

Unaudited Interim Financial Statements

Condensed consolidated statements of financial position
As at 31 March 2013

| | Note | Group | | Bank | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Assets | | | | | |
| Cash and short-term funds | 6 | 201,006 | 36,619 | 200,744 | 36,402 |
| Securities held-for-trading | 7 | 209,741 | 400,170 | 209,741 | 400,170 |
| Securities available-for-sale | 8 | 3,860,142 | 3,668,141 | 3,860,142 | 3,668,141 |
| Securities held-to-maturity | 9 | 602,585 | 603,189 | 602,585 | 603,189 |
| Loans and advances | 10 | 209,347 | 144,477 | 209,347 | 144,477 |
| Derivative assets | 11 | 664 | 644 | 664 | 644 |
| Other assets | 12 | 203,990 | 182,167 | 204,214 | 182,349 |
| Statutory deposits with Bank Negara Malaysia | | 133,150 | 134,028 | 133,150 | 134,028 |
| Investment in subsidiaries | | - | - | * | * |
| Property, plant and equipment | | 680 | 898 | 680 | 898 |
| Intangible assets | | 1,406 | 1,598 | 1,406 | 1,598 |
| Deferred tax assets | | 2,335 | 309 | 2,335 | 309 |
| Total assets | | 5,425,046 | 5,172,240 | 5,425,008 | 5,172,205 |
| Liabilities | | | | | |
| Deposits from customers | 13 | 2,270,465 | 1,716,415 | 2,270,465 | 1,716,415 |
| Deposits and placements of bank and other financial institutions | 14 | 2,122,248 | 2,448,619 | 2,122,248 | 2,448,619 |
| Derivative liabilities | 11 | 1,215 | 1,486 | 1,215 | 1,486 |
| Other liabilities | 15 | 206,843 | 190,956 | 206,841 | 190,953 |
| Provision for taxation and zakat | | 6,457 | 7,025 | 6,457 | 7,025 |
| Total liabilities | | 4,607,228 | 4,364,501 | 4,607,226 | 4,364,498 |
| Equity | | | | | |
| Share capital | | 156,500 | 156,500 | 156,500 | 156,500 |
| Reserves | | 661,318 | 651,239 | 661,282 | 651,207 |
| Total equity | | 817,818 | 807,739 | 817,782 | 807,707 |
| Total liabilities and equity | | 5,425,046 | 5,172,240 | 5,425,008 | 5,172,205 |
| Commitments and contingencies | 24 | 1,269,376 | 1,041,305 | 1,269,376 | 1,041,305 |

* Denotes RM4

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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of profit or loss For the three months ended 31 March 2013

| Group | Note | Individual/Cumulative Quarter | |
|--|------|----------------------------------|-----------------------|
| | | Three months ended | |
| | | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Operating revenue | | 66,652 | 98,261 |
| Interest income | 16 | 37,605 | 41,521 |
| Interest expense | 17 | (24,947) | (27,783) |
| Net interest income | | 12,658 | 13,738 |
| Net income from Islamic Banking operation | 28 | 7,333 | 5,783 |
| Non-interest income | 18 | 13,859 | 42,189 |
| Operating expenses | 19 | (13,366) | (12,515) |
| Operating profit | | 20,484 | 49,195 |
| Impairment loss written back on loans and advances | 20 | 1,698 | 8,863 |
| Impairment loss written back on other assets | 21 | 74 | 25 |
| Impairment loss (made)/written back on securities | 22 | (482) | 1,555 |
| Profit before taxation and zakat | | 21,774 | 59,638 |
| Taxation | | (5,444) | (14,912) |
| Zakat | | (173) | (133) |
| Profit for the year attributable to equity holder of the Bank | | 16,157 | 44,593 |
| Earnings per ordinary share (sen) | | | |
| - Basic and diluted | 23 | 10.42 | 28.77 |

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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of comprehensive income
 For the three months ended 31 March 2013

| Group | Individual/Cumulative Quarter | |
|---|----------------------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Profit for the year attributable to equity holder of the Bank | 16,157 | 44,593 |
| Other comprehensive (loss)/income: | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Net (loss)/gain on securities available-for-sale available-for-sale | | |
| Cumulative gain transferred to profit or loss upon disposal | (6,970) | (32,977) |
| Fair value changes | 892 | 23,900 |
| Other comprehensive loss for the year, net of tax | (6,078) | (9,077) |
| Total comprehensive income for the year attributable to equity holder of the Bank | 10,079 | 35,516 |

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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of profit or loss For the three months ended 31 March 2013 (cont'd.)

| Bank | Note | Individual/Cumulative Quarter | |
|--|------|----------------------------------|-----------------------|
| | | Three months ended | |
| | | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Operating revenue | | 66,645 | 98,253 |
| Interest income | 16 | 37,605 | 41,521 |
| Interest expense | 17 | (24,947) | (27,783) |
| Net interest income | | 12,658 | 13,738 |
| Net income from Islamic Banking operation | 29 | 7,333 | 5,783 |
| Non-interest income | 18 | 13,852 | 42,181 |
| | | 33,843 | 61,702 |
| Operating expenses | 19 | (13,364) | (12,513) |
| Operating profit | | 20,479 | 49,189 |
| Impairment loss written back on loans and advances | 20 | 1,698 | 8,863 |
| Impairment loss written back on other assets | 21 | 74 | 25 |
| Impairment loss (made)/written back on securities | 22 | (482) | 1,555 |
| Profit before taxation and zakat | | 21,769 | 59,632 |
| Taxation | | (5,443) | (14,908) |
| Zakat | | (173) | (133) |
| Profit for the year attributable to equity holder of the Bank | | 16,153 | 44,591 |

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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of comprehensive income For the three months ended 31 March 2013 (cont'd.)

