

Company No: 811810-U



BANK PERTANIAN MALAYSIA BERHAD
(Company No: 811810-U)
(Incorporated in Malaysia)

CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013
(In Ringgit Malaysia)

Company No: 811810-U

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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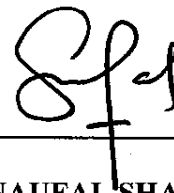
BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

We, **DATO' WAN MOHD FADZMI WAN OTHMAN** and **SYED NAUFAL SHAHABUDIN BIN SYED ABDUL JABBAR SHAHABUDIN** the President/Chief Executive Officer and Chief Finance Officer, respectively, of **BANK PERTANIAN MALAYSIA BERHAD**, do hereby confirm to the best of our knowledge, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respect, in accordance with MFRS 134.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 October 2013.



**DATO' WAN MOHD FADZMI
WAN OTHMAN**



**SYED NAUFAL SHAHABUDIN BIN SYED
ABDUL JABBAR SHAHABUDIN**

Kuala Lumpur, Malaysia

Company No: 811810-U

BANK PERTANIAN MALAYSIA BERHAD

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013**

	Note	Unaudited 9-Month period ended 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Interest income	2	91,802	143,793
Interest expense	3	(31,100)	(71,966)
Net interest income		<u>60,702</u>	<u>71,827</u>
Income from Islamic banking business	24(a)	<u>367,640</u>	<u>373,426</u>
		428,342	445,253
Non-interest income:			
Fee and other operating income	4(a)	4,649	11,777
Investment income	4(b)	80,772	114,017
Net income		<u>513,763</u>	<u>571,047</u>
Overhead expenses	5	(270,216)	(242,757)
Operating profit		<u>243,547</u>	<u>328,290</u>
Government grants		7,728	12,129
Net operating profit		<u>251,275</u>	<u>340,419</u>
Allowance for impairment on loans	6	(43,028)	(66,975)
Allowance for impairment on investment securities		(2,833)	2,848
Profit before tax and zakat		<u>205,414</u>	<u>276,292</u>
Tax expense	7	(49,497)	(2,982)
Net profit for the period		<u>155,917</u>	<u>273,310</u>
Other comprehensive income			
Unrealised gains/(losses) on fair value changes on AFS investment securities		(20,683)	6,708
Transfer to profit and loss on disposal of AFS investment securities		(78,463)	(106,385)
Income tax relating to components of other comprehensive income		25,278	24,919
Other comprehensive losses for the period, net of tax		<u>(73,868)</u>	<u>(74,758)</u>
Total comprehensive income for the period		<u>82,049</u>	<u>198,552</u>

The accompanying notes form an integral part of the financial statements.

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BANK PERTANIAN MALAYSIA BERHAD

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**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

		Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
	Note		
ASSETS			
Cash and short term funds	8	1,570,911	1,827,012
Deposits with financial institutions	9	87,527	-
Investment securities	10	3,386,826	3,459,062
Loans, financing and advances	11	5,764,661	5,827,907
Other assets		89,399	95,920
Prepaid lease payments		5,571	5,627
Property, plant and equipment		187,228	185,229
Intangible assets		23,051	20,898
		<u>11,115,174</u>	<u>11,421,655</u>
TOTAL ASSETS			
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	12	6,693,500	7,036,217
Other liabilities			
Other payables and accruals	13	155,683	165,120
Deferred tax liabilities		4,007	32,321
Provision for taxation		52,836	-
Loan Scheme Fund	14	1,609,246	1,639,626
Government Grants			
Operating	15	36,951	41,872
Launching	16	18,791	21,598
Funds	17	16,218	16,508
Total Liabilities		<u>8,587,232</u>	<u>8,953,262</u>
Equity			
Share capital	18	1,000,000	1,000,000
Reserves	19	1,527,942	1,468,393
Total Equity		<u>2,527,942</u>	<u>2,468,393</u>
TOTAL LIABILITIES AND EQUITY			
		<u>11,115,174</u>	<u>11,421,655</u>

The accompanying notes form an integral part of the financial statements.

