

Unaudited Interim Financial Report

Condensed consolidated statement of financial position
As at 30 June 2012

	Note	Group		Bank	
		30 June 2012 RM'000	31 December 2011 RM'000 Restated	30 June 2012 RM'000	31 December 2011 RM'000 Restated
Assets					
Cash and short-term funds	6	162,074	63,133	162,054	61,927
Securities held-for-trading	7	1,396,162	27,273	1,396,162	27,273
Securities available-for-sale	8	2,679,131	4,269,565	2,679,131	4,269,565
Securities held-to-maturity	9	393,282	389,068	393,282	389,068
Loans and advances	10	217,932	284,949	217,932	284,949
Derivative assets	11	-	131	-	131
Other assets	12	192,868	162,439	192,878	163,616
Statutory deposits with Bank Negara Malaysia		97,658	171,496	97,658	171,496
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		1,455	1,941	1,455	1,941
Intangible assets		2,300	2,300	2,300	2,300
Deferred tax assets		5,038	15,957	5,038	15,957
Total assets		5,147,900	5,388,252	5,147,890	5,388,223
Liabilities					
Deposits from customers	13	2,010,126	1,955,629	2,010,126	1,955,629
Deposits and placements of banks and other financial institutions	14	2,118,590	2,516,543	2,118,590	2,516,543
Derivative liabilities	11	4,172	1,450	4,172	1,450
Other liabilities	15	223,224	131,448	223,242	131,445
Provision for zakat		538	641	538	641
Total liabilities		4,356,650	4,605,711	4,356,668	4,605,708
Equity					
Share capital		156,500	156,500	156,500	156,500
Reserves:					
Share premium		362,611	362,611	362,611	362,611
Statutory reserve		126,520	126,520	126,520	126,520
Regulatory reserve		1,368	-	1,368	-
Profit equalisation reserve		7,912	-	7,912	-
Securities available-for-sale reserve		17,378	39,344	17,378	39,344
Retained earnings		118,961	97,566	118,933	97,540
Total equity		791,250	782,541	791,222	782,515
Total liabilities and equity		5,147,900	5,388,252	5,147,890	5,388,223
Commitments and contingencies	25	990,433	365,667	990,433	365,667
Net assets per share (RM)		5.06	5.00	5.06	5.00

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed consolidated income statement
For the six months ended 30 June 2012

Group	Note	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating revenue		84,692	57,186	182,953	102,380
Interest income	16	39,453	33,700	80,974	61,825
Interest expense	17	(25,186)	(18,700)	(52,969)	(34,277)
Net interest income		14,267	15,000	28,005	27,548
Net income from Islamic Banking operation	30	16,229	4,531	21,887	7,768
Non-interest income	18	17,422	10,673	59,611	20,358
		47,918	30,204	109,503	55,674
Operating expenses	19	(12,904)	(9,634)	(25,419)	(19,510)
Operating profit		35,014	20,570	84,084	36,164
Impairment loss on loans and advances	20	(14,126)	(8,550)	(13,481)	(6,681)
Impairment loss on other assets	21	(321)	276	(296)	134
Impairment loss on securities	22	1,113	(1,016)	2,668	(2,246)
Profit before taxation and zakat		21,680	11,280	72,975	27,371
Taxation	23	(5,342)	(2,820)	(18,246)	(6,840)
Zakat		(409)	(109)	(539)	(180)
Profit for the period attributable to the shareholder of the Bank		15,929	8,351	54,190	20,351
Earnings per ordinary share (sen) - Basic and diluted	24	10.28	5.39	34.96	13.13

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed consolidated statement of comprehensive income
 For the six months ended 30 June 2012

Group	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the period attributable to the shareholder of the Bank	15,929	8,351	54,190	20,351
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gains	-	-	-	-
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	(28,618)	(940)	(35,133)	(1,766)
Net unrealised (loss)/gain on revaluation of securities available-for-sale	15,729	10,916	13,167	12,049
Total other comprehensive income for the period, net of tax	(12,889)	9,976	(21,966)	10,283
Comprehensive income for the period	3,040	18,327	32,224	30,634

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed income statement
For the six months ended 30 June 2012

Bank	Note	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating revenue		84,690	57,182	182,943	102,366
Interest income	16	39,453	33,700	80,974	61,825
Interest expense	17	(25,186)	(18,700)	(52,969)	(34,277)
Net interest income		14,267	15,000	28,005	27,548
Net income from Islamic Banking operation	30	16,229	4,531	21,887	7,768
Non-interest income	18	17,420	10,669	59,601	20,344
		47,916	30,200	109,493	55,660
Operating expenses	19	(12,902)	(9,631)	(25,415)	(19,507)
Operating profit		35,014	20,569	84,078	36,153
Impairment loss on loans and advances	20	(14,126)	(8,550)	(13,481)	(6,681)
Impairment loss on other assets	21	(321)	276	(296)	134
Impairment loss on securities	22	1,113	(1,016)	2,668	(2,246)
Profit before taxation and zakat		21,680	11,279	72,969	27,360
Taxation	23	(5,342)	(2,820)	(18,242)	(6,840)
Zakat		(409)	(109)	(539)	(180)
Profit for the period attributable to the shareholder of the Bank		15,929	8,350	54,188	20,340
Earnings per ordinary share (sen) - Basic and diluted	24	10.28	5.39	34.96	13.12

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed statement of comprehensive income
 For the six months ended 30 June 2012

Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the period attributable to the shareholder of the Bank	15,929	8,350	54,188	20,340
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gains	-	-	-	-
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	(28,618)	(940)	(35,133)	(1,766)
Net unrealised (loss)/gain on revaluation of securities available-for-sale	15,729	10,916	13,167	12,049
Total other comprehensive income for the period, net of tax	(12,889)	9,976	(21,966)	10,283
Comprehensive income for the period	3,040	18,326	32,222	30,623

