

Unaudited Interim Financial Statements

Condensed statements of financial position
As at 30 September 2014

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Assets					
Cash and short-term funds	6	107,931	49,636	107,817	49,458
Securities available-for-sale	7	2,260,153	3,172,215	2,260,153	3,172,215
Securities held-to-maturity	8	1,080,041	732,795	1,080,041	732,795
Loans, advances and financing	9	705,181	640,476	705,181	640,476
Derivative assets	10	9,945	9,743	9,945	9,743
Other assets	11	138,831	149,481	138,864	149,601
Statutory deposits with Bank Negara Malaysia		113,371	144,239	113,371	144,239
Investment in subsidiaries		-	-	*	*
Property, plant and equipment		535	420	535	420
Intangible assets		290	877	290	877
Deferred tax assets		13,681	15,003	13,681	15,003
Total assets		4,429,959	4,914,885	4,429,878	4,914,827
Liabilities					
Deposits from customers	12	1,223,809	1,342,950	1,223,809	1,342,950
Deposits and placements of banks and other financial institutions	13	2,238,157	2,601,236	2,238,157	2,601,236
Derivative liabilities	10	-	-	-	-
Other liabilities	14	172,685	214,418	172,685	214,414
Provision for taxation and zakat		1,241	791	1,238	789
Total liabilities		3,635,892	4,159,395	3,635,889	4,159,389
Equity					
Share capital		156,500	156,500	156,500	156,500
Reserves		637,567	598,990	637,489	598,938
Total equity		794,067	755,490	793,989	755,438
Total liabilities and equity		4,429,959	4,914,885	4,429,878	4,914,827
Commitments and contingencies	23	1,493,042	1,915,300	1,493,042	1,915,300

* 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 2013.

Unaudited Interim Financial Statements

Condensed consolidated statements of profit or loss For the nine months ended 30 September 2014

Group	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Operating revenue		54,191	65,543	181,904	204,357
Interest income	15	34,960	39,796	114,051	114,582
Interest expense	16	(22,712)	(26,122)	(71,269)	(76,842)
Net interest income		12,248	13,674	42,782	37,740
Net income from Islamic					
Banking	28	7,781	4,792	21,163	16,083
Non-interest income	17	6,328	12,403	28,111	48,513
		26,357	30,869	92,056	102,336
Operating expenses	18	(13,231)	(13,238)	(40,772)	(42,127)
Operating profit before allowances		13,126	17,631	51,284	60,209
Impairment (loss)/write back on loans, advances and financing	19	(661)	(899)	(7,078)	4,016
Impairment loss written back on securities	20	1,652	557	2,195	1,534
Impairment loss written back on other assets	21	557	464	442	741
Profit before taxation and zakat		14,674	17,753	46,843	66,500
Taxation		(3,666)	(4,438)	(11,709)	(16,624)
Zakat		(195)	(104)	(523)	(609)
Profit for the period attributable to equity holder of the Bank		10,813	13,211	34,611	49,267
Earnings per ordinary share (sen)					
- Basic and diluted	22	6.98	8.52	22.33	31.79

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 2013.

Unaudited Interim Financial Statements

Condensed consolidated statements of comprehensive income
For the nine months ended 30 September 2014

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit for the period attributable to equity holder of the Bank	10,813	13,211	34,611	49,267
Other comprehensive income/ (loss):				
Items that may be reclassified subsequently to profit or loss:				
Net loss on securities available -for-sale				
Cumulative gain transferred to profit or loss upon disposal	(52)	1,472	(3,302)	(12,599)
Fair value changes	9,135	(12,963)	7,268	(13,811)
Other comprehensive income/ (loss) for the period, net of tax	9,083	(11,491)	3,966	(26,410)
Total comprehensive income for the period attributable to equity holder of the Bank	19,896	1,720	38,577	22,857

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 2013.

Unaudited Interim Financial Statements

Condensed statements of profit or loss
For the nine months ended 30 September 2014 (cont'd.)

Bank	Note	Individual Quarter		Cumulative Quarter	
		3 Months Ended		9 Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Operating revenue		54,185	65,535	181,866	204,337
Interest income	15	34,960	39,796	114,051	114,582
Interest expense	16	(22,712)	(26,122)	(71,269)	(76,842)
Net interest income		12,248	13,674	42,782	37,740
Net income from Islamic					
Banking	28	7,781	4,792	21,163	16,083
Non-interest income	17	6,322	12,395	28,073	48,493
		26,351	30,861	92,018	102,316
Operating expenses	18	(13,228)	(13,237)	(40,766)	(42,123)
Operating profit before allowances		13,123	17,624	51,252	60,193
Impairment (loss)/write back on loans, advances and financing	19	(661)	(899)	(7,078)	4,016
Impairment loss written back on securities	20	1,652	557	2,195	1,534
Impairment loss written back on other assets	21	557	464	442	741
Profit before taxation and zakat		14,671	17,746	46,811	66,484
Taxation		(3,667)	(4,437)	(11,703)	(16,621)
Zakat		(195)	(104)	(523)	(609)
Profit for the period attributable to equity holder of the Bank		10,809	13,205	34,585	49,254

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 2013.

Unaudited Interim Financial Statements

Condensed statements of comprehensive income For the nine months ended 30 September 2014 (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit for the period attributable to equity holder of the Bank	10,809	13,205	34,585	49,254
Other comprehensive income/ (loss):				
Items that may be reclassified subsequently to profit or loss:				
Net loss on securities available -for-sale				
Cumulative gain transferred to profit or loss upon disposal	(52)	1,472	(3,302)	(12,599)
Fair value changes	9,135	(12,963)	7,268	(13,811)
Other comprehensive income/ (loss) for the period, net of tax	9,083	(11,491)	3,966	(26,410)
Total comprehensive income for the period attributable to equity holder of the Bank	19,892	1,714	38,551	22,844

Unaudited Interim Financial Statements

Condensed consolidated statements of changes in equity
For the nine months ended 30 September 2014

Group	<----- Non-distributable ----->					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve * RM'000	Securities available- for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained earnings RM'000		
At 1 January 2013, as previously stated	156,500	362,611	147,520	13,726	9,151	118,231	807,739	
Effect of restatement	-	-	-	-	-	(45,605)	(45,605)	
At 1 January 2013, as restated	156,500	362,611	147,520	13,726	9,151	72,626	762,134	
Profit for the period	-	-	-	-	-	49,267	49,267	
Other comprehensive income for the period	-	-	-	(26,410)	-	-	(26,410)	
Total comprehensive income for the period	-	-	-	(26,410)	-	49,267	22,857	
Net transfer to profit equalisation reserve for the period	-	-	-	-	(95)	95	-	
Dividends	-	-	-	-	-	(33,375)	(33,375)	
At 30 September 2013	156,500	362,611	147,520	(12,684)	9,056	88,613	751,616	
At 1 January 2014	156,500	362,611	164,252	(26,488)	8,723	89,892	755,490	
Profit for the period	-	-	-	-	-	34,611	34,611	
Other comprehensive income for the period	-	-	-	3,966	-	-	3,966	
Total comprehensive income for the period	-	-	-	3,966	-	34,611	38,577	
Net transfer to profit equalisation reserve for the period	-	-	-	-	34	(34)	-	
At 30 September 2014	156,500	362,611	164,252	(22,522)	8,757	124,469	794,067	

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

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

Unaudited Interim Financial Statements

Condensed statements of changes in equity
For the nine months ended 30 September 2014 (cont'd.)