| Bank | Individual/Cumulative Quarter | |
|---|----------------------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Profit for the year attributable to equity holder of the Bank | 16,153 | 44,591 |
| Other comprehensive (loss)/income: | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Net (loss)/gain on securities available-for-sale available-for-sale | | |
| Cumulative gain transferred to profit or loss upon disposal | (6,970) | (32,977) |
| Fair value changes | 892 | 23,900 |
| Other comprehensive loss for the year, net of tax | (6,078) | (9,077) |
| Total comprehensive income for the year attributable to equity holder of the Bank | 10,075 | 35,514 |

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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of changes in equity For the three months ended 31 March 2013

| Group | ----- Non-distributable ----- | | | | Distributable | | | Total RM'000 |
|--|-------------------------------|----------------------------|----------------------------------|---|---|--------------------------------|---------|-----------------|
| | Share capital RM'000 | Share premium RM'000 | Statutory reserve * RM'000 | Profit equalisation reserve RM'000 | Securities available- for-sale reserve # RM'000 | Retained earnings RM'000 | | |
| At 1 January 2012 | 156,500 | 362,611 | 126,520 | 7,391 | 39,344 | 93,281 | 785,647 | |
| Profit for the year | - | - | - | - | - | 44,593 | 44,593 | |
| Other comprehensive income | - | - | - | - | (9,077) | - | (9,077) | |
| Total comprehensive income for the year | - | - | - | - | (9,077) | 44,593 | 35,516 | |
| Net transfer to profit equalisation reserve for the year | - | - | - | 125 | - | (125) | - | |
| At 31 March 2012 | 156,500 | 362,611 | 126,520 | 7,516 | 30,267 | 137,749 | 821,163 | |
| At 1 January 2013 | 156,500 | 362,611 | 147,520 | 9,151 | 13,726 | 118,231 | 807,739 | |
| Profit for the year | - | - | - | - | - | 16,157 | 16,157 | |
| Other comprehensive income | - | - | - | - | (6,078) | - | (6,078) | |
| Total comprehensive income for the year | - | - | - | - | (6,078) | 16,157 | 10,079 | |
| Net transfer to profit equalisation reserve for the year | - | - | - | (129) | - | 129 | - | |
| At 31 March 2013 | 156,500 | 362,611 | 147,520 | 9,022 | 7,648 | 134,517 | 817,818 | |

* 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 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 2012.

Unaudited Interim Financial Statements

Condensed consolidated statements of changes in equity
For the three months ended 31 March 2013 (cont'd.)

| Bank | ----- Non-distributable----- | | | | ----- Distributable----- | | Total RM'000 |
|--|------------------------------|----------------------------|----------------------------------|---|---|--------------------------------|-----------------|
| | Share capital RM'000 | Share premium RM'000 | Statutory reserve * RM'000 | Profit equalisation reserve RM'000 | Securities available- for-sale reserve # RM'000 | Retained earnings RM'000 | |
| At 1 January 2012 | 156,500 | 362,611 | 126,520 | 7,391 | 39,344 | 93,255 | 785,621 |
| Profit for the year | - | - | - | - | - | 44,591 | 44,591 |
| Other comprehensive income | - | - | - | - | (9,077) | - | (9,077) |
| Total comprehensive income for the year | - | - | - | - | (9,077) | 44,591 | 35,514 |
| Net transfer to profit equalisation reserve for the year | - | - | - | 125 | - | (125) | - |
| At 31 March 2012 | 156,500 | 362,611 | 126,520 | 7,516 | 30,267 | 137,721 | 821,135 |
| At 1 January 2013 | 156,500 | 362,611 | 147,520 | 9,151 | 13,726 | 118,199 | 807,707 |
| Profit for the year | - | - | - | - | - | 16,153 | 16,153 |
| Other comprehensive income | - | - | - | - | (6,078) | - | (6,078) |
| Total comprehensive income for the year | - | - | - | - | (6,078) | 16,153 | 10,075 |
| Net transfer to profit equalisation reserve for the year | - | - | - | (129) | - | 129 | - |
| At 31 March 2013 | 156,500 | 362,611 | 147,520 | 9,022 | 7,648 | 134,481 | 817,782 |

* 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 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 2012.

Unaudited Interim Financial Statements

Condensed statements of cash flows
For the three months ended 31 March 2013

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Profit before taxation and zakat | 21,774 | 59,638 | 21,769 | 59,632 |
| Adjustments for non-cash items | (14,648) | (39,039) | (14,648) | (39,039) |
| Operating profit before changes in working capital | 7,126 | 20,599 | 7,121 | 20,593 |
| Changes in working capital: | | | | |
| Net changes in operating assets | (85,460) | 265,659 | (85,501) | 266,763 |
| Net changes in operating liabilities | 242,554 | 95,052 | 242,555 | 95,053 |
| Net cash generated from operating activities | 164,220 | 381,310 | 164,175 | 382,409 |
| Net cash generated from investing activities | 167 | 138 | 167 | 122 |
| Net cash generated from financing activities | - | - | - | - |
| Net change in cash and cash equivalents | 164,387 | 381,448 | 164,342 | 382,531 |
| Cash and cash equivalents at beginning of the period | 36,619 | 57,683 | 36,402 | 56,477 |
| Cash and cash equivalents at end of the period | 201,006 | 439,131 | 200,744 | 439,008 |

Cash and cash equivalents comprise:

| | Group | | Bank | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Cash and short-term funds | 201,006 | 442,407 | 200,744 | 442,284 |
| Less: Monies held in trust | - | (3,276) | - | (3,276) |
| | 201,006 | 439,131 | 200,744 | 439,008 |

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 2012.

Unaudited Interim Financial Statements

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"), 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 Bank for the financial year ended 31 December 2012.

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 2012.

2. Significant accounting policies

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 2012 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations which are effective for the financial year ended 31 December 2013.

