates				
Income:				
Brokerage fees	24	71	-	-
Rental received	215	215	215	215
Dividend from associates	-	-	1,848	2,772
Other related companies				
Income:				
Interest income on securities	6,578	9,393	-	-
Fee income	36	36	-	-
Management fees	23	31	23	31
Expenditures:				
Interest expense on deposits	1,138	2,464	-	-
Car park charges	7	8	-	-

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 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 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 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Associates				
Amount due from:				
Trade receivables	-	20	-	20
Amount due to:				
Rental deposit received	107	107	107	107
Deposit placement	1,783	4,463	-	-
Other related companies				
Amount due from:				
Fee receivables	45	90	-	-
Sundry deposits	365	362	-	-
Trade receivables	16	16	16	16
Securities	323,485	323,551	-	-
Amount due to:				
Deposits from placements of bank and other financial institutions	42,275	58,807	-	-
Other payables	27	20	27	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	
	30 June 2014 RM'000	31 December 2013 RM'000
(i) Total credit exposures with connected parties	345,000	330,000
(ii) Percentage of total credit exposures to connected parties as proportion of total credit exposures	9.47%	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 30 June 2014 RM'000	As at 31 December 2013 RM'000	As at 30 June 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	(28,659)	(22,485)	2,291	3,676
Profit equalisation reserve	8,799	8,723	-	-
Retained profits	752,070	861,216	710,269	844,169
	<u>1,693,465</u>	<u>1,808,709</u>	<u>1,542,491</u>	<u>1,677,776</u>
Less: Regulatory adjustments	(122,444)	(121,331)	(776,720)	(796,243)
Total CET1 Capital / Tier 1 Capital	<u>1,571,021</u>	<u>1,687,378</u>	<u>765,771</u>	<u>881,533</u>
Tier 2 Capital				
Collective impairment allowance	7,169	6,997	3,710	3,412
Less: Regulatory adjustments	(3,204)	(2,456)	(3,204)	(2,456)
Total Tier 2 capital	<u>3,965</u>	<u>4,541</u>	<u>506</u>	<u>956</u>
Total Capital	<u>1,574,986</u>	<u>1,691,919</u>	<u>766,277</u>	<u>882,489</u>
CET 1 Capital	51.665%	50.454%	124.475%	133.157%
Tier 1 Capital	51.665%	50.454%	124.475%	133.157%
Total Capital	51.795%	50.603%	124.557%	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	30 June 2014		31 December 2013	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
0%	1,575,799	-	1,811,965	-
20%	2,407,332	481,466	2,923,247	584,649
35%	476	167	520	182
50%	145,216	72,608	149,764	74,882
75%	77	57.75	164	123
100%	1,680,279	1,680,279	1,474,121	1,474,121
150%	60,372	90,558	61,794	92,691
Total risk weighted assets for credit risk	5,869,551	2,325,136	6,421,575	2,226,648
Total risk weighted assets equivalent for market risk	-	323,640	-	394,718
Total risk weighted assets equivalent for operational risk	-	392,015	-	425,699
	<u>5,869,551</u>	<u>3,040,791</u>	<u>6,421,575</u>	<u>3,047,065</u>

Company	30 June 2014		31 December 2013	
	Notional amount	Risk-weighted amount	Notional amount	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000
0%	127,568	-	119,855	-
20%	809,779	161,956	1,053,393	210,679
35%	-	-	-	-
50%	18,981	9,491	13,366	6,683
75%	-	-	-	-
100%	213,294	213,294	108,808	108,808
150%	6,049	9,074	7,471	11,207
Total risk weighted assets for credit risk	1,175,671	393,814	1,302,893	337,377
Total risk weighted assets equivalent for market risk	-	72,440	-	65,018
Total risk weighted assets equivalent for operational risk	-	148,946	-	146,982
	<u>1,175,671</u>	<u>615,200</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 30 June 2014				
Financial assets				
Asset measured at fair value:				
Securities held-for-trading				
Money market instruments	-	127,568	-	127,568
Quoted securities	252	-	-	252
Unquoted securities	-	36,468	1	36,469
Securities available-for-sale				
Money market instruments	-	954,361	-	954,361
Quoted securities	1,329	-	-	1,329
Unquoted securities	-	1,614,912	70,205	1,685,117
Derivative assets	-	11,312	-	11,312
	<u>1,581</u>	<u>2,744,621</u>	<u>70,206</u>	<u>2,816,408</u>
Asset for which fair value are disclosed:				
Securities held-to-maturity				
Unquoted securities	-	729,067	-	729,067
Loans, advances and financing	-	792,656	-	792,656
Investment properties				
Residential properties	-	7,093	-	7,093
Office property	-	-	472	472
	<u>-</u>	<u>729,067</u>	<u>472</u>	<u>730,009</u>
Liabilities for which fair values are disclosed:				
Borrowings	-	358,267	-	358,267