Bank	<----- Non-distributable ----->					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve * RM'000	Securities available- for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained earnings RM'000		
At 1 January 2013, as previously stated	156,500	362,611	147,520	13,726	9,151	118,199	807,707	
Effect of restatement	-	-	-	-	-	(45,605)	(45,605)	
At 1 January 2013, as restated	156,500	362,611	147,520	13,726	9,151	72,594	762,102	
Profit for the period	-	-	-	-	-	49,254	49,254	
Other comprehensive income for the period	-	-	-	(26,410)	-	-	(26,410)	
Total comprehensive income for the period	-	-	-	(26,410)	-	49,254	22,844	
Net transfer to profit equalisation reserve for the period	-	-	-	-	(95)	95	-	
Dividends	-	-	-	-	-	(33,375)	(33,375)	
At 30 September 2013	156,500	362,611	147,520	(12,684)	9,056	88,568	751,571	
At 1 January 2014	156,500	362,611	164,252	(26,488)	8,723	89,840	755,438	
Profit for the period	-	-	-	-	-	34,585	34,585	
Other comprehensive income for the period	-	-	-	3,966	-	-	3,966	
Total comprehensive income for the period	-	-	-	3,966	-	34,585	38,551	
Net transfer to profit equalisation reserve for the period	-	-	-	-	34	(34)	-	
At 30 September 2014	156,500	362,611	164,252	(22,522)	8,757	124,391	793,989	

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

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

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Condensed statements of cash flows For the nine months ended 30 September 2014

	Group		Bank	
	30 September 2014 RM'000	30 September 2013 RM'000 Restated	30 September 2014 RM'000	30 September 2013 RM'000 Restated
Profit before taxation and zakat	46,843	66,500	46,811	66,484
Adjustments for non-cash items	(20,867)	(50,829)	(20,867)	(50,829)
Operating profit before changes in working capital	25,976	15,671	25,944	15,655
Changes in working capital:				
Net changes in operating assets	557,342	(59,358)	557,435	(59,253)
Net changes in operating liabilities	(524,745)	184,003	(524,742)	184,003
Net cash generated from operating activities	58,573	140,316	58,637	140,405
Net cash generated from investing activities	(278)	294	(278)	294
Net cash generated from financing activities	-	(33,375)	-	(33,375)
Net change in cash and cash equivalents	58,295	107,235	58,359	107,324
Cash and cash equivalents at beginning of the period	49,636	36,619	49,458	36,402
Cash and cash equivalents at end of the period	107,931	143,854	107,817	143,726

Cash and cash equivalents comprise:

	Group		Bank	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Cash and short-term funds	107,931	143,854	107,817	143,726
	107,931	143,854	107,817	143,726

Unaudited Interim Financial Statements

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

1. Basis of preparation

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

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2013.

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 2013 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations which are effective from 1 January 2014.

Adoption of Amendments to Standards and IC Interpretations

The Group and the Bank have adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

The adoption of the above pronouncement did not have any impact on the financial statements of the Group and the Bank

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2. Significant accounting policies (cont'd.)

Standards issued but not yet effective

At the date of authorisation of the condensed interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group and the Bank.

Description	Effective for financial periods beginning on or after
MFRS 9 <i>Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)</i>	To be announced by Malaysian Accounting Standards Board (MASB)
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in October 2010)</i>	To be announced by MASB
MFRS 9 <i>Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)</i>	To be announced by MASB
MFRS 9 <i>Financial Instruments (Hedge Accounting and amendment to MFRS 9, MFRS7 and MFRS 139)</i>	To be announced by MASB
Amendments to MFRS 119 <i>Defined Benefits Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to MFRS 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011 - 2013 Cycle	1 July 2014

3. Auditors' Report on Preceding Annual Financial Statements

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

4. Performance review

The Group and the Bank recorded a lower pre-tax profit of RM14.7 million for the third quarter ended 30 September 2014, a decrease of 17% as compared to pre-tax profit of RM17.8 million recorded in the corresponding quarter ended 30 September 2013. The decrease in earnings were mainly due to the lower fee income of RM3.5 million in the current quarter.

The pre-tax profit for the nine months period ended 30 September 2014 amounted to RM46.8 million, a decrease of 30% as compared to the pre-tax profit of RM66.5 million recorded in the previous corresponding nine months period ended 30 September 2013. The decrease in earnings were mainly due to higher net impairment charge on loans, advances and financing of RM11.1 million and lower investment income of RM9.0 million.

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5. Prospect for 2014

Malaysia's GDP growth accelerated to 6.4% in the second quarter, from 6.2% in the first quarter. Given the relatively robust first half growth, the country's GDP growth for 2014 is likely to exceed Bank Negara's forecast range of 4.5%-5.5%. The economy continues to benefit from a turnaround in external trade.

Inflation rate peaked for the year at 3.5% in March 2014 and eased slightly thereafter. In October 2014, the Malaysian Government had increased the price of fuel and diesel by 20 cents and 30 cents respectively. This is expected to keep inflation rate at an "elevated" level for the rest of the year and throughout 2015 as the Goods and Services Tax will take effect in April 2015. Inflation is expected to average at 3.2% in 2014, accelerating to 3.5-4.0% next year.

Despite Malaysia's commendable economic performance, the Financial Times Stock Exchange Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI") fell by -1.1% in the year to 30 September 2014. Global funds were drawn more to the markets in Indonesia, Philippines and Thailand, where a return of political stability and the implementation of economic reforms boosted investors' sentiment and confidence.

In the capital market, fund raising activities have been vibrant this year, after a lacklustre 2013. The net amount of fund raised by the private sector already amounted to RM35.4 billion in the first eight months of the year, and is set to surpass the RM38.3 billion raised in the entire 2013. Although the Initial Public Offering segment is still sluggish, rights issuance in 2014 had already hit RM10.2 billion in the year to August 2014, exceeding the annual amount recorded in 2011-2013. This indicates shareholders' confidence in the economy and the business climate. Premised on the above, the Bank continues to see opportunities for fee-based activities in the equity capital market, corporate finance and corporate advisory.