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2012

Group	----- Non-distributable -----					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve* RM'000	Regulatory reserve^ RM'000	Profit equalisation reserve RM'000	Securities available-for-sale reserve# RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012	156,500	362,611	126,520	-	-	39,344	97,566	782,541
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	-	-	-	-	-	(35,133)	-	(35,133)
Net unrealised (loss)/gain on revaluation of securities available-for-sale	-	-	-	-	-	13,167	-	13,167
Total other comprehensive income for the period	-	-	-	-	-	(21,966)	-	(21,966)
Profit for the period	-	-	-	-	-	-	54,190	54,190
Comprehensive income for the period	-	-	-	-	-	(21,966)	54,190	32,224
<i>Contributions by and distributions to owners of the Company</i>								
Transfer to								
statutory reserve	-	-	-	-	-	-	-	-
Regulatory reserve	-	-	-	1,368	-	-	-	1,368
Profit equalisation reserve	-	-	-	-	7,912	-	-	7,912
Dividends	-	-	-	-	-	-	(32,795)	(32,795)
Total transactions with owners of the Company	-	-	-	1,368	7,912	-	(32,795)	(23,515)
As at 30 June 2012	156,500	362,611	126,520	1,368	7,912	17,378	118,961	791,250

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

^ The regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2012.

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 Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2012 (cont'd)

Group	----- Non-distributable -----					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve* RM'000	Regulatory reserve^ RM'000	Profit equalisation reserve RM'000	Securities available-for-sale reserve# RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011	156,500	362,611	115,520	-	-	10,265	64,722	709,618
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-
Net realised gain transferred to profit or loss on disposal of securities available-for-sale	-	-	-	-	-	(1,766)	-	(1,766)
Net unrealised (loss)/ gain on revaluation of securities available-for-sale	-	-	-	-	-	12,049	-	12,049
Total other comprehensive income for the period	-	-	-	-	-	10,283	-	10,283
Profit for the period	-	-	-	-	-	-	20,351	20,351
Comprehensive income for the period	-	-	-	-	-	10,283	20,351	30,634
<i>Contributions by and distributions to owners of the Company</i>								
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Regulatory reserve	-	-	-	-	-	-	-	-
Profit equalisation reserve	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-
At 30 June 2011	156,500	362,611	115,520	-	-	20,548	85,073	740,252

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

^ The regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2012.

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 Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed statement of changes in equity
For the six months ended 30 June 2012

Bank	----- Non-distributable -----					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve [*] RM'000	Regulatory reserve [^] RM'000	Profit equalisation reserve RM'000	Securities available-for-sale reserve [#] RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012	156,500	362,611	126,520	-	-	39,344	97,540	782,515
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-
Net realised gain transferred to profit or loss on disposal of securities available for sale	-	-	-	-	-	(35,133)	-	(35,133)
Net unrealised (loss)/ gain on revaluation of securities available-for-sale	-	-	-	-	-	13,167	-	13,167
Total other comprehensive income for the period	-	-	-	-	-	(21,966)	-	(21,966)
Profit for the period	-	-	-	-	-	-	54,188	54,188
Comprehensive period income for the	-	-	-	-	-	(21,966)	54,188	32,222
<i>Contributions by and distributions to owners of the Company</i>								
Transfer to								
statutory reserve	-	-	-	-	-	-	-	-
Regulatory reserve	-	-	-	1,368	-	-	-	1,368
Profit equalisation reserve	-	-	-	-	7,912	-	-	7,912
Dividends	-	-	-	-	-	-	(32,795)	(32,795)
Total transactions with owners of the Company	-	-	-	1,368	7,912	-	(32,795)	(23,515)
As at 30 June 2012	156,500	362,611	126,520	1,368	7,912	17,378	118,933	791,222

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

[^] The regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2012.

[#] 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 Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed statement of changes in equity
For the six months ended 30 June 2012 (cont'd)

Bank	----- Non-distributable -----					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve* RM'000	Regulatory reserve^ RM'000	Profit equalisation reserve RM'000	Securities available-for-sale reserve# RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011	156,500	362,611	115,520	-	-	10,265	64,706	709,602
Defined benefit plan actuarial gain	-	-	-	-	-	-	-	-
Net realised gain transferred to profit or loss on disposal of securities available sale	-	-	-	-	-	(1,766)	-	(1,766)
Net unrealised (loss)/ gain on revaluation of securities available-for-sale	-	-	-	-	-	12,049	-	12,049
Total other comprehensive income for the period	-	-	-	-	-	10,283	-	10,283
Profit for the period	-	-	-	-	-	-	20,340	20,340
Comprehensive income for the period	-	-	-	-	-	10,283	20,340	30,623
<i>Contributions by and distributions to owners of the Company</i>								
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Regulatory reserve	-	-	-	-	-	-	-	-
Profit equalisation reserve	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-
At 30 June 2011	156,500	362,611	115,520	-	-	20,548	85,046	740,225

* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends.

^ The regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 139 beginning 1 January 2012.