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	-	119,855	-	119,855
Quoted securities	222	-	-	222
Unquoted securities	-	19,809	7,065	26,874
Securities available-for-sale				
Money market instruments	-	1,377,383	-	1,377,383
Quoted securities	2,834	-	-	2,834
Unquoted securities	-	1,721,516	80,225	1,801,741
Derivative assets	-	9,743	-	9,743
	<u>3,056</u>	<u>3,248,306</u>	<u>87,290</u>	<u>3,338,652</u>
Asset for which fair value are disclosed:				
Securities held-to-maturity				
Unquoted securities	-	748,778	-	748,778
Loans, advances and financing	-	707,829	-	707,829
Investment properties				
Residential properties	-	7,093	-	7,093
Office property	-	-	472	472
	<u>-</u>	<u>-</u>	<u>472</u>	<u>472</u>
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 30 June 2014				
Financial assets				
Securities held-for-trading				
Money market securities	-	127,568	-	127,568
Quoted securities	252	-	-	252
Unquoted securities	-	36,468	1	36,469
Securities available-for-sale				
Quoted securities	-	-	-	-
Unquoted securities	-	-	5,844	5,844
	<u>252</u>	<u>164,036</u>	<u>5,845</u>	<u>170,133</u>
Asset for which fair value are disclosed:				
Loans, advances and financing	-	59,665	-	59,665
Liabilities for which fair values are disclosed:				
Borrowings	-	358,267	-	358,267
At 31 December 2013				
Financial assets				
Securities held-for-trading				
Money market securities	-	119,855	-	119,855
Quoted securities	222	-	-	222
Unquoted securities	-	19,809	7,065	26,874
Securities available-for-sale				
Quoted securities	1,944	-	-	1,944
Unquoted securities	-	-	7,666	7,666
	<u>2,166</u>	<u>139,664</u>	<u>14,731</u>	<u>36,706</u>
Asset for which fair value are disclosed:				
Loans, advances and financing	-	63,964	-	63,964
Liabilities for which fair values are disclosed:				
Borrowings	-	365,736	-	365,736

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	Securities held-for- trading RM'000	Securities available- for-sale RM'000	Total RM'000
30.6.2014			
Unquoted securities			
At 1 January	7,065	80,225	87,290
Total gains/(losses) recognised in profit or loss:			
Included within interest income	-	548	548
Included within net income from Islamic Banking operation	-	78	78
Included within impairment loss on securities	-	628	628
	-	1,254	1,254
Total gains/(losses) recognised in other comprehensive income	-	(604)	(604)
Additional investment	-	-	-
Settlements	(7,064)	(10,670)	(17,734)
At 30 June	<u>1</u>	<u>70,205</u>	<u>70,206</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	1,464	2,428
Included within net income from Islamic Banking operation	-	261	261
Included within non-interest income	2,505	-	2,505
Included within impairment loss on securities	-	3,703	3,703
	3,469	5,428	8,897
Total gains/(losses) recognised in other comprehensive income	-	456	456
Settlements	-	(75,599)	(75,599)
At 31 December	<u>7,065</u>	<u>80,225</u>	<u>87,290</u>