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BANK PERTANIAN MALAYSIA BERHAD
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013

		Non-distributable reserves		Distributable reserves	
	Share capital RM'000	Statutory reserves RM'000	Investment revaluation reserve RM'000	Retained earnings RM'000	Total RM'000
As of 1 January 2013	1,000,000	487,109	321,719	659,565	2,468,393
Net profit for the period	-	-	-	155,917	155,917
Other comprehensive income for the period	-	-	(73,868)	-	(73,868)
Total comprehensive income for the period	-	-	(73,868)	155,917	82,049
Dividends paid	-	-	-	(22,500)	(22,500)
As of 30 September 2013	1,000,000	487,109	247,851	792,982	2,527,942

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BANK PERTANIAN MALAYSIA BERHAD

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

	Non-distributable reserves		Distributable reserves		
	Share capital	Statutory reserves	Investment revaluation reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2012	1,000,000	487,109	487,943	250,931	2,225,983
Net profit for the period	-	-	-	273,310	273,310
Other comprehensive income for the period	-	-	(74,758)	-	(74,758)
Total comprehensive income for the period	-	-	(74,758)	273,310	198,552
Dividends paid	-	-	-	(22,500)	(22,500)
As of 30 September 2012	1,000,000	487,109	413,185	501,741	2,402,035

The accompanying notes form an integral part of the financial statements.

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BANK PERTANIAN MALAYSIA BERHAD

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013**

	Unaudited 9-Month period ended 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and zakat	205,414	276,292
Adjustments for:		
Allowance for impairment on loans	43,028	66,975
Depreciation of property, plant and equipment	20,396	20,250
Amortisation of computer software	8,832	9,957
Interest expense/profit charged on loans/financing from Government and OECF	(390)	3,052
Write off of property, plant and equipment	1,189	326
Amortisation of prepaid lease payments	56	37
Gain on disposal of investment securities	(66,570)	(45,664)
Dividends from investment securities	(7,934)	(8,479)
Amortisation of:		
Operating Grant	(4,921)	(9,687)
Launching Grant	(2,318)	(1,379)
Operating profit before working capital changes	196,782	311,680
Change in loans, financing and advances	20,306	70,926
Change in other assets	6,521	(26,090)
Change in deposits with financial institutions	(87,527)	10,000
Change in deposits from customers	(342,717)	(254,069)
Change in other payables	(7,757)	(15,671)
Change in deferred tax liabilities	(25,278)	(22,012)
Cash (used in)/generated from operations	(239,670)	74,764
Tax paid	(70)	(2,981)
Zakat paid	(1,307)	(2,001)
Net cash (used in)/generated from operating activities	(241,047)	69,782

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BANK PERTANIAN MALAYSIA BERHAD

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CONDENSED STATEMENT OF CASH FLOWS

FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)

	Unaudited 9-Month period ended 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in investment securities	(13,523)	(1,653,129)
Purchase of property, plant and equipment	(23,584)	(16,898)
Purchase of computer software	(10,985)	(7,324)
Proceeds from disposal of investment securities	78,461	650,828
Dividends received from investment securities	7,934	8,479
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	38,303	(1,018,044)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest/profit paid on government loans and OECF	(2,968)	(1,298)
Proceeds from:		
Fund For Food ("3F")	75,517	236
Micro Enterprise Funds	13,130	7,258
Special Fund For Terengganu Fishery ("DKSP")	(378)	(1,085)
Repayments of Loan Scheme Funds	(114,707)	(52,095)
Foreign exchange differences	(962)	(13,281)
Launching grant utilised	(489)	(856)
Government grants utilised	-	(208)
Dividends paid	(22,500)	(22,500)
	<hr/>	<hr/>
Net cash used in financing activities	(53,357)	(83,829)

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BANK PERTANIAN MALAYSIA BERHAD

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CONDENSED STATEMENT OF CASH FLOWS

FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)

	Unaudited 9-Month period ended 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(256,101)	(1,032,091)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,827,012</u>	<u>3,413,040</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>1,570,911</u></u>	<u><u>2,380,949</u></u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds	<u>1,570,911</u>	<u>2,380,949</u>
	<u><u>1,570,911</u></u>	<u><u>2,380,949</u></u>

The accompanying notes form an integral part of the financial statements.