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 Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Condensed statements of cash flows
For the six months ended 30 June 2012

	Group 30 June		Bank 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation and zakat	72,975	27,371	72,969	27,360
Adjustments for non-cash items	(89,655)	(26,804)	(89,815)	(26,804)
Operating profit before changes in working capital	(16,680)	567	(16,846)	556
Changes in working capital:				
Net changes in operating assets	392,227	(1,886,100)	393,416	(1,886,009)
Net changes in operating liabilities	(242,299)	1,704,049	(242,281)	1,704,008
Net cash (used in)/generated from operating activities	133,248	(181,484)	134,289	(181,445)
Net cash used in investing activities	68	(95)	212	(95)
Net cash generated from financing activities	(32,795)	-	(32,795)	-
Net change in cash and cash equivalents	100,521	(181,579)	101,706	(181,540)
Cash and cash equivalents at beginning of the period	57,683	310,751	56,477	310,634
Cash and cash equivalents at end of the period	158,204	129,172	158,183	129,094

Cash and cash equivalents comprise:

	Group 30 June		Bank 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and short-term funds	162,074	126,086	162,054	126,008
Deposits and placements with licensed banks and other financial institutions	-	-	-	-
Less: Monies held in trust	(3,871)	(5,774)	(3,871)	(5,774)
	158,203	120,312	158,183	120,234

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.

Unaudited Interim Financial Report

Explanatory Notes Pursuant to Bank Negara Malaysia Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8")-Guidelines on Financial Reporting for Banking Institutions

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") as modified by Bank Negara Malaysia ("BNM") Guidelines and 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 Bank for the financial year ended 31 December 2011.

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 Bank since the financial year ended 31 December 2011.

These are the Group's and the Bank's condensed interim financial statements for part of the period covered by the Group and the Bank's first Malaysian Financial Reporting Standards ("MFRS") framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group and the Bank is provided in Note 31.

The Group and the Bank have early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the separate income statement and statement of comprehensive income.

2. Significant accounting policies

Except as described below, the accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements for the year ended 31 December 2011.

Upon transition to MFRSs, the Group and the Bank elected to apply the optional exemption to re-designate certain recognised financial assets to "available for sale" as allowed under MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards at date of transition. The impact is disclosed in Explanation of transition to MFRSs Note.

New/revised Bank Negara Malaysia ("BNM") Guideline effective from financial period commencing 1 January 2012

The Group has adopted the BNM's Revised Guidelines on Profit Equalisation Reserve ("PER Guidelines") issued in May 2011. The adoption is effected prospectively from 1 January 2012.

Accounting policy for Profit equalisation reserve ("PER")

PER is the amount appropriated out of the total gross income in order to maintain a certain level of return to depositors in conformity with Bank Negara Malaysia's "The Framework of the Rate of Return" (BNM/GP2-i). PER is appropriated from and written back to the total gross income in deriving the net distributable gross income. This amount appropriated is shared by the depositors and the Group. The PER is deducted at a rate which does not exceed the maximum amount of the total of 15% of monthly gross income, monthly net trading income, other income and irregular income. PER is maintained up to the maximum of 30% of the total capital fund.

Unaudited Interim Financial Report

2. Significant accounting policies (cont'd)

Accounting policy for Profit equalisation reserve ("PER") (cont'd)

With the issuance of BNM's Revised Guidelines for PER in May 2011, the PER is accounted for as follows:

- (a) The creation of PER establishes an obligation to manage distribution to the Investment Account Holders ("IAH") from Shariah perspective. The PER of the IAH is classified as liability and recognised at cost. The subsequent apportionments of profit to the IAH are recognised in the income statements. The eventual distribution of PER as profit distributable to IAH will be treated as an outflow of funds due to the settlement of obligation to the IAH; and
- (b) The PER of the Islamic Banking Institution ("IBI") is allocated from retained profits and classified as separate reserve in equity and is non-distributable. Subsequent apportionment from and distributions to retained profits are treated as transfer between reserve.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

4. Performance review

The Group and the Bank recorded a higher pre-tax profit of RM21.7 million for the 2nd quarter ended 30th June 2012 which is an increase by 92% when compared to pre-tax profit of RM11.3 million recorded in the corresponding quarter ended 30th June 2011. The higher earnings are mainly due to an increase in gains on disposal of securities available-for-sale.

The pre-tax profit for the six months period ended 30th June 2012 amounted to RM73.0 million, an increase of 167% when compared to pre-tax profit of RM27.4 million recorded in the previous corresponding six months period ended 30th June 2011. The higher earnings are mainly due to an increase in gains on disposal of securities available-for-sale.

Unaudited Interim Financial Report

5. Prospects for 2012

The macroeconomic situation of the world is heading into a challenging phase. This is taking its toll on Malaysia as real GDP growth for 2012 appears to be settling at the lower bound of the official forecast range of 4.0-5.0%.

The world's attention is still on Europe with its lingering sovereign debt problems. The unemployment rate in the Eurozone hit a record high 11.1% in May and the number is set to increase. Consensus expectation is that a major part of Europe is heading towards recession, with a few countries, notably Greece, Portugal, Spain and Italy, already in the midst of a declining national income.

In the U.S, after an encouraging period of recovery, the economy is showing signs of a relapse. Production is slowing down and unemployment rate is creeping up again. The Federal Reserve recently reduced its GDP growth forecast for 2012 from 2.9% to 2.4%, while raising its forecast of unemployment rate to 8.5% by the end of the year, from 8.0%.

The price trend of local financial assets, especially bonds and equity, continues to be influenced by the large overhang of foreign liquidity in the system. There is still significant foreign interest in ringgit-denominated assets as reflected by the fact that risk-free yields have eased and the KLCI charting new highs. However, there is also growing cognizance of the risk associated with a sudden withdrawal of this "hot money".

Amid an uncertain macroeconomic scenario, the Bank is optimistic that its business performance will be better in 2012. This is partly attributable to the internal reorganization initiative undertaken last year when the focus of business units has been sharpened while internal processes rationalized.