26. Fair value hierarchy (cont'd)

Company	Securities held-for- trading	Securities available- for-sale	Total
30.6.2014	RM'000	RM'000	RM'000
Unquoted securities			
At 1 January	7,065	7,666	14,731
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	-	(604)	(604)
Settlements	(7,064)	(1,303)	(8,367)
At 30 June	<u>1</u>	<u>5,844</u>	<u>5,845</u>
31.12.2013	Securities held-for- trading	Securities available- for-sale	Total
31.12.2013	RM'000	RM'000	RM'000
Unquoted securities			
At 1 January	3,596	12,988	16,584
Total gains/(losses) recognised in profit or loss:			
Included within interest income	964	194	1,158
Included within non-interest income	2,505	-	2,505
Included within impairment loss on securities	-	(404)	(404)
	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>7,666</u>	<u>14,731</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.

27. Dividends

	Group and Company	
	30 June	31 December
	2014	2013
	RM'000	RM'000
In respect of financial year ended 31 December 2013:		
Single tier interim dividend of 32.18401% on 466,069,913 ordinary shares of RM1.00 each, paid on 12 May 2014	150,000	-

28. Operations of Islamic Banking Business

(a) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Group	
		30 June 2014 RM'000	31 December 2013 RM'000
ASSETS			
	Note		
Cash and short-term funds		179,907	98,681
Deposits and placements with licensed banks and other financial institutions		-	87,800
Securities available-for-sale	28 (c)	1,007,811	1,170,275
Securities held-to-maturity	28 (d)	95,036	95,072
Financing and advances	28 (e)	166,319	95,459
Other assets		6,090	9,371
Deferred tax assets		5,171	4,752
TOTAL ASSETS		1,460,334	1,561,410
LIABILITIES			
Deposits from customers	28 (h)	314,825	441,966
Deposits and placements of banks and other financial institutions	28 (i)	393,435	456,239
Borrowings (unsecured)	13	160,040	160,371
Profit equalisation reserve		11,598	11,372
Other liabilities		21,355	20,573
Provision for taxation and zakat		1,668	926
Amount due to Head Office		6	8,530
TOTAL LIABILITIES		902,927	1,099,977
ISLAMIC BANKING CAPITAL FUNDS			
Funds allocated from Head Office		416,600	336,600
Reserves		140,807	124,833
TOTAL ISLAMIC BANKING CAPITAL FUNDS		557,407	461,433
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		1,460,334	1,561,410

28. **Operations of Islamic Banking Business**

(a) **CONDENSED STATEMENTS OF PROFIT & LOSS FOR THE PERIOD ENDED 30 JUNE 2014**

		Company	
		30 June	31 December
		2014	2013
		RM'000	RM'000
	Note		
ASSETS			
Cash and short-term funds		179,058	98,348
Deposits and placements with licensed banks and other financial institutions		-	87,800
Financing and advances	28 (e)	20,553	12,995
Other assets		291	1,902
Deferred tax assets		96	96
TOTAL ASSETS		<u>199,998</u>	<u>201,141</u>
LIABILITIES			
Borrowings (unsecured)	13	160,040	160,371
Other liabilities		9,762	14,769
Provision for taxation and zakat		551	137
Amount due to Head Office		6	1,051
TOTAL LIABILITIES		<u>170,359</u>	<u>176,328</u>
ISLAMIC BANKING CAPITAL FUNDS			
Funds allocated from Head Office		20,000	20,000
Reserves		9,639	4,813
TOTAL ISLAMIC BANKING CAPITAL FUNDS		<u>29,639</u>	<u>24,813</u>
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		<u>199,998</u>	<u>201,141</u>