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

1. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")

1.1 Basis of preparation

The unaudited condensed interim financial statements for the Bank have been prepared under the historical cost convention except for available-for-sale financial investment which is stated at fair values.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the audited financial statements for the period ended 31 December 2012. These explanatory notes attached to the audited 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 Bank since the year ended 31 December 2012.

The significant accounting policies and methods of computation applied by the Bank are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2012 except for the adoption of certain Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR") which are effective from financial period beginning on or after 1 January 2013.

The adoption of the MFRSs, amendments to MFRSs and IC Interpretations did not have any material impact on the financial statements of the Bank.

1.2 Significant accounting policies and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgment and complexity are as follows:

(i) Fair value estimation of securities available-for-sale

The fair value of securities that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the reporting date, including reference to quoted market prices and independent dealer quotes for similar securities.

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

1. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") (cont'd)

1.2 Significant accounting policies and judgments (cont'd)

(ii) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(iii) Deferred tax

Deferred tax is provided for, using the "liability" method, on temporary differences as of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arising from goodwill or from the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity.

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

1. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") (cont'd)

1.2 Significant accounting policies and judgments (cont'd)

(iii) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

(iv) Impairment losses on loans, advances and financing

The Bank reviews its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine the collective allowance for loans, advances and financing.

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

1. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") (cont'd)

1.2 Significant accounting policies and judgments (cont'd)

(v) Impairment of security portfolio

The Bank reviews the securities portfolio and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence of impairment, the assets are subject to impairment review.

The impairment review comprises the following judgement made by management:

- (a) Determination whether its investment is impaired following certain indicators or triggers such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (b) Determination of "significant" or "prolonged" requires judgement and management evaluates various factors, such as historical fair value movement and the significant reduction in fair value.

1.3 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.

1.4 Seasonal or cyclical factors

The operations of the Bank for the 9 month period ended 30 September 2013 were not materially affected by any seasonal or cyclical factors.

1.5 Unusual items due to their nature, size or incidence

During the 9 month period ended 30 September 2013 there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

1. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") (cont'd)

1.6 Changes in estimates

There were no material changes in estimates during the 9 month period ended 30 September 2013.

1.7 Changes in debt and equity securities

There were no cancellations, share buy-backs, resale of shares bought back and equity securities by the Bank.

1.8 Dividends paid

The Directors proposed a final dividend of 3% less tax amounting to RM22.5 million in respect of the previous financial year. The final dividend was approved at the Annual General Meeting of the Bank on 21 June 2013 and the cash dividend payment was made on 28 June 2013.

1.9 Interim dividend

The Directors proposed an interim dividend of 1.2% less 25% taxation amounting to RM9.0 million in respect of the 6 month period ended 30 June 2013. This dividend was approved by Bank Negara Malaysia ("BNM") on 25 September 2013 and the cash dividend payment was made on 4 October 2013.