The fund-based activities of the Bank remained subdued in Quarter 3, 2014, following the hike in the Overnight Policy Rate ("OPR") by 25 basis point ("b.p") in July 2014. The hike was discounted, and bond prices subsequently traded higher, although this was largely due to carry trade activities by foreign investors positioning for stronger Ringgit. The Bank was cautious in its position-taking, especially as the yield gap between 3 months and 10 year government bonds was at only 20 b.p. Fund-based activities is expected to remain subdued in Quarter 4, 2014, in line with the slowing-down of activities towards year-end.

The Malaysian Budget 2015 is still a continuation of the Government's strive to balance between the fiscal consolidation stance and the well-being of rakyat. The Federal Government's fiscal deficit for 2014 is projected to be 3.5% of GDP, in line with target. For next year, the deficit is expected to decline further to 3.0% of GDP, which would be the lowest in 11 years. The progress in public finance reform is positive for the capital markets.

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6. Cash and short-term funds

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Cash and balances with banks and other financial institutions	78,331	5,836	78,217	5,658
Money at call and deposit placements maturing within month	29,600	43,800	29,600	43,800
	<u>107,931</u>	<u>49,636</u>	<u>107,817</u>	<u>49,458</u>

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group and the Bank amounted to approximately RM1,789,000 and RM236,000 respectively (31 December 2013: RM3,054,000 and RM1,734,000 respectively). These amounts are excluded from the cash and short-term funds of the Group and of the Bank.

7. Securities available-for-sale

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:		
Malaysian Government Securities	3,338	3,295
Government Investment Issues	5,826	318,459
Bank Negara Monetary Notes	437,956	401,666
Malaysian Treasury Bills	49,928	9,947
Other Acceptances Discounted	-	147,598
Negotiable Instruments of Deposit	80,000	496,418
	<u>577,048</u>	<u>1,377,383</u>
Unquoted securities in Malaysia:		
Private Debt Securities	1,675,933	1,783,966
Loan Stocks	6,415	10,109
	<u>1,682,348</u>	<u>1,794,075</u>
At cost		
Unquoted securities in Malaysia:		
Shares	757	757
	<u>2,260,153</u>	<u>3,172,215</u>

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8. Securities held-to-maturity

	Note	Group and Bank	
		30 September 2014 RM'000	31 December 2013 RM'000
At amortised cost			
Money market instruments:			
Bank Negara Monetary Notes		49,818	-
Negotiable Instruments of Deposit		298,211	-
		<u>348,029</u>	<u>-</u>
Unquoted securities in Malaysia:			
Private Debt Securities		<u>797,917</u>	<u>798,778</u>
Less: Individual impairment allowance	(a)	(65,905)	(65,983)
		<u>1,080,041</u>	<u>732,795</u>

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

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	(65,983)	(66,059)
Impairment made during the period/year	-	(5)
Amount written back	-	72
Discount unwind	-	9
Amount written off	78	-
At 30 September/31 December	<u>(65,905)</u>	<u>(65,983)</u>

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9. Loans, advances and financing

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
Term loans/financing		
Syndicated term loans/financing	243,207	167,515
Other term loans	388,098	409,676
Staff loans	634	774
Margin accounts	168,944	152,245
Gross loans, advances and financing	<u>800,883</u>	<u>730,210</u>
Less: Impairment allowances		
- Collective impairment allowance	(3,966)	(3,585)
- Individual impairment allowance	(91,736)	(86,149)
Total net loans, advances and financing	<u>705,181</u>	<u>640,476</u>

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

(a) Gross loans, advances and financing

(i) By type of customer

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
Domestic business enterprises	706,630	638,180
Individuals	94,253	92,030
Gross loans, advances and financing	<u>800,883</u>	<u>730,210</u>

(ii) By interest rate sensitivity

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
Fixed rate		
Staff loans	634	774
Other fixed rate loan	208,275	152,245
Variable rate		
Cost-plus	591,974	577,191
Gross loans, advances and financing	<u>800,883</u>	<u>730,210</u>

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

(a) Gross loans, advances and financing (cont'd.)

(iii) By economic sector

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Mining and quarrying	60,166	5,614
Manufacturing	98,754	111,311
Electricity, gas and water supply	-	100,194
Construction	217,146	33,533
Wholesale & retail trade and restaurants & hotels	11,570	12,151
Transport, storage and communications	84,921	52,291
Finance, insurance and business services	145,534	282,201
Education, health and others	35,097	-
Others	147,695	132,915
Gross loans, advances and financing	<u>800,883</u>	<u>730,210</u>

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

(i) ILs by economic sector:

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Manufacturing	92,230	92,231
Construction	3,360	3,359
Wholesale & retail trade and restaurants & hotels	11,570	12,151
Finance, insurance and business services	139	124
Others	735	685
	<u>108,034</u>	<u>108,550</u>

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

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

(ii) Movements in ILs are as follows:

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	108,550	110,030
Classified as impaired during the period/year	65	189
Amount recovered	(581)	(1,669)
At 30 September/31 December	<u>108,034</u>	<u>108,550</u>
Less: Individual impairment allowance	(91,736)	(86,149)
Net ILs	<u>16,298</u>	<u>22,401</u>
Ratio of net ILs to gross loans, advances and financing less individual impairment allowance	<u>2.30%</u>	<u>3.48%</u>

(iii) Movements in impairment allowances

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Collective impairment allowance		
At 1 January	3,585	746
Impairment made during the period/year	381	2,839
At 30 September/31 December	<u>3,966</u>	<u>3,585</u>
Ratio of collective impairment allowance to gross loans, advances and financing less individual impairment allowance	<u>0.56%</u>	<u>0.56%</u>

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

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

(iii) Movements in impairment allowances (cont'd.)

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Individual impairment allowance		
At 1 January	86,149	86,569
Impairment made during the period/year	7,715	1,872
Amount written back	(1,013)	(573)
Discount unwind	(1,115)	(1,719)
At 30 September/31 December	<u>91,736</u>	<u>86,149</u>

10. Derivative assets/liabilities

Group and Bank	Contract or underlying principal amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
30 September 2014			
Interest rate related derivatives:			
- Interest rate swaps	<u>1,370,000</u>	<u>9,945</u>	<u>-</u>
31 December 2013			
Interest rate related derivatives:			
- Interest rate swaps	<u>1,720,000</u>	<u>9,743</u>	<u>-</u>

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11. Other assets

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Amount due from brokers and clients		99,791	111,509	99,791	111,509
Less: Individual impairment allowance		(2,558)	(2,558)	(2,558)	(2,558)
	(a)	<u>97,233</u>	<u>108,951</u>	<u>97,233</u>	<u>108,951</u>
Other debtors, deposits and prepayments		8,306	10,446	8,306	10,446
Less: Individual impairment allowance	(b)	<u>(4,578)</u>	<u>(5,020)</u>	<u>(4,578)</u>	<u>(5,020)</u>
		<u>3,728</u>	<u>5,426</u>	<u>3,728</u>	<u>5,426</u>
Interest/profit receivables		24,489	25,603	24,489	25,603
Tax recoverable		13,361	9,490	13,361	9,490
Amount due from related companies	(c)	20	11	20	11
Amount due from subsidiaries	(c)	-	-	33	120
		<u>138,831</u>	<u>149,481</u>	<u>138,864</u>	<u>149,601</u>

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11. Other assets (cont'd.)