- MFRS 3, *Business Combination* (IFRS 3 Business Combinations issued by International Accounting Standards Board ("IASB") in March 2004)
- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards Annual Improvements 2009 - 2011 Cycle*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)*

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2. Significant accounting policies (cont'd)

Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*
IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

MFRS 11, MFRS 128, Amendments to MFRS 1, Amendments to MFRS 11, and IC Interpretation 20 are not applicable to the Group and the Bank. The adoption of the other MFRSs and Amendments to MFRSs above did not have any material impact on the financial results of the Group and the Bank.

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 Bank:

Effective for annual periods commencing on or after 1 January 2014:

Amendments to MFRS 127, *Separate Financial Statements - Investment Entities*
Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods commencing on or after 1 January 2015:

MFRS 9, *Financial Instruments*

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 was not qualified.

4. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM21.8 million for the 1st quarter ended 31 March 2013 which is a decrease of 63.5% when compared to pre-tax profit of RM59.6 million recorded in the corresponding quarter ended 31 March 2012. The lower earnings are mainly due to lower gains on disposal of securities available-for-sale of RM6.9 million for the quarter ended 31 March 2013 as compared to RM32.9 million recorded for the corresponding quarter ended 31 March 2012.

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5. Prospect for 2013

2013 started on a positive note as the U.S averted its “fiscal cliff”, a situation which could have caused the global economic recovery to suffer a relapse. With a major uncertainty removed, the momentum of economic recovery picked up in the U.S as evidenced by strong job creations. Unemployment rate in the U.S fell to 7.7% in February, the lowest since the financial crisis.

The steady progress in the U.S buoys hope that global demand will improve this year after a weak 2012 when international trade grew by only an estimated 2.8%. Other than the U.S, China is also proving to be resilient with its manufacturing sector growing since 4Q12. However, Europe remains in the backdrop as its economic quagmire takes a fresh turn with the crisis in Cyprus.

Despite challenges in the international front, Malaysia's GDP grew by a robust 6.4% in 4Q12, lifting the 2012 numbers to 5.6%. Consequently, Bank Negara Malaysia has kept the Overnight Policy Rate (OPR) unchanged, reiterating its view that the prevailing stance of monetary policy is accommodative and supportive of the economy.

There has been a significant shift in the exchange rate parity during the first quarter. The yen dropped significantly against the dollar after the Bank of Japan announced its commitment to undertake monetary stimulus to revive the economy. British pound sterling also lost ground on similar prospect. With major global currencies depreciating in value, a new wave of liquidity flow hit Asian shores, especially the developing countries. In particular, the equity markets of Thailand, Indonesia, Philippines and Malaysia have been strong net beneficiaries of portfolio capital during the quarter. In Malaysia, heavy foreign buying of debt instruments has also been recorded.

Unfortunately, the heavy inflow of foreign liquidity into Malaysia has not translated into price gains on Bursa Malaysia, as compared to other markets in the region. The benchmark FBM KLCI index lost -3.6% in 1Q13 (until March 28), the worst among the benchmark indices in Asia. Local institutional funds have also been selling, partly to realize profits after the market gained significantly in December 2012.

The Bank continues to intensify its efforts to enhance its fee-based revenue channels, in line with its strategic plans.

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6. Cash and short-term funds

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Cash and balances with banks and other financial institutions | 18,406 | 8,019 | 18,144 | 7,802 |
| Money at call and deposit placements maturing within one month | 182,600 | 28,600 | 182,600 | 28,600 |
| | <u>201,006</u> | <u>36,619</u> | <u>200,744</u> | <u>36,402</u> |

7. Securities held-for-trading

| | Group and Bank | |
|----------------------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At fair value | | |
| Money market instruments: | | |
| Bank Negara Monetary Notes | 169,706 | 299,384 |
| Other Acceptances Discounted | 31,080 | 100,786 |
| | <u>200,786</u> | <u>400,170</u> |
| Unquoted securities in Malaysia: | | |
| Private Debt Securities | 8,955 | - |
| | <u>209,741</u> | <u>400,170</u> |

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8. Securities available-for-sale

| | Group and Bank | |
|-----------------------------------|------------------|------------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| At fair value | | |
| Money market instruments: | | |
| Malaysian Government Securities | 3,441 | 3,436 |
| Government Investment Issues | 34,510 | 226,141 |
| Bank Negara Monetary Notes | 518,700 | 78,138 |
| Other Acceptances Discounted | 180,241 | 68,001 |
| Negotiable Instruments of Deposit | 467,825 | 488,073 |
| | <u>1,204,717</u> | <u>863,789</u> |
| Quoted securities in Malaysia: | | |
| Shares and Warrants | 12,270 | 18,159 |
| Unquoted securities in Malaysia: | | |
| Private Debt Securities | 2,632,502 | 2,775,450 |
| Loan Stocks | 9,896 | 9,986 |
| | <u>2,642,398</u> | <u>2,785,436</u> |
| At cost | | |
| Unquoted securities in Malaysia: | | |
| Shares | 757 | 757 |
| | <u>3,860,142</u> | <u>3,668,141</u> |

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9. Securities held-to-maturity

| | | Group and Bank | |
|---------------------------------------|------|-----------------------|-----------------------|
| | Note | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At amortised cost | | | |
| Unquoted securities in Malaysia: | | | |
| Private Debt Securities | | 618,563 | 619,248 |
| Less: Individual impairment allowance | (a) | (15,978) | (16,059) |
| | | <u>602,585</u> | <u>603,189</u> |

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

| | Group and Bank | |
|--|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At 1 January | (16,059) | (22,168) |
| Impairment made during the period/year | - | (163) |
| Amount written back | 72 | 6,263 |
| Discount unwind | 9 | 9 |
| At 31 March/31 December | <u>(15,978)</u> | <u>(16,059)</u> |

10. Loans and advances

| | Group and Bank | |
|-----------------------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Term loans | | |
| Syndicated term loans | 176,250 | 106,990 |
| Other term loans | 54,287 | 57,572 |
| Staff loans | 822 | 832 |
| Margin accounts | 65,113 | 66,398 |
| Gross loans and advances | <u>296,472</u> | <u>231,792</u> |
| Less: Impairment allowances | | |
| - Collective impairment allowance | (678) | (746) |
| - Individual impairment allowance | (86,447) | (86,569) |
| Total net loans and advances | <u>209,347</u> | <u>144,477</u> |

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

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10. Loans and advances (cont'd.)