Capability-building continues unabated throughout the Bank, especially in the frontline. More effort, attention and resources are being channeled towards talent development and retention. With the right talent base, the Bank is now undertaking and bidding for more demanding and challenging jobs, especially in advisory activities for corporate actions.

Meanwhile, fund-based activities continue to be supported by the low and stable interest rate environment.

The fall in bond yields in the first 2 months of the year was followed briefly by an uptick of about 20-30 b.p. Since then, yields have backed down again, and stayed in a tight trading range, amidst uncertainty over global weak economic conditions.

The bank had taken this opportunity to liquidate almost all of its holdings of long-term government bonds, with a view to replenishing the portfolio later, when opportune. In the interim, the bank seeks every available opportunity to acquire the higher yielding PDS, especially those that are government guaranteed. The effort to obtain this yield pick-up, however, has been hampered somewhat with the rather slow and low supply of new issuances.

Short-term funding rates have hardly moved, and there is ample liquidity in the market. Nevertheless, the bank has added its lock-in positions in interest rate swaps, in line with its strategy to improve control of interest rate risk in the Banking Book.

Unaudited Interim Financial Report

6. Cash and short-term funds

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Cash and balances with banks and other financial institutions	46,603	12,803	46,583	11,597
Money at call and deposit placements maturing within one month	115,471	50,330	115,471	50,330
	<u>162,074</u>	<u>63,133</u>	<u>162,054</u>	<u>61,927</u>

Included in cash and short-term funds of the Group and of the Bank are dealer's representatives' and clients' monies held in trust of approximately RM310,000 (2011: RM346,000) and RM3,561,000 (2011: RM6,084,000) respectively.

7. Securities held-for-trading

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	1,016,041	-
Other Acceptances Discounted	368,154	17,294
	<u>1,384,195</u>	<u>17,294</u>
Unquoted securities in Malaysia:		
Private Debt Securities	11,967	9,979
	<u>1,396,162</u>	<u>27,273</u>

Unaudited Interim Financial Report

8. Securities available-for-sale

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000 Restated
At fair value		
Money market instruments:		
Malaysian Government Securities	3,444	683,194
Government Investment Issues	191,095	1,762,071
Other Acceptances Discounted	102,593	74,906
Negotiable Instruments of Deposit	458,063	149,464
	<u>755,195</u>	<u>2,669,635</u>
Quoted securities in Malaysia:		
Shares and Warrants	20,885	13,062
Unquoted securities in Malaysia:		
Private Debt Securities	1,892,251	1,576,091
Loan Stocks	10,043	10,020
	<u>1,902,294</u>	<u>1,586,111</u>
At cost		
Unquoted securities in Malaysia:		
Shares	757	757
	<u>2,679,131</u>	<u>4,269,565</u>

9. Securities held-to-maturity

	Note	Group and Bank	
		30 June 2012 RM'000	31 December 2011 RM'000 Restated
At amortised cost			
Unquoted securities in Malaysia:			
Private Debt Securities		415,450	411,236
		<u>415,450</u>	<u>411,236</u>
Less: Individual impairment allowance	(a)	(22,168)	(22,168)
		<u>393,282</u>	<u>389,068</u>

Unaudited Interim Financial Report

9. Securities held-to-maturity (cont'd)

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

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	(22,168)	(25,975)
Amount written back	-	3,807
At 30 June/31 December	<u>(22,168)</u>	<u>(22,168)</u>

10. Loans and advances

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Term loans		
Syndicated term loans	88,248	89,291
Other term loans	69,534	76,743
Staff loans	933	977
Revolving credits	126,941	134,455
Margin accounts	27,341	65,513
Gross loans and advances	<u>312,997</u>	<u>366,979</u>
Less: Impairment allowances		
- Collective impairment allowance	(4,448)	(5,816)
- Individual impairment allowance	(90,617)	(76,214)
Total net loans and advances	<u>217,932</u>	<u>284,949</u>

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

(a) Gross loans and advances

(i) By type of customer

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Domestic business enterprises	297,658	314,963
Individuals	15,339	52,016
Gross loans and advances	<u>312,997</u>	<u>366,979</u>

Unaudited Interim Financial Report

10. Loans and advances (cont'd)

(a) Gross loans and advances (cont'd)

(ii) By interest rate sensitivity

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Fixed rate		
Staff loans	933	977
Other fixed rate loan	27,341	65,513
Variable rate		
Cost-plus	284,723	300,489
Gross loans and advances	<u>312,997</u>	<u>366,979</u>

(iii) By economic sector

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Mining and quarrying	16,636	19,647
Manufacturing	117,522	119,524
Construction	3,870	11,602
Wholesale & retail trade and restaurants & hotels	15,882	17,533
Transport, storage and communications	7,014	7,016
Finance, insurance and business services	136,643	139,642
Others	15,430	52,015
Gross loans and advances	<u>312,997</u>	<u>366,979</u>

(b) Impaired loans ("ILs") and advances

(i) ILs by economic sector:

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Manufacturing	92,947	92,947
Construction	3,870	11,602
Wholesale & retail trade and restaurants & hotels	15,882	17,271
Finance, insurance and business services	3,072	3,087
Others	595	571
	<u>116,366</u>	<u>125,478</u>

Unaudited Interim Financial Report

10. Loans and advances (cont'd)

(b) Impaired loans ("ILs") and advances (cont'd)

(ii) Movements in ILs are as follows:

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	125,478	131,878
Classified as impaired during the period/year	24	22,546
Amount recovered	(9,136)	(28,946)
At 30 June/31 December	116,366	125,478
Less: Individual impairment allowance	(90,617)	(76,214)
Net ILs	25,749	49,264
Ratio of net ILs to gross loans and advances less individual impairment allowance	11.58%	16.94%

(iii) Movements in impairment allowances

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Collective impairment allowance		
At 1 January	5,816	4,026
Impairment (write back)/made during the period/year	-	1,790
Transfer to regulatory reserve	(1,368)	-
At 30 June/31 December	4,448	5,816
As % of gross loans and advances less individual impairment allowance	2.00%	2.00%

Included in collective impairment allowance of the Group and the Bank is RM515,000 (2011: RM985,000) relating to impaired loans and advances in which individual impairment provision are not required due to sufficient security cover.