(a) Amount due from brokers and clients

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
Brokers	30,889	23,779
Clients	68,902	87,730
	<u>99,791</u>	<u>111,509</u>
Less: Individual impairment allowance	(2,558)	(2,558)
	<u>97,233</u>	<u>108,951</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 RM2,579,000 (31 December 2013: RM2,579,000).

Movements in individual impairment allowance on amount due from clients:

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
At 1 January	(2,558)	(2,576)
Amount written back	-	18
At 30 September/31 December	<u>(2,558)</u>	<u>(2,558)</u>

(b) Other debtors, deposits and prepayments

Movements in individual impairment allowance:

Group and Bank	Other debtors, deposits and prepayments RM'000
At 1 January 2013	(28,246)
Impairment made during the period/year	(786)
Amount written back	<u>24,012</u>
At 31 December 2013	(5,020)
Impairment made during the period/year	(547)
Amount written back	989
At 30 September 2014	<u>(4,578)</u>

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11. Other assets (cont'd.)

- (c) The amounts due from 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.

12. Deposits from customers

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
(a) By type of deposit		
Call deposits	96,939	119,976
Fixed deposits	1,126,870	1,222,974
	<u>1,223,809</u>	<u>1,342,950</u>
(b) By type of customer		
Business enterprises	1,054,953	1,219,053
Government and statutory bodies	165,000	120,000
Individual	3,856	3,897
	<u>1,223,809</u>	<u>1,342,950</u>
(c) The maturity structure of term deposits is as follows:		
Due within six months	1,196,357	1,340,247
Six months to one years	27,452	2,703
	<u>1,223,809</u>	<u>1,342,950</u>

13. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
(a) Call deposits		
- Other financial institutions	<u>119,996</u>	<u>119,231</u>
(b) Fixed deposits		
- Licensed banks	266,000	322,200
- Licensed Islamic banks	-	60,400
- Licensed investment banks	-	155,000
- Other financial institutions	1,852,161	1,944,405
	<u>2,118,161</u>	<u>2,482,005</u>
	<u>2,238,157</u>	<u>2,601,236</u>

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14. Other liabilities

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Amount due to brokers and clients	(a)	100,018	109,925	100,018	109,925
Interest/profit payables		9,133	15,112	9,133	15,112
Accrued liabilities and other payables		48,820	74,578	48,820	74,577
Profit equalisation reserve	28(h)	11,414	11,372	11,414	11,372
Employee benefits		2,184	2,170	2,184	2,170
Amount due to immediate holding company	(b)	1,116	1,257	1,116	1,254
Amount due to related company	(b)	-	4	-	4
		<u>172,685</u>	<u>214,418</u>	<u>172,685</u>	<u>214,414</u>

Group and Bank	
30 September 2014 RM'000	31 December 2013 RM'000

(a) Amount due to brokers and clients

Brokers	29,224	36,418
Clients	70,794	73,507
	<u>100,018</u>	<u>109,925</u>

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

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

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15. Interest income

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income on non-impaired loans	8,237	5,458	25,132	12,610
- Interest income on impaired loans	308	417	1,115	1,306
Money at call and deposit placements with financial institutions	700	901	2,059	2,524
Securities held-for-trading	173	-	173	-
Securities available-for-sale				
- Interest income on non-impaired securities	15,077	18,168	46,878	61,228
- Interest income on impaired securities	174	404	6,061	1,305
Securities held-to-maturity				
- Interest income on non-impaired securities	8,187	8,727	24,263	22,114
- Interest income on impaired securities	-	-	-	9
Derivative instruments	749	21	1,028	66
Other	13	66	40	66
	<u>33,618</u>	<u>34,162</u>	<u>106,749</u>	<u>101,228</u>
Accretion of discount less amortisation of premium	1,342	5,634	7,302	13,354
	<u>34,960</u>	<u>39,796</u>	<u>114,051</u>	<u>114,582</u>

16. Interest expense

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	7,466	12,007	24,745	35,876
Deposits and placements of bank and other financial institutions	15,223	13,730	46,126	40,015
Derivative instruments	23	385	398	951
	<u>22,712</u>	<u>26,122</u>	<u>71,269</u>	<u>76,842</u>

Unaudited Interim Financial Statements

17. Non-interest income

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Fee income:				
Fees on loans, advances and financing	71	303	532	612
Corporate advisory fees	985	1,462	3,960	3,470
Underwriting fees	130	386	175	594
Management fees	350	1,716	1,970	2,709
Brokerage commission	4,939	6,361	15,324	20,348
Other fee income	816	583	1,997	1,478
	<u>7,291</u>	<u>10,811</u>	<u>23,958</u>	<u>29,211</u>
Investment income/(loss):				
Net gain on sale of securities held-for-trading	259	9	270	29
Net gain/(loss) on sale of securities available-for-sale	60	(1,401)	3,352	7,285
Net unrealised gain on revaluation of securities held-for-trading	-	-	-	2
Net unrealised gain/(loss) on revaluation of derivative instruments	(1,367)	2,862	202	5,543
	<u>(1,048)</u>	<u>1,470</u>	<u>3,824</u>	<u>12,859</u>
Gross dividends from:				
Securities available-for-sale	-	-	98	347
	<u>-</u>	<u>-</u>	<u>98</u>	<u>347</u>
Other income:				
Gain on disposal of property, plant and equipment	-	-	-	81
Others	85	122	231	6,015
	<u>85</u>	<u>122</u>	<u>231</u>	<u>6,096</u>
	<u>6,328</u>	<u>12,403</u>	<u>28,111</u>	<u>48,513</u>

Unaudited Interim Financial Statements

17. Non-interest income (contd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Fee income:				
Fees on loans, advances and financing	71	303	532	612
Corporate advisory fees	985	1,462	3,960	3,470
Underwriting fees	130	386	175	594
Management fees	350	1,716	1,970	2,709
Brokerage commission	4,939	6,361	15,324	20,348
Other fee income	811	576	1,968	1,462
	<u>7,286</u>	<u>10,804</u>	<u>23,929</u>	<u>29,195</u>
Investment income/(loss):				
Net gain on sale of securities held-for-trading	259	9	270	29
Net gain/(loss) on sale of securities available-for-sale	60	(1,401)	3,352	7,285
Net unrealised gain on revaluation of securities held-for-trading	-	-	-	2
Net unrealised gain/(loss) on revaluation of derivative instruments	(1,367)	2,862	202	5,543
	<u>(1,048)</u>	<u>1,470</u>	<u>3,824</u>	<u>12,859</u>
Gross dividends from:				
Securities available-for-sale	-	-	98	347
	<u>-</u>	<u>-</u>	<u>98</u>	<u>347</u>
Other income:				
Gain on disposal of property, plant and equipment	-	-	-	81
Others	84	121	222	6,011
	<u>84</u>	<u>121</u>	<u>222</u>	<u>6,092</u>
	<u>6,322</u>	<u>12,395</u>	<u>28,073</u>	<u>48,493</u>