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

(b) CONDENSED STATEMENTS OF PROFIT & LOSS FOR THE PERIOD ENDED 30 JUNE 2014

<u>Group</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of depositors funds and others	13,884	13,360	28,223	29,294
Income derived from Government Scheme Funds	4,415	3,011	8,382	5,599
Transfer to profit equalisation reserve	(607)	(1,391)	(607)	(1,391)
Total attributable income	17,692	14,980	35,998	33,502
Income attributable to depositors	(5,894)	(7,381)	(12,850)	(15,317)
Net income attributable to the reporting institution	11,798	7,599	23,148	18,185
Other operating expenses	(3,041)	(2,921)	(5,536)	(5,341)
Operating profit	8,757	4,678	17,612	12,844
Impairment losses on securities	1,338	1	1,338	(66)
Impairment losses on financing and advances	(619)	212	390	271
Finance costs	-	(20)	(1)	(26)
Profit before taxation and zakat	9,476	4,871	19,339	13,023
Taxation	(697)	(438)	(1,651)	(793)
Zakat	(191)	(365)	(456)	(566)
Profit for the period	8,588	4,068	17,232	11,664
<u>Company</u>				
Income derived from investment of depositors funds and others	762	629	1,384	1,294
Income derived from Government Scheme Funds	4,415	3,011	8,382	5,599
Income attributable to the reporting institution	5,177	3,640	9,766	6,893
Other operating expenses	(2,292)	(2,087)	(4,110)	(3,969)
Operating profit	2,885	1,553	5,656	2,924
Impairment (losses) / writeback on financing and advances	(96)	212	950	271
Finance costs	-	(20)	(1)	(26)
Profit before taxation and zakat	2,789	1,745	6,605	3,169
Taxation	(697)	(438)	(1,651)	(793)
Zakat	(54)	(33)	(128)	(61)
Profit for the period	2,038	1,274	4,826	2,315

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

(c) Securities available-for-sale

	Group	
	30 June 2014	31 December 2013
	RM'000	RM'000
At fair value		
Money market instruments:		
Government Investment Issue	100,120	200,546
Bank Negara Monetary Notes	209,367	199,543
Islamic Negotiable Certificate of Deposits	427,614	496,417
	<u>737,101</u>	<u>896,506</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	270,710	273,769
	<u>1,007,811</u>	<u>1,170,275</u>

(d) Securities held-to-maturity

	Group	
	30 June 2014	31 December 2013
	RM'000	RM'000
At amortised cost		
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	95,036	95,072
	<u>95,036</u>	<u>95,072</u>

(e) Financing and advances

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	RM'000	RM'000	RM'000	RM'000
Term financing				
- Islamic hire purchase/leasing	4,316	4,865	4,316	4,865
- Syndicated term financing	146,326	82,464	-	-
- Other term financing	25,947	14,070	25,947	14,070
	<u>176,589</u>	<u>101,399</u>	<u>30,263</u>	<u>18,935</u>
Less: Unearned income	(7,271)	(3,468)	(7,271)	(3,468)
Gross financing and advances	169,318	97,931	22,992	15,467
Less: Impairment provision				
- Collective impairment provision	(714)	(287)	(154)	(287)
- Individual impairment provision	(2,285)	(2,185)	(2,285)	(2,185)
Total net financing and advances	<u>166,319</u>	<u>95,459</u>	<u>20,553</u>	<u>12,995</u>

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

(e) Financing and advances (cont'd)

(i) By contract

Group

	Sale-based contract		Lease-based contract	Total financing and advances RM'000
	Commodity Murabahah RM'000	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
30 June 2014				
Syndicated term financing	146,326	-	-	146,326
Deferred payment sales	-	18,678	-	18,678
Finance lease	-	-	4,314	4,314
	<u>146,326</u>	<u>18,678</u>	<u>4,314</u>	<u>169,318</u>
31 December 2013				
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

	Sale-based contract	Lease-based contract	Total financing and advances RM'000
	Bai Bithaman Ajil RM'000	Al-Ijarah Thumma Al-Bai RM'000	
30 June 2014			
Deferred payment sales	18,678	-	18,678
Finance lease	-	4,314	4,314
	<u>18,678</u>	<u>4,314</u>	<u>22,992</u>
31 December 2013			
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>

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

(e) Financing and advances (cont'd)