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Individual impairment allowance		
At 1 January	76,214	52,774
Impairment (write back)/made during the period/year	14,658	24,518
Discount unwind	(256)	(1,078)
At 30 June/31 December	90,617	76,214

Unaudited Interim Financial Report

10. Loans and advances (cont'd)

(c) Maturity profile of loans and advances as at reporting date based on the remaining contractual maturity

Group and Bank	On demand RM'000	Under 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 to 5 years RM'000	> 5 years RM'000	Total RM'000
30 June 2012							
Loans and advances	21,985	143,813	-	784	47,261	4,089	217,932
31 December 2011							
Loans and advances	30,391	181,249	-	2,369	52,170	18,770	284,949

11. Derivative assets/liabilities

Group and Bank	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Derivative assets	-	131
Derivative liabilities	(4,172)	(1,450)
	<u>(4,172)</u>	<u>(1,319)</u>

Group and Bank	Contract or underlying principal amount RM'000	Fair value	
		Positive RM'000	Negative RM'000
30 June 2012			
Interest rate related derivatives:			
- Interest rate swaps	800,000	-	(4,172)
			<u>(4,172)</u>
31 December 2011			
Interest rate related derivatives:			
- Interest rate swaps	200,000	131	(1,450)
			<u>(1,319)</u>

Unaudited Interim Financial Report

12. Other assets

	Note	Group		Bank	
		30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Other debtors, deposits and prepayments		37,541	32,986	37,541	32,986
Tax recoverable		177	137	177	135
Interest/profit receivables		40,405	66,156	40,405	66,156
Amount due from brokers and clients	(a)	144,341	92,486	144,341	92,486
Amount due from related companies	(b)	18	7	18	7
Amount due from subsidiaries	(c)	-	-	10	1,179
		<u>222,482</u>	<u>191,772</u>	<u>222,492</u>	<u>192,949</u>
Less: Individual impairment allowance	(d)	(29,614)	(29,333)	(29,614)	(29,333)
		<u>192,868</u>	<u>162,439</u>	<u>192,878</u>	<u>163,616</u>

(a) Amount due from brokers and clients

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Brokers	74,178	60,275
Clients	72,742	34,775
	<u>146,920</u>	<u>95,050</u>
Less: Individual impairment allowance	(2,579)	(2,564)
	<u>144,341</u>	<u>92,486</u>

Clients' and brokers' debit balances arose from trading of securities through the Bank which are not yet due for settlement as at reporting date, under the Rules of Bursa Malaysia Securities Berhad.

Included in amount due from clients are impaired accounts amounting to RM2,588,000 (2011: RM2,591,000).

Movements in individual impairment allowance on amount due from clients:

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	(2,564)	(2,466)
Impairment made during the period/year	(18)	(894)
Amount written back	3	796
Amount written off	-	-
At 30 June/31 December	<u>(2,579)</u>	<u>(2,564)</u>

The allowance made is in compliance with Rule 1104.1 of Bursa Malaysia Securities Berhad.

Unaudited Interim Financial Report

12. Other assets (cont'd)

- (b) The amount due from related companies is non-trade in nature, unsecured, interest-free and is repayable on demand.
- (c) The amount due from subsidiaries arose mainly from expenses paid on behalf of the subsidiaries. This amount is non-trade in nature, unsecured, interest-free and is repayable on demand.
- (d) Movements in individual impairment allowance:

Group and Bank	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	(29,333)	(27,353)
Impairment made during the period/year	(333)	(2,585)
Amount written back	52	576
Amount written off	-	29
At 30 June/31 December	<u>(29,614)</u>	<u>(29,333)</u>

13. Deposits from customers

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
(a) By type of deposit		
Call deposits	119,195	97,672
Fixed deposits	1,890,931	1,857,957
	<u>2,010,126</u>	<u>1,955,629</u>
(b) By type of customer		
Business enterprises	2,006,727	1,952,044
Government and statutory bodies	2,000	2,000
Individual	1,399	1,585
	<u>2,010,126</u>	<u>1,955,629</u>
(c) Maturity profile of deposits from customers as at reporting date based on the remaining contractual maturity		

Group and Bank	On demand RM'000	Under 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 to 5 years RM'000	> 5 years RM'000	Total RM'000
30 June 2012							
Deposits from customers	119,195	1,548,070	329,866	12,995	-	-	2,010,126
31 December 2011							
Deposits from customers	97,672	1,479,918	373,590	4,449	-	-	1,955,629

Unaudited Interim Financial Report

14. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
(a) Call deposits		
- Other financial institutions	162,453	152,452
(b) Fixed deposits		
- Licensed Islamic banks	-	127,800
- Licensed commercial banks	80,000	710,000
- Licensed investment banks	-	69,700
- Other financial institutions	1,706,137	1,386,591
	<u>1,786,137</u>	<u>2,294,091</u>
(c) Negotiable instruments deposits issued		
- Licensed banks	170,000	70,000
	<u>170,000</u>	<u>70,000</u>
	<u>2,118,590</u>	<u>2,516,543</u>

(d) Maturity profile of deposits and placements of banks and other financial institutions as at reporting date based on remaining contractual maturity