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18. Operating expenses

Group	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
(i) Personnel expenses:				
Wages, salaries and bonuses	6,698	6,874	20,824	21,056
Employees' benefits	48	43	14	130
Social security costs	24	26	72	79
Defined contribution plans	1,056	995	3,395	3,202
Other staff related expenses	613	(210)	1,533	965
	<u>8,439</u>	<u>7,728</u>	<u>25,838</u>	<u>25,432</u>
(ii) Establishment related expenses:				
Depreciation and amortisation	282	299	848	1,053
Rental	576	619	1,730	1,862
Hire of equipment	6	14	29	38
Others	870	825	2,744	2,167
	<u>1,734</u>	<u>1,757</u>	<u>5,351</u>	<u>5,120</u>
(iii) Promotion and marketing related expenses:				
Advertisement & publicity	91	41	218	210
Others	286	491	1,177	1,290
	<u>377</u>	<u>532</u>	<u>1,395</u>	<u>1,500</u>
(iv) General administrative expenses:				
Communication expenses	19	46	92	169
Audit fees	64	72	180	194
Directors meeting allowances	206	181	612	516
Management fees	1,598	1,774	4,937	5,015
Corporate Dealers and Remisiers' Commissions	72	251	143	873
Securities Commission's levy	247	311	774	968
Others	475	586	1,450	2,340
	<u>2,681</u>	<u>3,221</u>	<u>8,188</u>	<u>10,075</u>
	<u>13,231</u>	<u>13,238</u>	<u>40,772</u>	<u>42,127</u>

Unaudited Interim Financial Statements

18. Operating expenses (cont'd.)

Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
(i) Personnel expenses:				
Wages, salaries and bonuses	6,698	6,874	20,824	21,056
Employees' benefits	48	43	14	130
Social security costs	24	26	72	79
Defined contribution plans	1,056	995	3,395	3,202
Other staff related expenses	613	(210)	1,533	965
	<u>8,439</u>	<u>7,728</u>	<u>25,838</u>	<u>25,432</u>
(ii) Establishment related expenses:				
Depreciation and amortisation	282	299	848	1,053
Rental	576	619	1,730	1,862
Hire of equipment	6	14	29	38
Others	870	825	2,744	2,167
	<u>1,734</u>	<u>1,757</u>	<u>5,351</u>	<u>5,120</u>
(iii) Promotion and marketing related expenses:				
Advertisement & publicity	91	41	218	210
Others	286	491	1,177	1,290
	<u>377</u>	<u>532</u>	<u>1,395</u>	<u>1,500</u>
(iv) General administrative expenses:				
Communication expenses	19	46	92	169
Audit fees	64	72	180	194
Directors meeting allowances	206	181	612	516
Management fees	1,595	1,770	4,931	5,011
Corporate Dealers and Remisiers' Commissions	72	251	143	873
Securities Commission's levy	247	311	774	968
Others	475	589	1,450	2,340
	<u>2,678</u>	<u>3,220</u>	<u>8,182</u>	<u>10,071</u>
	<u>13,228</u>	<u>13,237</u>	<u>40,766</u>	<u>42,123</u>

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19. Impairment (made)/write back on loans, advances and financing

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance [Note 9(b)(iii)]				
- Made during the period	(507)	(480)	(381)	(345)
Individual impairment allowance [Note 9(b)(iii)]				
- Made during the period	(272)	(527)	(7,715)	(1,358)
- Written-back	118	108	1,013	512
Bad debts recovered on loans, advances and financing	-	-	5	5,207
	<u>(661)</u>	<u>(899)</u>	<u>(7,078)</u>	<u>4,016</u>

20. Impairment written-back on securities

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale (net)	1,652	557	2,195	1,468
Securities held-to-maturity (net)	-	-	-	66
	<u>1,652</u>	<u>557</u>	<u>2,195</u>	<u>1,534</u>

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21. Impairment written-back on other assets

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Impairment (made)/written-back on amount due from brokers [Note 11(a)]	115	463	-	726
Impairment loss written-back on other debtors [Note 11(b)]	442	1	442	15
	<u>557</u>	<u>464</u>	<u>442</u>	<u>741</u>

22. Basic earnings per ordinary shares

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit for the period	<u>10,813</u>	<u>13,211</u>	<u>34,611</u>	<u>49,267</u>
Weighted average number of ordinary shares	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
Basic earnings per ordinary share (sen)	<u>6.98</u>	<u>8.52</u>	<u>22.33</u>	<u>31.79</u>

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23. Commitments and contingencies

	<----- 30 September 2014 ----->			<----- 31 December 2013 ----->		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Group and Bank						
Obligations under an on-going underwriting agreement	-	-	-	12,500	6,250	1,250
Interest rate related contracts over one year to five years	1,370,000	27,298	5,460	1,720,000	37,537	7,508
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- not exceeding one year	80,860	16,172	16,169	64,956	12,991	12,991
- exceeding one year	42,182	21,091	21,091	117,844	58,922	58,922
Total	1,493,042	64,561	42,720	1,915,300	115,700	80,671

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

24. Credit exposures arising from credit transactions with connected parties

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
(i) Outstanding credit exposures with connected parties	<u>465,607</u>	<u>330,000</u>
(ii) Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>12.41%</u>	<u>9.10%</u>
(iii) Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>Nil</u>	<u>Nil</u>

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25. Related party disclosures

(a) Significant related party transactions and balances

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

	Group and Bank	
	30 September	30 September
	2014	2013
	RM'000	RM'000
Ultimate holding company		
Income:		
Brokerage fees earned	5,716	9,580
Fee income	-	20
Expenditure:		
Interest expense on deposits	-	-
	<u> </u>	<u> </u>
Immediate holding company		
Expenditure:		
Interest expense on deposits	-	15
Rental of premises	1,647	1,795
Management fees paid	4,931	5,011
	-	12
	<u> </u>	<u> </u>
Other related companies		
Income:		
Interest income on securities	13,156	14,035
Interest income on loans, advances and financing	19	-
Fee income	386	568
Brokerage fees earned	1,010	1,392
	<u> </u>	<u> </u>
Expenditure:		
Interest expense on deposits	4,359	5,306
Car park charges	11	-
	<u> </u>	<u> </u>