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2. INTEREST INCOME

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Loans and advances	55,522	80,912
Investment securities:		
HTM	435	3,072
AFS	10,583	33,108
Deposits with financial institutions	<u>25,262</u>	<u>26,701</u>
	<u>91,802</u>	<u>143,793</u>
Of which:		
Interest income earned on impaired loans and advances	<u>9,576</u>	<u>6,900</u>

3. INTEREST EXPENSE

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Savings deposits and Agro Perdana	17,882	44,940
Fixed/Special deposits	13,218	24,877
Loans from Government and OECF	<u>-</u>	<u>2,149</u>
	<u>31,100</u>	<u>71,966</u>

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4. NON-INTEREST INCOME

(a) Fee and Other Operating Income

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Fee Income		
Service charges and fees	2,498	5,833
Loan processing fees	268	1,862
	<u>2,766</u>	<u>7,695</u>
Other income		
Reimbursement of gapping cost	654	1,404
Income from Project Ladang Sungai Tasan	237	601
Income from staff loans and financing	795	892
Rental	39	89
Non operational income	158	1,096
	<u>1,883</u>	<u>4,082</u>
	<u><u>4,649</u></u>	<u><u>11,777</u></u>

(b) Investment Income

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Net gain on disposal of AFS investment securities	72,838	105,538
Dividend income	7,934	8,479
	<u>80,772</u>	<u>114,017</u>

5. OVERHEAD EXPENSES

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Personnel cost		
Salary, allowances and bonus	134,254	125,896
EPF contributions	13,816	10,558
SOCSO contributions	1,367	1,204
Staff welfare	3,349	2,764
Staff training	2,936	2,838
Recruitment fees	125	341
Staff gratuity	8,490	321
Others	6,525	5,163
Maintenance cost		
Depreciation of property, plant and equipment	20,396	20,230
Amortisation of computer software	8,832	9,957
Insurance on property, plant and equipment	3,005	4,549
Rental of premises	6,314	5,797
Printing, stationery and office supplies	5,056	6,140
Water and electricity	5,626	5,231
Amortisation of prepaid lease payments	56	56
Computer maintenance	11,130	5,922
Building maintenance	2,581	1,994
Office maintenance	2,470	2,204
Computer supply	845	988
Others	2,315	2,418
Marketing expenses		
Advertising and promotions	1,665	291
Others	355	175
General administrative expenses		
Communication expenses	10,285	9,807
Launching grants	490	857
Government grants	-	208
Legal fees	10,418	10,356
Security charges	6,235	5,004
Others	1,280	1,488
	<u>270,216</u>	<u>242,757</u>

6. ALLOWANCE FOR IMPAIRMENT ON LOANS

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Loans, financing and advances :		
Allowance for the period	84,576	65,888
Amount written back upon recoveries and reversal of allowance	(36,543)	(50,170)
Individual impairment loss - net	48,033	15,718
Collective impairment loss - net	50,545	116,043
Bad debts and financing :		
Written off	-	(37)
Recovered	(55,550)	(64,749)
	43,028	66,975

7. TAX EXPENSE

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Deferred tax (asset)/liabilities recognised for the period	(3,036)	2,907
Income tax charge for the period	52,533	75
	49,497	2,982

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8. CASH AND SHORT TERM FUNDS

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Cash in hand	91,787	76,757
Cash at banks	106,570	79,730
Short term deposits maturing within three months:		
Licensed banks	737,282	936,050
Other financial institutions	635,272	734,475
	<u>1,570,911</u>	<u>1,827,012</u>

9. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Licensed banks	9,048	-
Other financial institutions	78,479	-
	<u>87,527</u>	<u>-</u>
Maturity structure of deposits and financial institutions is as follows:		
Three months to six months	<u>87,527</u>	<u>-</u>