Group and Bank	On demand RM'000	Under 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 to 5 years RM'000	> 5 years RM'000	Total RM'000
30 June 2012							
Deposits and placements of banks and other financial institutions	162,453	1,163,425	519,283	273,429	-	-	2,118,590
31 December 2011							
Deposits and placements of banks and other financial institutions	152,452	1,756,611	553,230	54,250	-	-	2,516,543

Unaudited Interim Financial Report

15. Other liabilities

	Note	Group		Bank	
		30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Interest/profit payables		12,270	4,523	12,270	4,523
Accrued liabilities and other payables*		47,224	14,885	47,224	14,883
Amount due to brokers and clients	(a)	152,277	94,880	152,277	94,880
Profit equalisation reserve		8,853	14,783	8,853	14,783
Employee benefits		1,089	1,016	1,089	1,016
Amount due to immediate holding company	(b)	1,511	1,361	1,509	1,360
Amount due to subsidiary	(b)	-	-	20	-
		<u>223,224</u>	<u>131,448</u>	<u>223,242</u>	<u>131,445</u>

* Included in the above is a proposed interim dividend by the Board of 900% on 13,500,000 non-cumulative perpetual preference shares of RM1.00 each less 25% taxation amounting to RM10,125,000 and 19.5% on 30,225,000 ordinary shares of RM1.00 each less 25% taxation amounting to RM22,668,750, subject to the approval of Bank Negara Malaysia.

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
(a) Amount due to brokers and clients		
Brokers	14,617	12,556
Clients	135,565	79,077
Margin clients	17	298
Trust monies	1,283	2,197
Collateralised clients' deposits	795	752
	<u>152,277</u>	<u>94,880</u>

Clients' and brokers' credit balances arose from trading of securities through the Bank which are not yet due for settlement as at financial year end, under the Rules of Bursa Malaysia Securities Berhad.

(b) The amount due to immediate holding company and subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

Unaudited Interim Financial Report

16. Interest income

Group and Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-impaired loans	3,664	4,356	7,340	6,933
- Interest income on impaired loans ("ILs")	128	283	256	568
Money at call and deposit placements with financial institutions	1,396	1,331	3,987	4,849
Securities held-for-trading	-	169	-	361
Securities available-for-sale				
- Interest income on non-impaired securities	19,574	8,461	44,156	16,647
- Interest income on impaired securities	492	245	967	487
Securities held-to-maturity	4,720	12,161	11,997	17,743
Derivative instruments	9	-	9	-
	<u>29,983</u>	<u>27,006</u>	<u>68,712</u>	<u>47,588</u>
Accretion of discount less amortisation of premium	9,470	6,694	12,262	14,237
	<u>39,453</u>	<u>33,700</u>	<u>80,974</u>	<u>61,825</u>

17. Interest expense

Group and Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	13,306	8,937	28,127	15,336
Deposits from customers	11,683	9,763	24,539	18,941
Derivative instruments	197	-	303	-
	<u>25,186</u>	<u>18,700</u>	<u>52,969</u>	<u>34,277</u>

Unaudited Interim Financial Report

18. Non-interest income

Group	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	226	394	429	817
Corporate advisory fees	530	1,315	1,105	1,765
Underwriting fees	574	666	1,059	1,042
Management fees	-	90	-	90
Brokerage commission	5,846	6,993	11,325	14,423
Other fee income	170	387	361	585
	<u>7,346</u>	<u>9,845</u>	<u>14,279</u>	<u>18,722</u>
Investment income/(loss):				
Net gain on sale of securities held-for-trading	27	501	29	571
Net (loss)/gain on sale of securities available-for-sale	15,498	480	47,578	1,265
Net unrealised gain on revaluation of securities held-for-trading	171	1	79	9
Net unrealised loss on revaluation of derivative instruments	(5,880)	(576)	(2,852)	(891)
	<u>9,816</u>	<u>406</u>	<u>44,834</u>	<u>954</u>
Gross dividends from:				
Securities available-for-sale	175	147	335	302
Other income:				
Gain on disposal of property, plant and equipment	23	-	23	-
Others	62	275	140	380
	<u>85</u>	<u>275</u>	<u>163</u>	<u>380</u>
	<u>17,422</u>	<u>10,673</u>	<u>59,611</u>	<u>20,358</u>

Unaudited Interim Financial Report

18. Non-interest income

Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fee income:				
Fees on loans and advances	226	394	429	817
Corporate advisory fees	530	1,315	1,105	1,765
Underwriting fees	574	666	1,059	1,042
Management fees	-	90	-	90
Brokerage commission	5,846	6,993	11,325	14,423
Other fee income	169	383	353	571
	<u>7,345</u>	<u>9,841</u>	<u>14,271</u>	<u>18,708</u>
Investment income/(loss):				
Net gain on sale of securities held-for-trading	27	501	29	571
Net (loss)/gain on sale of securities available-for-sale	15,498	480	47,578	1,265
Net unrealised gain on revaluation of securities held-for-trading	171	1	79	9
Net unrealised loss on revaluation of derivative instruments	(5,880)	(576)	(2,852)	(891)
	<u>9,816</u>	<u>406</u>	<u>44,834</u>	<u>954</u>
Gross dividends from:				
Securities available-for-sale	<u>175</u>	<u>147</u>	<u>335</u>	<u>302</u>
Other income:				
Gain on disposal of property, plant and equipment	23	-	23	-
Others	61	275	138	380
	<u>84</u>	<u>275</u>	<u>161</u>	<u>380</u>
	<u>17,420</u>	<u>10,669</u>	<u>59,601</u>	<u>20,344</u>