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25. 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 September	31 December
	2014	2013
	RM'000	RM'000
Ultimate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	42,000	-
Other payables	72	-
	<hr/>	<hr/>
Immediate holding company		
Amount due to:		
Deposits from placements of banks and other financial institutions	-	-
Other payables	-	-
	<hr/>	<hr/>
Other related companies		
Amount due to:		
Deposits from placements of banks and other financial institutions	266,149	58,807
Other payables	390	58
Amount due from:		
Fee receivable	225	90
Sundry deposits	362	362
Loans, advances and financing	120,000	-
Securities	324,477	323,551
	<hr/>	<hr/>

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

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26. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. The different levels have been defined as follows:

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

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2014				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	577,048	-	577,048
Unquoted securities	-	1,620,776	61,572	1,682,348
Derivative assets	-	9,945	-	9,945
Assets for which fair values are disclosed:				
Securities held-to-maturity				
Unquoted securities	-	1,079,344	-	1,079,344
Loans, advances and financing	-	704,947	-	704,947
Liability measured at fair value				
Derivative liabilities	-	-	-	-

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26. Fair value hierarchy (cont'd.)

Group and Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2013				
Assets measured at fair value				
Securities available-for-sale				
Money market instruments	-	1,377,383	-	1,377,383
Unquoted securities	-	1,721,516	72,559	1,794,075
Derivative assets	-	9,743	-	9,743
Assets for which fair values are disclosed:				
Securities held-to-maturity				
Unquoted securities	-	734,920	-	734,920
Loans, advances and financing	-	640,290	-	640,290
Liability measured at fair value				
Derivative liabilities	-	-	-	-

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

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26. Fair value hierarchy (cont'd.)

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

	Group and Bank	
	30 September	31 December
	2014	2013
	RM'000	RM'000
Securities available-for-sale		
Unquoted securities		
At 1 January	72,559	136,652
Total gains/(losses) recognised in profit or loss		
Included within interest income	722	1,570
Included within net income from Islamic Banking operation	101	261
Included within impairment written back on securities	2,195	4,107
	<u>3,018</u>	<u>5,938</u>
Settlements	(14,005)	(70,031)
At 30 September/31 December	<u>61,572</u>	<u>72,559</u>

Changing one or more of the inputs to the reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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27. Capital management

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

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Tier 1 Capital				
Common Equity Tier 1 ("CET1") Capital				
Ordinary shares	155,000	155,000	155,000	155,000
Share premium - ordinary share	214,111	214,111	214,111	214,111
Statutory reserve	164,252	164,252	164,252	164,252
Securities available-for-sale reserve	(22,522)	(26,488)	(22,522)	(26,488)
Profit equalisation reserve	8,757	8,723	8,757	8,723
Retained earnings	89,858	89,892	89,806	89,840
	<u>609,456</u>	<u>605,490</u>	<u>609,404</u>	<u>605,438</u>
Less: Regulatory adjustments	(22,728)	(24,603)	(22,728)	(24,603)
<i>Total CET1 Capital</i>	<u>586,728</u>	<u>580,887</u>	<u>586,676</u>	<u>580,835</u>
Additional Tier 1 Capital				
NCPPS	1,500	1,500	1,500	1,500
Share premium - NCPPS	148,500	148,500	148,500	148,500
	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Less: Regulatory adjustments	(30,000)	(15,000)	(30,000)	(15,000)
<i>Total Additional Tier 1 Capital</i>	<u>120,000</u>	<u>135,000</u>	<u>120,000</u>	<u>135,000</u>
Total Tier 1 Capital	<u>706,728</u>	<u>715,887</u>	<u>706,676</u>	<u>715,835</u>
Tier 2 Capital				
Collective impairment allowance	3,966	3,585	3,966	3,585
Total Tier 2 capital	<u>3,966</u>	<u>3,585</u>	<u>3,966</u>	<u>3,585</u>
Total Capital	<u>710,694</u>	<u>719,472</u>	<u>710,642</u>	<u>719,420</u>
CET1 Capital	26.524%	24.600%	26.522%	24.597%
Tier 1 Capital	31.949%	30.318%	31.947%	30.314%
Total Capital	32.129%	30.470%	32.126%	30.466%

Unaudited Interim Financial Statements

27. Capital management (cont'd.)

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

Group	30 September 2014		31 December 2013	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	1,469,456	-	1,692,110	-
20%	1,521,080	304,216	1,841,018	368,204
35%	467	163	520	182
50%	123,215	61,608	136,398	68,199
75%	131	98	164	123
100%	1,315,300	1,315,300	1,294,635	1,294,635
150%	55,157	82,735	54,323	81,485
Total risk-weighted assets for credit risk	4,484,806	1,764,120	5,019,168	1,812,828
Total risk-weighted assets equivalent for market risk	-	228,700	-	329,700
Total risk-weighted assets equivalent for operational risk	-	219,208	-	218,756
	<u>4,484,806</u>	<u>2,212,028</u>	<u>5,019,168</u>	<u>2,361,284</u>

Bank	30 September 2014		31 December 2013	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	1,469,456	-	1,692,110	-
20%	1,520,966	304,193	1,840,840	368,168
35%	467	163	520	182
50%	123,215	61,608	136,398	68,199
75%	131	98	164	123
100%	1,315,333	1,315,333	1,294,755	1,294,755
150%	55,157	82,735	54,323	81,485
Total risk-weighted assets for credit risk	4,484,725	1,764,130	5,019,110	1,812,912
Total risk-weighted assets equivalent for market risk	-	228,700	-	329,700
Total risk-weighted assets equivalent for operational risk	-	219,208	-	218,756
	<u>4,484,725</u>	<u>2,212,038</u>	<u>5,019,110</u>	<u>2,361,368</u>

Unaudited Interim Financial Statements

28. The operations of Islamic Banking Scheme (SPI)

Condensed statements of financial position
As at 30 September 2014

	Note	Group and Bank	
		30 September 2014 RM'000	31 December 2013 RM'000
Assets			
Cash and short-term funds	(a)	29,837	333
Securities available-for-sale	(b)	460,611	1,170,275
Securities held-to-maturity	(c)	443,046	95,072
Financing and advances	(d)	158,178	82,464
Other assets	(e)	2,630	7,469
Deferred tax assets		4,448	4,656
Total assets		1,098,750	1,360,269
Liabilities			
Deposits from customers	(f)	285,155	441,966
Deposits and placements of banks and other financial institutions	(g)	254,011	456,239
Profit equalisation reserve	(h)	11,414	11,372
Other liabilities	(i)	9,904	13,283
Provision for zakat		1,238	789
Total liabilities		561,722	923,649
Islamic banking capital funds			
Islamic banking funds		396,600	316,600
Reserves		140,428	120,020
Total Islamic banking capital funds		537,028	436,620
Total liabilities and Islamic banking capital funds		1,098,750	1,360,269