(a) Gross loans and advances

(i) By type of customer

| | Group and Bank | |
|-------------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Domestic business enterprises | 200,435 | 176,001 |
| Individuals | 96,037 | 55,791 |
| Gross loans and advances | <u>296,472</u> | <u>231,792</u> |

(ii) By interest rate sensitivity

| | Group and Bank | |
|--------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Fixed rate | | |
| Staff loans | 822 | 832 |
| Other fixed rate loan | 65,113 | 66,398 |
| Variable rate | | |
| Cost-plus | 230,537 | 164,562 |
| Gross loans and advances | <u>296,472</u> | <u>231,792</u> |

(iii) By economic sector

| | Group and Bank | |
|---|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Mining and quarrying | 11,428 | 13,233 |
| Manufacturing | 132,658 | 134,149 |
| Construction | 3,600 | 3,690 |
| Wholesale & retail trade and restaurants & hotels | 12,278 | 13,489 |
| Finance, insurance and business services | 40,471 | 11,440 |
| Others | 96,037 | 55,791 |
| Gross loans and advances | <u>296,472</u> | <u>231,792</u> |

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10. Loans and advances (cont'd.)

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

(i) ILs by economic sector:

| | Group and Bank | |
|---|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Manufacturing | 92,231 | 92,231 |
| Construction | 3,600 | 3,690 |
| Wholesale & retail trade and restaurants & hotels | 12,277 | 13,489 |
| Others | 633 | 620 |
| | <u>108,741</u> | <u>110,030</u> |

(ii) Movements in ILs are as follows:

| | Group and Bank | |
|---|-----------------|-----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| At 1 January | 110,030 | 125,478 |
| Classified as impaired during the period/year | 13 | 49 |
| Amount recovered | (1,302) | (12,712) |
| Amount written off | - | (2,785) |
| At 31 March/31 December | <u>108,741</u> | <u>110,030</u> |
| Less: Individual impairment allowance | <u>(86,447)</u> | <u>(86,569)</u> |
| Net ILs | <u>22,294</u> | <u>23,461</u> |
| Ratio of net ILs to gross loans and advances less individual impairment allowance | <u>10.61%</u> | <u>16.16%</u> |

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10. Loans and advances (cont'd.)

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

(iii) Movements in impairment allowances

| | Group and Bank | |
|---|----------------|--------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Collective impairment allowance | | |
| At 1 January | 746 | 10,331 |
| Impairment written back during the period/year | (68) | (9,585) |
| At 31 March/31 December | <u>678</u> | <u>746</u> |
| As % of gross loans and advances less individual impairment allowance | <u>0.32%</u> | <u>0.51%</u> |

| | Group and Bank | |
|--|----------------|---------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Individual impairment allowance | | |
| At 1 January | 86,569 | 76,214 |
| Impairment during the period/year | 583 | 15,740 |
| Amount written back | (260) | (2,014) |
| Discount unwind | (445) | (586) |
| Amount written off | - | (2,785) |
| At 31 March/31 December | <u>86,447</u> | <u>86,569</u> |

(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 |
|--------------------|---------------------|-------------------------|-------------------------|--------------------------|------------------------|--------------------|-----------------|
| 31-Mar-2013 | | | | | | | |
| Loans and advances | 22,245 | 64,555 | 20,000 | 70,574 | 31,178 | 795 | 209,347 |
| 31-Dec-2012 | | | | | | | |
| Loans and advances | 23,412 | 85,956 | - | - | 34,304 | 805 | 144,477 |

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11. Derivative assets/liabilities

| Group and Bank | Contract or underlying principal amount RM'000 | Derivative assets RM'000 | Derivative liabilities RM'000 |
|------------------------------------|--|--------------------------------|-------------------------------------|
| 31-Mar-2013 | | | |
| Interest rate related derivatives: | | | |
| - Interest rate swaps | 1,170,000 | 664 | (1,215) |
| 31-Dec-2012 | | | |
| Interest rate related derivatives: | | | |
| - Interest rate swaps | 920,000 | 644 | (1,486) |

12. Other assets

| Note | Group | | Bank | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Other debtors, deposits and prepayments | 35,368 | 35,252 | 35,368 | 35,252 |
| Tax recoverable | 219 | 204 | 219 | 204 |
| Interest/profit receivables | 33,810 | 26,947 | 33,810 | 26,947 |
| Amount due from brokers and clients | (a) 162,761 | 147,244 | 162,761 | 147,244 |
| Amount due from immediate holding company | (b) - | 753 | - | 753 |
| Amount due from related companies | (b) 16 | 13 | 16 | 13 |
| Amount due from subsidiaries | (b) - | - | 224 | 182 |
| | 232,174 | 210,413 | 232,398 | 210,595 |
| Less: Individual impairment allowance | (c) (28,184) | (28,246) | (28,184) | (28,246) |
| | 203,990 | 182,167 | 204,214 | 182,349 |

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12. Other assets (cont'd.)

(a) Amount due from brokers and clients

| | Group and Bank | |
|---------------------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Brokers | 66,278 | 110,106 |
| Clients | 99,047 | 39,714 |
| | <u>165,325</u> | <u>149,820</u> |
| Less: Individual impairment allowance | (2,564) | (2,576) |
| | <u>162,761</u> | <u>147,244</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 RM2,583,000 (31 December 2012: RM2,585,000).

Movements in individual impairment allowance on amount due from clients:

| | Group and Bank | |
|-----------------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| At 1 January | (2,576) | (2,564) |
| Impairment during the period/year | - | (19) |
| Amount written back | 12 | 7 |
| At 31 March/31 December | <u>(2,564)</u> | <u>(2,576)</u> |

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

- (b) The amounts due from immediate holding company, related companies and subsidiaries arose mainly from expenses paid on behalf of the companies. These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

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12. Other assets (cont'd.)