Unaudited Interim Financial Report

19. Operating expenses

Group	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(i) Personnel expenses:				
Wages, salaries and bonuses	6,723	3,592	12,791	8,130
Employees' benefits	(35)	34	74	67
Social security costs	25	25	48	48
Defined contribution plans	847	740	1,749	1,436
Other staff related expenses	395	359	1,171	556
	<u>7,955</u>	<u>4,750</u>	<u>15,833</u>	<u>10,237</u>
(ii) Establishment related expenses:				
Depreciation	310	386	616	803
Rental	624	597	1,257	1,193
Hire of equipment	13	24	30	44
Others	659	513	1,308	810
	<u>1,606</u>	<u>1,520</u>	<u>3,211</u>	<u>2,850</u>
(iii) Promotion and marketing related expenses:				
Advertisement & publicity	35	56	69	84
Others	494	281	865	562
	<u>529</u>	<u>337</u>	<u>934</u>	<u>646</u>
(iv) General administrative expenses:				
Communication expenses	51	29	108	97
Audit fees	50	52	104	98
Directors meeting allowances	188	83	411	104
Management fees	1,537	1,615	2,990	3,183
Securities Commission's levy	274	324	543	644
Others	714	924	1,285	1,651
	<u>2,814</u>	<u>3,027</u>	<u>5,441</u>	<u>5,777</u>
	<u>12,904</u>	<u>9,634</u>	<u>25,419</u>	<u>19,510</u>

Unaudited Interim Financial Report

19. Operating expenses

Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(i) Personnel expenses:				
Wages, salaries and bonuses	6,723	3,592	12,791	8,130
Employees' benefits	(35)	34	74	67
Social security costs	25	25	48	48
Defined contribution plans	847	740	1,749	1,436
Other staff related expenses	395	359	1,171	556
	<u>7,955</u>	<u>4,750</u>	<u>15,833</u>	<u>10,237</u>
(ii) Establishment related expenses:				
Depreciation	310	386	616	803
Rental	624	597	1,257	1,193
Hire of equipment	13	24	30	44
Others	659	513	1,308	810
	<u>1,606</u>	<u>1,520</u>	<u>3,211</u>	<u>2,850</u>
(iii) Promotion and marketing related expenses:				
Advertisement & publicity	35	56	69	84
Others	494	281	865	562
	<u>529</u>	<u>337</u>	<u>934</u>	<u>646</u>
(iv) General administrative expenses:				
Communication expenses	51	29	108	97
Audit fees	50	52	104	98
Directors meeting allowances	188	79	411	100
Management fees	1,535	1,613	2,986	3,181
Securities Commission's levy	274	324	543	644
Others	714	927	1,285	1,654
	<u>2,812</u>	<u>3,024</u>	<u>5,437</u>	<u>5,774</u>
	<u>12,902</u>	<u>9,631</u>	<u>25,415</u>	<u>19,507</u>

Unaudited Interim Financial Report

20. Impairment loss on loans and advances

Group and Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance				
- Made in the period	-	(4,468)	-	(4,721)
- Written back	-	169	-	219
Individual impairment allowance				
- Made in the period	(14,986)	(6,770)	(15,041)	(8,123)
- Written back	231	867	383	1,584
Bad debts recovered on loans and advances	629	1,652	1,177	4,360
	<u>(14,126)</u>	<u>(8,550)</u>	<u>(13,481)</u>	<u>(6,681)</u>

21. Impairment loss on other assets

Group and Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Impairment loss on other debtors	(304)	231	(281)	156
Impairment loss (made)/written back on amount due from brokers and clients	(17)	15	(15)	(22)
Bad debts written off	-	30	-	-
	<u>(321)</u>	<u>276</u>	<u>(296)</u>	<u>134</u>

22. Impairment loss on securities

Group and Bank	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale				
Charged for the period	(836)	(4,941)	(1,197)	(6,171)
Written back	1,949	3,572	3,865	3,572
Securities held-to-maturity				
Written back	-	353	-	353
	<u>1,113</u>	<u>(1,016)</u>	<u>2,668</u>	<u>(2,246)</u>

Unaudited Interim Financial Report

23. Taxation

The taxation of the Group and the Bank for the six months period ended 30 June 2012 was mainly due to utilisation of deferred tax assets.

24. Basic earnings per ordinary

Group	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the period	15,929	8,351	54,190	20,351
Weighted average number of ordinary shares	155,000	155,000	155,000	155,000
Basic earnings per ordinary share (sen)	10.28	5.39	34.96	13.13

25. Commitments and contingencies

Group and Bank	<----- 30 June 2012 ----->			<----- 31 December 2011 ----->		
	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
Obligations under an on-going underwriting agreement	127,817	63,908	21,537	138,626	69,313	19,207
Interest rate related contracts over one year to five years	800,000	32,000	6,400	200,000	8,131	1,626
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	62,607	12,522	12,521	27,032	5,406	5,406
- exceeding one year	9	4	2	9	4	2
Total	990,433	108,434	40,460	365,667	82,854	26,241

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

Unaudited Interim Financial Report

26. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
(i) Outstanding credit exposures with connected parties	370,000	355,000
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	12.16%	12.94%
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	Nil	Nil

27. Related party disclosures

(a) Significant related party transactions and balances

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

	Group and Bank Half year ended 30 June	
	2012 RM'000	2011 RM'000
Ultimate holding company		
Income:		
Brokerage fees earned	203	956
Expenditure:		
Interest expense on deposits	302	198
Immediate holding company		
Expenditure:		
Interest expense on deposits	295	110
Rental of premises	1,171	1,159
Management fees paid	2,986	3,181
Other related companies		
Income:		
Interest income on securities	6,042	4,621
Interest income on loans and advances	2,614	1,202
Fee income	104	96
Expenditure:		
Interest expense on deposits	58	50
Car park charges	9	10