Unaudited Interim Financial Statements

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

Statements of profit or loss

For the nine months ended 30 September 2014

Group and Bank	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income derived from investment of depositors' funds and others	(j)	12,903	13,344	39,742	41,343
Allowance for profit equalisation reserve		(112)	(170)	(719)	(1,561)
Total attributable income		12,791	13,174	39,023	39,782
Income attributable to depositors	(k)	(5,010)	(8,382)	(17,860)	(23,699)
Net income attributable to reporting institution		7,781	4,792	21,163	16,083
Operating expenses	(l)	(705)	(699)	(2,132)	(2,070)
		7,076	4,093	19,031	14,013
Impairment loss made on financing and advances	(m)	-	-	(560)	-
Impairment loss written back/(made) on securities	(n)	498	(62)	1,836	(129)
Profit before zakat		7,574	4,031	20,307	13,884
Zakat		(195)	(104)	(523)	(609)
Profit for the period		7,379	3,927	19,784	13,275

Unaudited Interim Financial Statements

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

Statements of comprehensive income

For the nine months ended 30 September 2014

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit for the period attributable to equity holder of the Bank	7,574	4,031	20,307	13,884
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Net loss on securities available-for-sale Cumulative gain transferred to profit or loss upon disposal	-	-	-	(5,208)
Fair value changes	1,881	(2,933)	624	(2,648)
Other comprehensive loss for the year, net of tax	1,881	(2,933)	624	(7,856)
Total comprehensive income for the period attributable to equity holder of the Bank	9,455	1,098	20,931	6,028

Unaudited Interim Financial Statements

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

Condensed statements of changes in equity
For the nine months ended 30 September 2014

Group and Bank	----- Non-distributable ----->			-----< Distributable	
	Islamic banking funds RM'000	Securities available- for-sale reserve ^ RM'000	Profit equalisation reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2013	150,000	4,983	9,151	96,847	260,981
Profit for the period	-	-	-	13,275	13,275
Other comprehensive income for the period	-	(7,856)	-	-	(7,856)
Total comprehensive income for the period	-	(7,856)	-	13,275	5,419
Net transfer to profit equalisation reserve for the period	-	-	(95)	95	-
Allocation from Head Office	166,600	-	-	-	166,600
At 30 September 2013	316,600	(2,873)	9,056	110,217	433,000
At 1 January 2014	316,600	(5,439)	8,723	116,736	436,620
Profit for the period	-	-	-	19,784	19,784
Other comprehensive income for the period	-	624	-	-	624
Total comprehensive income for the period	-	624	-	19,784	20,408
Net transfer to profit equalisation reserve for the period	-	-	34	(34)	-
Allocation from Head Office	80,000	-	-	-	80,000
At 30 September 2014	396,600	(4,815)	8,757	136,486	537,028

^ 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.

Unaudited Interim Financial Statements

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

Condensed statements of cash flows
For the nine months ended 30 September 2014

	Group and Bank	
	30 September	30 September
	2014	2013
	RM'000	RM'000
Profit before taxation and zakat	20,307	13,884
Adjustments for non-cash items	(16,213)	(24,028)
Operating profit before changes in working capital	4,094	(10,144)
Net changes in operating assets	308,579	14,486
Net changes in operating liabilities	(363,169)	(77,237)
Net cash generated from operating activities	(50,496)	(72,895)
Net cash generated from investing activities	-	-
Net cash generated from financing activities	80,000	166,600
Net change in cash and cash equivalents	29,504	93,705
Cash and cash equivalents at beginning of the period	333	8,871
Cash and cash equivalents at end of the period	29,837	102,576

Cash and cash equivalents comprise:

	Group and Bank	
	30 September	30 September
	2014	2013
	RM'000	RM'000
Cash and short-term funds	29,837	102,576
	29,837	102,576

Unaudited Interim Financial Statements

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

(a) Cash and short-term funds

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Cash and balances with banks and other financial institutions	237	333
Money at call and deposit placements maturing within one month	29,600	-
	29,837	333

(b) Securities available-for-sale

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At fair value		
Money market instruments:		
Government Investment Issues	-	200,546
Bank Negara Monetary Notes	108,350	199,543
Islamic Negotiable Certificate of Deposits	80,000	496,417
	188,350	896,506
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	272,261	273,769
	460,611	1,170,275

Unaudited Interim Financial Statements

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

(c) Securities held-to-maturity

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Money market instruments:		
Bank Negara Monetary Notes	49,818	-
Islamic Negotiable Certificate of Deposits	298,211	-
	<u>348,029</u>	<u>-</u>
Unquoted securities in Malaysia:		
Islamic Private Debt Securities	95,017	95,072
	<u>95,017</u>	<u>95,072</u>
	<u>443,046</u>	<u>95,072</u>

(d) Financing and advances

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Term financing		
Syndicated term financing	158,738	82,464
Gross financing and advances	<u>158,738</u>	<u>82,464</u>
Less: Impairment allowances		
- Collective impairment allowance	(560)	-
Total net financing and advances	<u>158,178</u>	<u>82,464</u>

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

Unaudited Interim Financial Statements

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

(d) Financing and advances (cont'd.)

(a) Gross financing and advances

(i) By type of customer

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Domestic business enterprises	158,738	82,464
Gross financing and advances	158,738	82,464

(ii) By profit rate sensitivity

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Variable rate		
Cost-plus	158,738	82,464
Gross financing and advances	158,738	82,464

(iii) By economic sector

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Construction	73,817	30,173
Transport, storage and communications	84,921	52,291
Gross financing and advances	158,738	82,464

(iv) By classification of Shariah contracts

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Syndicated term financing		
Commodity Murabahah	158,738	82,464
Gross financing and advances	158,738	82,464

Unaudited Interim Financial Statements

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

(d) Financing and advances (cont'd.)