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
(ii) By profit rate sensitivity				
Variable rate				
Cost-plus	146,326	82,464	-	-
Fixed rate				
Hire purchase receivables	4,314	4,847	4,314	4,847
Other fixed rate financing	18,678	10,620	18,678	10,620
	<u>169,318</u>	<u>97,931</u>	<u>22,992</u>	<u>15,467</u>
(iii) By economic sector				
Manufacturing	5,542	6,065	5,542	6,065
Wholesale & retail trade and restaurants & hotels	5,831	1,908	5,831	1,908
Transport, storage and communications	85,241	52,652	340	361
Construction	61,425	30,173	-	-
Finance, insurance and business services	10,174	6,526	10,174	6,526
Others	1,105	607	1,105	607
	<u>169,318</u>	<u>97,931</u>	<u>22,992</u>	<u>15,467</u>

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

(e) Financing and advances (cont'd)

(iv) Impaired financing and advances by economic sector

	Group and Company	
	30 June 2014 RM'000	31 December 2013 RM'000
Manufacturing	3,767	3,716
Wholesale & retail trade and restaurants & hotels	-	116
Transport, storage and communications	340	361
Others	395	404
	<u>4,502</u>	<u>4,597</u>

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

(e) Financing and advances (cont'd)

(v) Movements in impaired financing and advances

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At 1 January	4,597	5,786	4,597	5,786
Impaired during the period/year	104	413	104	413
Amount recovered	(199)	(518)	(199)	(518)
Amount written off	-	(1,084)	-	(1,084)
At 30 June/ 31 December	4,502	4,597	4,502	4,597
Less: Individual impairment provision	(2,285)	(2,185)	(2,285)	(2,185)
Net impaired financing and advances	2,217	2,412	2,217	2,412
As % of gross financing and advances less individual impairment allowance	1.33%	2.52%	10.71%	18.16%

(vi) Movements in impairment allowance

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Collective impairment allowance				
At 1 January	287	401	287	401
Amount written back	427	(114)	(133)	(114)
At 30 June/ 31 December	714	287	154	287
As % of gross financing and advances less individual impairment allowance	0.43%	0.30%	0.74%	2.16%

	Group and Company	
	30 June 2014 RM'000	31 December 2013 RM'000
Individual impairment allowance		
At 1 January	2,185	3,294
Impairment made during the period/year	196	273
Impairment allowance written back during the period/year	(93)	(272)
Amount written off	-	(1,098)
Discount unwind	(3)	(12)
At 30 June/ 31 December	2,285	2,185

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

(f) Deposits from customers

	Group	
	30 June 2014 RM'000	31 December 2013 RM'000
(i) By type of deposits		
Mudharabah Fund		
- Fixed/Investment deposits	302,675	383,230
- Others	12,150	58,736
	314,825	441,966
(ii) By type of customers		
Mudharabah Fund		
- Business enterprises	314,825	441,966
	314,825	441,966
(iii) The maturity structure of term deposits is as follows:		
Due within six months	314,825	441,966
	314,825	441,966

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

	Group	
	30 June 2014 RM'000	31 December 2013 RM'000
(i) By type of deposits		
Mudharabah Fund		
- Fixed/Investment deposits	392,493	455,297
- Others	942	942
	393,435	456,239

	Group	
	30 June 2014 RM'000	31 December 2013 RM'000
(ii) By type of customers		
Mudharabah Fund		
- Licensed Islamic banks	70,800	60,400
- Other financial institutions	322,635	395,839
	393,435	456,239

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

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

Income derived from investment of general investment deposits:

	Group			
	Individual		Cumulative	
	Quarter Ended		Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of:				
(i) General investment deposits	10,822	12,729	22,626	27,983
(ii) Other deposits	7,477	3,642	13,979	6,910
	<u>18,299</u>	<u>16,371</u>	<u>36,605</u>	<u>34,893</u>

	Company			
	Individual		Cumulative	
	Quarter Ended		Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of:				
(ii) Other deposits	5,177	3,640	9,766	6,893
	<u>5,177</u>	<u>3,640</u>	<u>9,766</u>	<u>6,893</u>