(c) Movements in individual impairment allowance:

| Group and Bank | Other debtors, deposits and prepayments RM'000 |
|-----------------------------------|---|
| At 1 January 2012 | (27,352) |
| Impairment during the period/year | (1,166) |
| Amount written back | 272 |
| At 31 December 2012 | <u>(28,246)</u> |
| Impairment during the period/year | (50) |
| Amount written back | 112 |
| At 31 March 2013 | <u>(28,184)</u> |

13. Deposits from customers

| | Group and Bank | |
|---------------------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| (a) By type of deposit | | |
| Call deposits | 209,081 | 188,693 |
| Fixed deposits | 2,061,384 | 1,527,722 |
| | <u>2,270,465</u> | <u>1,716,415</u> |
| (b) By type of customer | | |
| Business enterprises | 2,147,076 | 1,715,023 |
| Government and statutory bodies | 120,000 | - |
| Individual | 3,389 | 1,392 |
| | <u>2,270,465</u> | <u>1,716,415</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 |
|-------------------------|------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|--------------------|-----------------|
| 31-Mar-2013 | | | | | | | |
| Deposits from customers | 209,081 | 1,848,316 | 188,352 | 24,716 | - | - | 2,270,465 |
| 31-Dec-2012 | | | | | | | |
| Deposits from customers | 188,693 | 1,235,087 | 252,680 | 39,955 | - | - | 1,716,415 |

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14. Deposits and placements of banks and other financial institutions

| | Group and Bank | |
|--|------------------|------------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| (a) Call deposits | | |
| - Other financial institutions | 104,578 | 134,541 |
| (b) Fixed deposits | | |
| - Licensed Islamic banks | - | 40,000 |
| - Licensed commercial banks | 40,000 | 373,900 |
| - Other financial institutions | 1,822,670 | 1,760,178 |
| | <u>1,862,670</u> | <u>2,174,078</u> |
| (c) Negotiable instruments of deposits issued | | |
| - Licensed banks | 155,000 | 140,000 |
| | <u>155,000</u> | <u>140,000</u> |
| | <u>2,122,248</u> | <u>2,448,619</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 |
|---|---------------------|-------------------------|-------------------------|--------------------------|------------------------|--------------------|-----------------|
| 31-Mar-2013 | | | | | | | |
| Deposits and placements of banks and other financial institutions | 104,578 | 1,482,039 | 304,695 | 230,936 | - | - | 2,122,248 |
| 31-Dec-2012 | | | | | | | |
| Deposits and placements of banks and other financial institutions | 134,541 | 1,627,719 | 446,384 | 239,975 | - | - | 2,448,619 |

Unaudited Interim Financial Statements

15. Other liabilities

| | Note | Group | | Bank | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Interest/profit payables | | 10,199 | 11,579 | 10,199 | 11,579 |
| Accrued liabilities and other payables | | 19,000 | 16,179 | 19,000 | 16,179 |
| Amount due to brokers and clients | (a) | 162,126 | 146,970 | 162,126 | 146,970 |
| Profit equalisation reserve | 28(g) | 12,551 | 12,956 | 12,551 | 12,956 |
| Employee benefits | | 2,040 | 1,997 | 2,040 | 1,997 |
| Amount due to immediate holding company | (b) | 927 | 1,275 | 925 | 1,272 |
| | | <u>206,843</u> | <u>190,956</u> | <u>206,841</u> | <u>190,953</u> |

| | Group and Bank | |
|---------------------------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| (a) Amount due to brokers and clients | | |
| Brokers | 31,679 | 7,627 |
| Clients | 130,447 | 139,343 |
| | <u>162,126</u> | <u>146,970</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 is non-trade in nature, unsecured, interest-free and is repayable on demand.

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16. Interest income

| Group and Bank | Group and Bank | |
|--|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Loans and advances | | |
| - Interest income on non-impaired loans | 3,110 | 3,676 |
| - Interest income on impaired loans ("ILs") | 445 | 128 |
| Money at call and deposit placements with financial institutions | 722 | 2,591 |
| Securities available-for-sale | | |
| - Interest income on non-impaired securities | 24,080 | 24,582 |
| - Interest income on impaired securities | 409 | 475 |
| Securities held-to-maturity | | |
| - Interest income on non-impaired securities | 6,830 | 7,277 |
| - Interest income on impaired securities | 8 | - |
| Derivative instruments | 22 | - |
| | <u>35,626</u> | <u>38,729</u> |
| Accretion of discount less amortisation of premium | 1,979 | 2,792 |
| | <u>37,605</u> | <u>41,521</u> |

17. Interest expense

| Group and Bank | Group and Bank | |
|---|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Deposits from customers | 9,475 | 12,856 |
| Deposits and placements of banks and other financial institutions | 15,243 | 14,821 |
| Derivative instruments | 229 | 106 |
| | <u>24,947</u> | <u>27,783</u> |

Unaudited Interim Financial Statements

18. Non-interest income

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Fee income: | | | | |
| Fees on loans and advances | 168 | 203 | 168 | 203 |
| Corporate advisory fees | 1,568 | 575 | 1,568 | 575 |
| Underwriting fees | 140 | 485 | 140 | 485 |
| Management fees | 893 | - | 893 | - |
| Brokerage commission | 6,598 | 5,479 | 6,598 | 5,479 |
| Other fee income | 255 | 191 | 249 | 184 |
| | <u>9,622</u> | <u>6,933</u> | <u>9,616</u> | <u>6,926</u> |
| Investment income/(loss): | | | | |
| Net gain on sale of securities held-for-trading | 11 | 2 | 11 | 2 |
| Net gain on sale of securities available-for-sale | 3,616 | 32,080 | 3,616 | 32,080 |
| Net unrealised gain/(loss) on revaluation of securities held-for-trading | 4 | (92) | 4 | (92) |
| Net unrealised gain on revaluation of derivative instruments | 291 | 3,028 | 291 | 3,028 |
| | <u>3,922</u> | <u>35,018</u> | <u>3,922</u> | <u>35,018</u> |
| Gross dividends from: | | | | |
| Securities available-for-sale | <u>161</u> | <u>160</u> | <u>161</u> | <u>160</u> |
| Other income: | | | | |
| Gain on disposal of property, plant and equipment | 81 | - | 81 | - |
| Others * | 73 | 78 | 72 | 77 |
| | <u>154</u> | <u>78</u> | <u>153</u> | <u>77</u> |
| | <u>13,859</u> | <u>42,189</u> | <u>13,852</u> | <u>42,181</u> |