Unaudited Interim Financial Report

27. Related party disclosures (cont'd)

(a) Significant related party transactions and balances (cont'd)

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

	Group and Bank	
	30 June 2012 RM'000	31 December 2011 RM'000
Ultimate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	4,001	116,655
Other payables	<u>32,797</u>	<u>32</u>
Immediate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	34,550	21,200
Other payables	<u>64</u>	<u>11</u>
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	9,985	10,843
Other payables	3	3
Amount due from:		
Fee receivable	96	67
Sundry deposits	362	362
Loans and advances	120,000	120,000
Securities	<u>211,245</u>	<u>209,525</u>

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

Unaudited Interim Financial Report

28. Capital adequacy

- (i) The adjustments to the financial statements of the Group and the Bank as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

Group	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000 Restated	30 June 2012 RM'000	31 December 2011 RM'000 Restated
Tier-I capital				
Paid-up share capital	155,000	155,000	155,000	155,000
Paid-up non-cumulative perpetual preference share	1,500	1,500	1,500	1,500
Share premium	362,611	362,611	362,611	362,611
Statutory reserve	126,520	126,520	126,520	126,520
Retained earnings	64,774	97,566	64,746	97,540
	<u>710,405</u>	<u>743,197</u>	<u>710,377</u>	<u>743,171</u>
Less: Deferred tax assets	(5,038)	(15,957)	(5,038)	(15,957)
Total Tier-I capital	<u>705,367</u>	<u>727,240</u>	<u>705,339</u>	<u>727,214</u>
Tier-II capital				
Eligible collective impairment allowance	3,933	4,830	3,933	4,830
Total Tier-II capital	<u>3,933</u>	<u>4,830</u>	<u>3,933</u>	<u>4,830</u>
Total capital	709,300	732,070	709,272	732,044
Less:				
Investment in subsidiaries	-	-	*	*
Investment in capital instrument of other banking institutions	(5,000)	(5,000)	(5,000)	(5,000)
Capital base	<u>704,300</u>	<u>727,070</u>	<u>704,272</u>	<u>727,044</u>
Before deducting proposed dividend				
Core capital ratio	42.56%	49.41%	42.56%	49.38%
Risk-weighted capital ratio	42.56%	49.41%	42.56%	49.38%
After deducting proposed dividend				
Core capital ratio	42.56%	47.18%	42.56%	47.15%
Risk-weighted capital ratio	42.56%	47.18%	42.56%	47.15%

Unaudited Interim Financial Report

28. Capital adequacy (cont'd)

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

Group	31 June 2012		31 December 2011	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000 Restated	Risk-weighted amount RM'000 Restated
0%	866,909	-	2,930,443	-
20%	2,128,170	425,634	1,590,697	318,139
35%	657	230	689	241
50%	177,666	88,833	205,230	102,615
75%	82	61	83	62
100%	561,780	561,780	559,717	559,717
150%	117,319	175,979	141,832	212,748
Total risk-weighted assets for credit risk	3,852,583	1,252,517	5,428,691	1,193,522
Total risk-weighted assets equivalent for market risk	-	211,843	-	80,852
Total risk-weighted assets equivalent for operational risk	-	190,448	-	197,080
	3,852,583	1,654,808	5,428,691	1,471,454

Bank	31 June 2012		31 December 2011	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000 Restated	Risk-weighted amount RM'000 Restated
0%	866,909	-	2,930,443	-
20%	2,128,150	425,630	1,589,491	317,898
35%	657	230	689	241
50%	177,666	88,833	205,230	102,615
75%	82	61	83	62
100%	561,771	561,771	560,895	560,895
150%	117,319	175,979	141,832	212,748
Total risk-weighted assets for credit risk	3,852,554	1,252,504	5,428,663	1,194,459
Total risk-weighted assets equivalent for market risk	-	211,843	-	80,852
Total risk-weighted assets equivalent for operational risk	-	190,448	-	197,080
	3,852,554	1,654,795	5,428,663	1,472,391

Unaudited Interim Financial Report

29. Fair value hierarchy

In the six months period ended 30 June 2012, there were no transfers between fair value hierarchy of financial assets as a result of a change in the purpose or use of those assets except as discussed below.

Following the convergence to Malaysian Financial Reporting Standards on 1 January 2012, the Group and the Bank re-designated certain recognised financial assets to "available for sale" as allowed under MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards at date of transition.

The fair value of the re-designated financial assets was determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flows method with observable inputs. The re-designated financial assets as set out (in Note 31) were classified as Level 2 in fair value hierarchy.

Unaudited Interim Financial Report

30. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statement of financial position
 As at 30 June 2012

	Note	Group and Bank	
		30 June 2012 RM'000	31 December 2011 RM'000 Restated
Assets			
Cash and short-term funds	(a)	12,952	173
Securities held-for-trading	(b)	479,056	-
Securities available-for-sale	(c)	920,629	1,169,548
Securities held-to-maturity	(d)	10,286	10,354
Other assets		21,152	22,187
Deferred tax assets		1,786	63
Total assets		1,445,861	1,202,325
Liabilities			
Deposits from customers	(e)	706,148	675,418
Deposits and placements of banks and other financial institutions	(f)	467,407	276,184
Profit equalisation reserve		8,853	14,783
Other liabilities		7,517	3,055
Provision for zakat		539	641
Total liabilities		1,190,464	970,081
Islamic banking capital funds			
Islamic banking funds		150,000	150,000
Reserves		105,397	82,244
Total Islamic banking capital funds		255,397	232,244
Total liabilities and Islamic banking capital funds		1,445,861	1,202,325

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011.