(b) Impaired financing and advances

(i) Movement in impairment allowance

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Collective impairment allowance		
At 1 January	-	-
Impairment made during the period/year	560	-
At 30 September/31 December	<u>560</u>	<u>-</u>
Ratio of collective impairment allowance to gross financing and advances less individual impairment allowance	<u>0.35%</u>	<u>-</u>

(e) Other assets

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Other debtors, deposits and prepayments	7	-
Profit receivables	2,623	7,469
	<u>2,630</u>	<u>7,469</u>

Unaudited Interim Financial Statements

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

(f) Deposits from customers

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
(i) By type of deposit		
Mudharabah fund		
Fixed/investment deposits	200,863	383,230
Call deposits	10,150	58,736
	211,013	441,966
Commodity Murabahah fund		
Term deposits	74,142	-
	74,142	-
	285,155	441,966
(ii) By type of customer		
Mudharabah fund		
Business enterprises	211,013	441,966
Commodity Murabahah fund		
Business enterprises	74,142	-
	74,142	-
	285,155	441,966
(iii) The maturity structure of term deposits is as follows:		
Due within six months	285,155	441,966
	285,155	441,966

Unaudited Interim Financial Statements

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

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

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
(i) By type of deposit		
Mudharabah Fund		
Fixed/investment deposits	202,209	455,297
Call deposits	962	942
	203,171	456,239
 Commodity Murabahah fund		
Term deposits	50,840	-
	50,840	-
	254,011	456,239
 (ii) By type of customer		
Mudharabah fund		
Licensed Islamic banks	-	60,400
Other financial institutions	203,171	395,839
	203,171	456,239
 Commodity Murabahah fund		
Other financial institutions	50,840	-
	50,840	-
	254,011	456,239

Unaudited Interim Financial Statements

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

(h) Profit equalisation reserve

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At 1 January	11,372	12,956
Creation	719	1,561
Utilisation	(677)	(3,145)
At 30 September/31 December	<u>11,414</u>	<u>11,372</u>

(i) Other liabilities

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Profit payables to depositors	1,728	5,333
Sundry creditors and accruals	278	471
Due to immediate holding company	21	23
Due to head office	7,877	7,456
	<u>9,904</u>	<u>13,283</u>

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

Income derived from investment of general investment deposits:

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income derived from investment of:				
(i) General investment deposits	10,140	13,343	32,766	41,326
(ii) Other deposits	2,763	1	6,976	17
	<u>12,903</u>	<u>13,344</u>	<u>39,742</u>	<u>41,343</u>

Unaudited Interim Financial Statements

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

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

(i) General investment deposits

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Finance income and hibah				
Money at call and deposit placements with financial institutions	122	476	452	1,277
Securities available-for-sale				
- Profit on non-impaired securities	3,743	4,352	11,631	13,207
- Profit on impaired securities	23	64	101	198
Securities held-to-maturity	1,651	667	4,926	926
	<u>5,539</u>	<u>5,559</u>	<u>17,110</u>	<u>15,608</u>
Accretion of discounts less amortisation of premiums	4,601	7,784	15,656	20,508
Total finance income and hibah	<u>10,140</u>	<u>13,343</u>	<u>32,766</u>	<u>36,116</u>
Other operating income				
Net gain/(loss) on sale of securities available-for-sale	-	-	-	5,208
Net unrealised gain/(loss) on revaluation of securities held-for-trading	-	-	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,210</u>
	<u>10,140</u>	<u>13,343</u>	<u>32,766</u>	<u>41,326</u>

Unaudited Interim Financial Statements

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

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

(ii) Other deposits

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	2,763	-	7,005	-
Other operating income				
Fee income	-	-	(30)	16
Other income	-	1	1	1
	<u>-</u>	<u>1</u>	<u>(29)</u>	<u>17</u>
	<u>2,763</u>	<u>1</u>	<u>6,976</u>	<u>17</u>

(k) Income attributable to depositors

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Mudharabah Fund				
Deposits from customers	2,320	4,030	8,398	10,014
Deposits and placements of banks and financial	2,690	4,352	9,462	13,685
	<u>5,010</u>	<u>8,382</u>	<u>17,860</u>	<u>23,699</u>

Unaudited Interim Financial Statements

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

(l) Operating expenses

Group and Bank	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
(i) Personnel expenses:				
Wages, salaries and bonuses	315	323	972	1,062
Social security costs	2	1	5	5
Defined contribution plans	66	57	202	312
Other staff related expenses	22	14	75	30
	<u>405</u>	<u>395</u>	<u>1,254</u>	<u>1,409</u>
(ii) Establishment related expenses:				
Depreciation and amortisation	-	1	-	6
Rental	34	33	104	99
Hire of equipment	-	1	-	1
Others	91	81	222	91
	<u>125</u>	<u>116</u>	<u>326</u>	<u>197</u>
(iii) Promotion and marketing related expenses:				
Advertisement & publicity	3	-	4	-
Others	1	1	6	1
	<u>4</u>	<u>1</u>	<u>10</u>	<u>1</u>
(iv) General administrative expenses:				
Communication expenses	3	2	9	4
Audit fees	5	5	14	13
Directors meeting allowances	14	12	42	35
Management fees	121	122	377	345
Others	28	46	100	66
	<u>171</u>	<u>187</u>	<u>542</u>	<u>463</u>
	<u>705</u>	<u>699</u>	<u>2,132</u>	<u>2,070</u>

Unaudited Interim Financial Statements

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

(m) Impairment made on financing and advances

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Collective impairment allowance [Note 28 (d)(b)(ii)]				
- Impairment made during the period/year	-	-	(560)	-
	-	-	(560)	-

(n) Impairment written back/(made) on securities

Group and Bank	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Securities available-for-sale (net)	498	(62)	1,836	(129)
	498	(62)	1,836	(129)

Unaudited Interim Financial Statements

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

(o) Capital adequacy

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

	Group and Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
<u>Tier 1 Capital</u>		
Common Equity Tier 1 ("CET1") Capital		
Islamic banking fund	396,600	316,600
Securities available-for-sale reserve	(4,815)	(5,439)
Profit equalisation reserve	8,757	8,723
Retained earnings	116,702	116,736
	<u>517,244</u>	<u>436,620</u>
Less: Regulatory adjustments	(13,205)	(13,379)
<i>Total CET 1 Capital, representing Total Tier 1 Capital and Total Capital</i>	<u>504,039</u>	<u>423,241</u>
<u>Tier 2 Capital</u>		
Collective impairment allowance	560	-
<i>Total Tier 2 capital</i>	<u>560</u>	<u>-</u>
Total Capital	<u>504,599</u>	<u>423,241</u>
CET1 Capital Ratio	117.559%	103.548%
Tier 1 Capital Ratio	117.559%	103.548%
Total Capital Ratio	117.689%	103.548%

Unaudited Interim Financial Statements

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

(o) Capital adequacy (cont'd.)

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

	Group and Bank			
	30 September 2014		31 December 2013	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	264,731	-	506,086	-
20%	578,763	115,753	667,380	133,476
50%	-	-	2,213	1,107
100%	272,459	272,459	238,855	238,855
Total risk-weighted assets for credit risk	1,115,953	388,212	1,414,534	373,438
Total risk-weighted assets equivalent for market risk	-	-	-	-
Total risk-weighted equivalent for operational risk	-	40,543	-	35,299
	<u>1,115,953</u>	<u>428,755</u>	<u>1,414,534</u>	<u>408,737</u>

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MIDF Amanah Investment Bank Berhad
(A Participating Organisation of Bursa Malaysia Berhad)



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 nine months ended 30 September 2014, as set out on pages 1 to 54 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 30 September 2014. 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: 27 October 2014