Unaudited Interim Financial Statements

19. Operating expenses

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| (i) Personnel expenses: | | | | |
| Wages, salaries and bonuses | 6,735 | 6,068 | 6,735 | 6,068 |
| Employees' benefits | 43 | 109 | 43 | 109 |
| Social security costs | 27 | 23 | 27 | 23 |
| Defined contribution plans | 1,046 | 902 | 1,046 | 902 |
| Other staff related expenses | 462 | 776 | 462 | 776 |
| | <u>8,313</u> | <u>7,878</u> | <u>8,313</u> | <u>7,878</u> |
| (ii) Establishment related expenses: | | | | |
| Depreciation and amortisation | 416 | 306 | 416 | 306 |
| Rental | 610 | 633 | 610 | 633 |
| Hire of equipment | 10 | 19 | 10 | 17 |
| Others | 644 | 649 | 644 | 649 |
| | <u>1,680</u> | <u>1,607</u> | <u>1,680</u> | <u>1,605</u> |
| (iii) Promotion and marketing related expenses: | | | | |
| Advertisement & publicity | 106 | 34 | 106 | 34 |
| Others | 360 | 371 | 360 | 371 |
| | <u>466</u> | <u>405</u> | <u>466</u> | <u>405</u> |
| (iv) General administrative expenses: | | | | |
| Communication expenses | 65 | 57 | 65 | 57 |
| Audit fees | 61 | 54 | 61 | 54 |
| Directors meeting allowances | 163 | 223 | 163 | 223 |
| Management fees | 1,579 | 1,451 | 1,579 | 1,451 |
| Corporate Dealers and Remisiers' Commissions | 154 | 57 | 154 | 57 |
| Securities Commission's levy | 314 | 269 | 314 | 269 |
| Others | 571 | 514 | 569 | 514 |
| | <u>2,907</u> | <u>2,625</u> | <u>2,905</u> | <u>2,625</u> |
| | <u>13,366</u> | <u>12,515</u> | <u>13,364</u> | <u>12,513</u> |

Unaudited Interim Financial Statements

20. Impairment loss written back on loans and advances

| | Group and Bank | |
|---|----------------|--------------|
| | 31-Mar-2013 | 31-Mar-2012 |
| | RM'000 | RM'000 |
| Collective impairment allowance | | |
| - Written back | 68 | 8,218 |
| Individual impairment allowance | | |
| - Made in the year | (583) | (55) |
| - Written back | 260 | 152 |
| Bad debts recovered on loans and advances | 1,953 | 548 |
| | <u>1,698</u> | <u>8,863</u> |

21. Impairment loss written back on other assets

| | Group and Bank | |
|--|----------------|-------------|
| | 31-Mar-2013 | 31-Mar-2012 |
| | RM'000 | RM'000 |
| Impairment loss on other debtors | 62 | 23 |
| Impairment loss written back on amount due from brokers and clients | 12 | 2 |
| | <u>74</u> | <u>25</u> |

22. Impairment loss (made)/written back on securities

| | Group and Bank | |
|-------------------------------------|----------------|--------------|
| | 31-Mar-2013 | 31-Mar-2012 |
| | RM'000 | RM'000 |
| Securities available-for-sale (net) | (554) | (361) |
| Securities held-to-maturity (net) | 72 | 1,916 |
| | <u>(482)</u> | <u>1,555</u> |

Unaudited Interim Financial Statements

23. Basic earnings per ordinary

| Group | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
|---|-----------------------|-----------------------|
| Profit for the | 16,157 | 44,593 |
| Weighted average number of ordinary | 155,000 | 155,000 |
| Basic earnings per ordinary share (sen) | 10.42 | 28.77 |

24. Commitments and contingencies

| | <----- 31 March 2013 -----> | | | <----- 31 December 2012 -----> | | |
|--|-----------------------------|-------------------------------------|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | 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 |
| Group and Bank | | | | | | |
| Obligations under an on-going underwriting agreement | 72,620 | 36,310 | 8,405 | 92,620 | 46,310 | 13,405 |
| Interest rate related contracts over one year to five years | 1,170,000 | 22,962 | 4,592 | 920,000 | 37,443 | 7,489 |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | | | |
| - not exceeding one year | 26,756 | 5,351 | 5,351 | 28,676 | 5,735 | 5,735 |
| - exceeding one year | - | - | - | 9 | 4 | 2 |
| Total | 1,269,376 | 64,623 | 18,348 | 1,041,305 | 89,492 | 26,631 |

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

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25. Credit exposures arising from credit transactions with connected parties

| | Group and Bank | |
|--|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| (i) Outstanding credit exposures with connected parties | <u>360,000</u> | <u>360,000</u> |
| (ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures | <u>9.12%</u> | <u>9.12%</u> |
| (iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default | <u>Nil</u> | <u>Nil</u> |

Unaudited Interim Financial Statements

26. 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 financial year.