(i) General investment deposits

	Group and Company			
	Individual		Cumulative	
	Quarter Ended		Quarter Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Finance income and hibah				
Money at call and deposit placements with financial institutions	169	411	330	801
Securities held-for-trading	-	-	-	-
Securities available-for-sale				
- Profit on non-impaired securities	3,712	3,771	7,888	8,855
- Profit from impaired securities	22	67	78	134
Securities held-to-maturity	1,644	130	3,275	259
	<u>5,547</u>	<u>4,379</u>	<u>11,571</u>	<u>10,049</u>
Accretion of discounts less amortisation of premiums	5,275	6,496	11,055	12,724
Total finance income and hibah	<u>10,822</u>	<u>10,875</u>	<u>22,626</u>	<u>22,773</u>
Other operating income				
Net gain on sale of securities available-for-				
- Held-for-trading	-	1,854	-	5,208
- sale	-	-	-	2
- Held-to-maturity	-	-	-	-
Net unrealised loss on revaluation of securities held-for-trading	-	-	-	-
	<u>-</u>	<u>1,854</u>	<u>-</u>	<u>5,210</u>
	<u>10,822</u>	<u>12,729</u>	<u>22,626</u>	<u>27,983</u>

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

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

(ii) Other deposits

	Group			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	7,140	3,331	13,373	6,300
Other operating income				
Fee income	178	146	290	245
Other income	159	165	316	365
	<u>337</u>	<u>311</u>	<u>606</u>	<u>610</u>
	<u>7,477</u>	<u>3,642</u>	<u>13,979</u>	<u>6,910</u>

	Company			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	4,811	3,331	9,131	6,300
Other operating income				
Fee income	208	145	320	229
Other income	158	164	315	364
	<u>366</u>	<u>309</u>	<u>635</u>	<u>593</u>
	<u>5,177</u>	<u>3,640</u>	<u>9,766</u>	<u>6,893</u>

(i) Income attributable to depositors

	Group and Company			
	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Mudharabah Fund				
Deposits from customers	3,084	3,335	6,078	5,984
Deposits and placements of banks and financial institutions	2,810	4,046	6,772	9,333
	<u>5,894</u>	<u>7,381</u>	<u>12,850</u>	<u>15,317</u>

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

(j) Capital adequacy

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

	Group		Company	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 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
Available-for-sale reserve	(6,696)	(5,440)	-	-
Profit equalisation reserve	8,799	8,723	-	-
Retained profits	138,704	121,550	9,639	4,813
Regulatory adjustments of CET1	557,407	461,433	29,639	24,813
Less:Regulatory adjustment	(13,970)	(13,475)	(96)	(96)
Total Tier-I capital	543,437	447,958	29,543	24,717
Eligible collective impairment allowance	560	-	-	-
Total Tier-II capital	560	-	-	-
Total capital	543,997	447,958	29,543	24,717
CET1 Capital	106.113%	92.213%	35.276%	31.786%
Tier 1 Capital	106.113%	92.213%	35.276%	31.786%
Total Capital	106.223%	92.213%	35.276%	31.786%

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

	Group			
	30 June 2014		31 December 2013	
	Notional amount RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Risk- weighted amount RM'000
0%	415,394	-	506,086	-
20%	776,430	155,286	853,528	170,706
50%	930	465	4,625	2,313
100%	290,172	290,172	250,917	250,917
Total risk weighted assets for credit risk	1,482,926	445,923	1,615,156	423,936
Total risk weighted assets equivalent for market risk	-	-	-	-
Total risk weighted assets equivalent for operational risk	-	66,206	-	61,851
	1,482,926	512,129	1,615,156	485,787

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

(j) Capital adequacy (cont'd)

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

	Company		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	-	-	-	-
20%	179,058	35,812	186,148	37,230
50%	-	-	2,412	1,206
100%	20,844	20,844	12,772	12,772
Total risk-weighted assets for credit risk	199,902	56,656	201,332	51,208
Total risk-weighted assets equivalent for market risk	-	-	-	-
Total risk-weighted assets equivalent for operational risk	-	27,093	-	26,552
	199,902	83,749	201,332	77,760

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL REPORT

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 six months ended 30th June 2014, as set out on pages 1 to 51, 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 30th June 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

24 July 2014