| | Group and Bank | |
|---------------------------------------|----------------|-------------|
| | 31-Mar-2013 | 31-Mar-2012 |
| | RM'000 | RM'000 |
| Ultimate holding company | | |
| Income: | | |
| Brokerage fees earned | 66 | 79 |
| Expenditure: | | |
| Interest expense on deposits | - | 175 |
| Immediate holding company | | |
| Expenditure: | | |
| Interest expense on deposits | 13 | 87 |
| Rental of premises | 584 | 585 |
| Management fees paid | 1,579 | 1,451 |
| Other related companies | | |
| Income: | | |
| Interest income on securities | 4,483 | 3,024 |
| Interest income on loans and advances | - | 433 |
| Fee income | 20 | 25 |
| Expenditure: | | |
| Interest expense on deposits | 74 | 29 |
| Car park charges | 4 | 4 |

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26. 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 | |
|--|-----------------------|--------------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| Ultimate holding company | | |
| Amount due to: | | |
| Deposits from placements of banks and other financial institutions | - | 558 |
| Other payables | - | 1 |
| | <hr/> | <hr/> |
| Immediate holding company | | |
| Amount due to: | | |
| Deposits from placements of banks and other financial institutions | - | 9,000 |
| Other payables | - | 2 |
| | <hr/> | <hr/> |
| Other related companies | | |
| Amount due to: | | |
| Deposits from placements of banks and other financial institutions | 5,601 | 3,293 |
| Other payables | 2 | - |
| Amount due from: | | |
| Fee receivable | 28 | 48 |
| Sundry deposits | 362 | 362 |
| Securities | 334,835 | 333,314 |
| | <hr/> | <hr/> |

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

Unaudited Interim Financial Statements

27. Capital management

Capital adequacy

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

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Common Equity Tier 1 (CET1) Capital | | | | |
| Paid-up share capital | 155,000 | 155,000 | 155,000 | 155,000 |
| Share premium | 214,111 | 214,111 | 214,111 | 214,111 |
| Paid-up non-cumulative perpetual preference share | 1,500 | 1,500 | 1,500 | 1,500 |
| Preference share premium | 148,500 | 148,500 | 148,500 | 148,500 |
| Statutory reserve | 147,520 | 147,520 | 147,520 | 147,520 |
| Unrealised gain and loss of securities available-for-sale | 10,197 | 18,301 | 10,197 | 18,301 |
| Profit equalisation reserve | 9,022 | 9,151 | 9,022 | 9,151 |
| Retained earnings | 118,231 | 118,231 | 118,199 | 118,199 |
| | <u>804,081</u> | <u>812,314</u> | <u>804,049</u> | <u>812,282</u> |
| Regulatory adjustments of CET1 | | | | |
| Less: Deferred tax assets | (2,335) | (309) | (2,335) | (309) |
| 55% of cumulative gains of available-for-sale | (13,709) | (17,877) | (13,709) | (17,877) |
| Profit equalisation reserve | (9,022) | (9,151) | (9,022) | (9,151) |
| Total Tier-I capital | <u>779,015</u> | <u>784,977</u> | <u>778,983</u> | <u>784,945</u> |
| Collective impairment for bad and doubtful debts | 678 | 746 | 678 | 746 |
| Total Tier-II capital | <u>678</u> | <u>746</u> | <u>678</u> | <u>746</u> |
| Total capital | 779,693 | 785,723 | 779,661 | 785,691 |
| Less: | | | | |
| Investment in subsidiaries | - | - | * | * |
| Investment in capital instrument of other banking institutions | (5,000) | (5,000) | (5,000) | (5,000) |
| CET1 Capital | <u>774,693</u> | <u>780,723</u> | <u>774,661</u> | <u>780,691</u> |
| CET1 Capital | 39.68% | 41.19% | 39.68% | 41.19% |
| Tier 1 Capital | 39.68% | 41.19% | 39.68% | 41.19% |
| Total Capital | 39.68% | 41.19% | 39.68% | 41.19% |

* Denotes RM4

Unaudited Interim Financial Statements

27. Capital management (cont'd.)

Capital adequacy (cont'd.)

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

| Group | 31-Mar-2013 | | 31-Dec-2012 | |
|--|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Notional amount RM'000 | Risk-weighted amount RM'000 | Notional amount RM'000 | Risk-weighted amount RM'000 |
| 0% | 1,933,632 | - | 1,551,580 | - |
| 20% | 2,330,065 | 466,013 | 2,255,791 | 451,158 |
| 35% | 556 | 195 | 567 | 198 |
| 50% | 170,240 | 85,120 | 241,339 | 120,670 |
| 75% | 168 | 126 | 81 | 61 |
| 100% | 724,238 | 724,238 | 692,629 | 692,629 |
| 150% | 114,372 | 171,558 | 115,009 | 172,513 |
| Total risk-weighted assets for credit risk | 5,273,271 | 1,447,250 | 4,856,996 | 1,437,229 |
| Total risk-weighted assets equivalent for market risk | - | 311,946 | - | 263,152 |
| Total risk-weighted assets equivalent for operational risk | - | 192,719 | - | 195,019 |
| | 5,273,271 | 1,951,915 | 4,856,996 | 1,895,400 |

| Bank | 31-Mar-2013 | | 31-Dec-2012 | |
|--|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Notional amount RM'000 | Risk-weighted amount RM'000 | Notional amount RM'000 | Risk-weighted amount RM'000 |
| 0% | 1,933,632 | - | 1,551,580 | - |
| 20% | 2,329,802 | 465,960 | 2,255,573 | 451,115 |
| 35% | 556 | 195 | 567 | 198 |
| 50% | 170,240 | 85,120 | 241,339 | 120,670 |
| 75% | 168 | 126 | 81 | 61 |
| 100% | 724,463 | 724,463 | 692,814 | 692,814 |
| 150% | 114,372 | 171,558 | 115,009 | 172,513 |
| Total risk-weighted assets for credit risk | 5,273,233 | 1,447,422 | 4,856,963 | 1,437,371 |
| Total risk-weighted assets equivalent for market risk | - | 311,946 | - | 263,152 |
| Total risk-weighted assets equivalent for operational risk | - | 192,719 | - | 195,019 |
| | 5,273,233 | 1,952,087 | 4,856,963 | 1,895,542 |

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI)

Condensed consolidated statements of financial position
As at 31 March 2013

| | Note | Group and Bank | |
|---|------|-----------------------|-----------------------|
| | | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Assets | | | |
| Cash and short-term funds | (a) | 39,552 | 8,871 |
| Securities held-for-trading | (b) | 69,962 | 199,530 |
| Securities available-for-sale | (c) | 1,130,704 | 1,150,600 |
| Securities held-to-maturity | (d) | 9,500 | 9,533 |
| Other assets | | 4,275 | 4,267 |
| Deferred tax assets | | 2,511 | 1,578 |
| Total assets | | 1,256,504 | 1,374,379 |
| Liabilities | | | |
| Deposits from customers | (e) | 502,790 | 449,530 |
| Deposits and placements of banks and other financial institutions | (f) | 467,375 | 643,039 |
| Profit equalisation reserve | (g) | 12,551 | 12,956 |
| Other liabilities | | 8,406 | 7,401 |
| Provision for zakat | | 645 | 472 |
| Total liabilities | | 991,767 | 1,113,398 |
| Islamic banking capital funds | | | |
| Islamic banking funds | | 150,000 | 150,000 |
| Reserves | | 114,737 | 110,981 |
| Total Islamic banking capital funds | | 264,737 | 260,981 |
| Total liabilities and Islamic banking capital funds | | 1,256,504 | 1,374,379 |

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 2012.

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI) (cont'd.)

Statements of profit or loss

For the three months ended 31 March 2013

| | Note | Individual/Cumulative Quarter | |
|---|------|----------------------------------|-----------------------|
| | | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Income derived from investment of depositors' funds and others | | 15,269 | 14,551 |
| Allowance for profit equalisation reserve | | - | (398) |
| Total attributable income | | 15,269 | 14,153 |
| Income attributable to depositors | | (7,936) | (8,370) |
| Net income attributable to reporting institution | | 7,333 | 5,783 |
| Other operating expenses | | (538) | (573) |
| | | 6,795 | 5,210 |
| Impairment loss made on securities | (h) | (67) | (39) |
| Profit before taxation and zakat | | 6,728 | 5,171 |
| Zakat | | (173) | (133) |
| Profit for the year | | 6,555 | 5,038 |

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 2012.

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(a) Cash and short-term funds

| | Group and Bank | |
|--|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| Cash and balances with banks and other financial institutions | 152 | 371 |
| Money at call and deposit placements maturing within one month | 39,400 | 8,500 |
| | <u>39,552</u> | <u>8,871</u> |

(b) Securities held-for-trading

| | Group and Bank | |
|---|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At fair value | | |
| Money market instruments: Bank Negara Monetary Notes | 69,962 | 199,530 |
| | <u>69,962</u> | <u>199,530</u> |

(c) Securities available-for-sale

| | Group and Bank | |
|--|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At fair value | | |
| Money market instruments: | | |
| Government Investment Issues | 26,543 | 151,426 |
| Bank Negara Monetary Notes | 219,192 | 78,137 |
| Islamic Acceptance Bills | 36,212 | 51,591 |
| Islamic Negotiable Certificate of Deposits | 467,825 | 488,073 |
| | <u>749,772</u> | <u>769,227</u> |
| Unquoted securities in Malaysia: | | |
| Islamic Private Debt Securities | 380,932 | 381,373 |
| | <u>380,932</u> | <u>381,373</u> |
| | <u>1,130,704</u> | <u>1,150,600</u> |

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(d) Securities held-to-maturity

| | Group and Bank | |
|---|----------------|-------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| At amortised cost | | |
| Unquoted securities in Malaysia: Islamic Private Debt Securities | 9,500 | 9,533 |

(e) Deposits from customers

| | Group and Bank | |
|---------------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| (i) By type of deposit | | |
| Mudharabah fund | | |
| Fixed/investment deposits | 424,199 | 371,014 |
| Call deposits | 78,591 | 78,516 |
| | <u>502,790</u> | <u>449,530</u> |
| (ii) By type of customer | | |
| Mudharabah fund | | |
| Business enterprises | <u>502,790</u> | <u>449,530</u> |

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

| | Group and Bank | |
|---------------------------------|----------------|----------------|
| | 31-Mar-2013 | 31-Dec-2012 |
| | RM'000 | RM'000 |
| (i) By type of deposit | | |
| Mudharabah Fund | | |
| Fixed/investment deposits | 466,458 | 611,722 |
| Call deposits | 917 | 31,317 |
| | <u>467,375</u> | <u>643,039</u> |
| (ii) By type of customer | | |
| Mudharabah fund | | |
| Licensed Islamic banks | - | 40,000 |
| Other financial institutions | 467,375 | 603,039 |
| | <u>467,375</u> | <u>643,039</u> |

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI) (cont'd.)

(g) Profit equalisation reserve

| | Group and Bank | |
|---------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
| At 1 January | 12,956 | 14,783 |
| Transfer to reserve | - | (7,391) |
| | <u>12,956</u> | <u>7,392</u> |
| Creation | - | 7,390 |
| Utilisation | (405) | (1,826) |
| At 31 December | <u>12,551</u> | <u>12,956</u> |

(h) Impairment loss made on securities

| | Group and Bank | |
|-------------------------------------|-----------------------|-----------------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 |
| Securities available-for-sale (net) | (67) | (39) |
| | <u>(67)</u> | <u>(39)</u> |

Unaudited Interim Financial Statements

I, Datuk Mohd Najib Hj. Abdullah, being the Group Managing Director/Chief Executive Officer primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the three months ended 31 March 2013, as set out on pages 1 to 37 have been prepared from the Group and the Bank'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 Bank as at 31 March 2013. The financial performance and cash flows of the Group and the Bank 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.

DATUK MOHD NAJIB HJ. ABDULLAH
GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Date: 15 April 2013