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10. INVESTMENT SECURITIES

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000		
<u>Debt Securities</u>				
AFS - at fair value				
Corporate Bonds	2,055,725	1,763,986		
Malaysian Government Securities	<u>938,242</u>	<u>1,212,144</u>		
	<u>2,993,967</u>	<u>2,976,130</u>		
HTM - at amortised cost				
Corporate Bonds	32,820	42,368		
Commercial Papers	-	9,955		
Malaysian Government Securities	<u>161,404</u>	<u>161,756</u>		
	<u>194,224</u>	<u>214,079</u>		
	<u>3,188,191</u>	<u>3,190,209</u>		
<u>Equity Securities</u>				
AFS - at fair value				
Quoted Shares in Malaysia	<u>204,046</u>	<u>271,532</u>		
	<u>204,046</u>	<u>271,532</u>		
Total before allowances	<u>3,392,237</u>	<u>3,461,741</u>		
Allowance for impairment losses				
Quoted Shares in Malaysia	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">(370)</td></tr></table>	(370)	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">(1,320)</td></tr></table>	(1,320)
(370)				
(1,320)				
Corporate Bonds	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">(5,041)</td></tr></table>	(5,041)	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">(1,359)</td></tr></table>	(1,359)
(5,041)				
(1,359)				
	<u>(5,411)</u>	<u>(2,679)</u>		
Net	<u><u>3,386,826</u></u>	<u><u>3,459,062</u></u>		

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10. INVESTMENT SECURITIES (cont'd)

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Maturity structure for HTM investments is as follows:		
Maturity within six months	10,020	19,955
Between six months to one year	15,027	-
Between one year to three years	-	25,119
Between three years to five years	169,177	169,005
	<u>194,224</u>	<u>214,079</u>

Market values of HTM investments are as follows:

Market Value		
Corporate Bonds	32,896	42,627
Commercial Papers	-	9,943
Malaysian Government Securities	161,084	162,014
	<u>193,980</u>	<u>214,584</u>

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11. LOANS, FINANCING AND ADVANCES

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
At amortised cost:		
Islamic financing and advances (Note 24(f))	5,544,597	5,364,882
Wawasan Tani Loans	199,515	269,100
Project and Equipment Loans	260,063	318,432
Capital Entrepreneur Tani ("MUST")	76,630	103,714
Agribusiness Loans	109,681	122,096
Fund For Food ("3F")	24,934	32,381
Insani Education Loans	42,210	55,302
Paddy Credit Scheme	1,404	17,110
MAP and MPPB Loans	2,391	4,716
Fund for Small and Medium Size Industries ("TIKS")	879	1,203
Contract Tani Loans	1,740	2,953
Agriculture Special Credit Scheme ("SPKP")	-	3
Special Advances on Fixed Deposit	112	521
Tobacco Scheme	416	609
Asean-Japan Development Fund ("AJDF")	58	154
Banking Facilities	2	19
Other Loans	1,941	2,031
	6,266,573	6,295,226
Loans, financing and advances to employees	66,358	70,990
	6,332,931	6,366,216
Less:		
Individual impairment loss	(254,910)	(207,777)
Collective impairment loss	(313,360)	(330,532)
Net	5,764,661	5,827,907

11. LOANS, FINANCING AND ADVANCES (cont'd)

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
(i) Maturity structure of loans, financing and advances is as follows:		
Maturity within six months	621,363	819,291
Between six months to one year	107,670	89,898
Between one year to three years	491,090	542,565
Between three years to five years	833,044	777,486
More than five years	4,279,764	4,136,976
	<u>6,332,931</u>	<u>6,366,216</u>

(ii) Gross loans, financing and advances analysed by sectors and regions are as follows:

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Sector:		
Support	2,699,031	2,818,188
Crops	2,404,197	2,286,218
Livestock	662,201	687,978
Fishery	409,360	402,747
Forestry	35,740	38,120
Other Agricultural based processing	122,402	132,965
	<u>6,332,931</u>	<u>6,366,216</u>
Region:		
Johor	520,279	539,256
Kedah/Perlis	550,204	536,643
Kelantan	363,245	364,667
Kuala Lumpur	565,524	663,661
Negeri Sembilan/Melaka	467,638	456,204
Pahang	524,056	459,978
Perak	751,351	762,078
Pulau Pinang	278,226	328,973
Sabah	604,238	578,299
Sarawak	648,916	685,403
Selangor	742,784	681,730
Terengganu	316,470	309,324
	<u>6,332,931</u>	<u>6,366,216</u>

11. LOANS, FINANCING AND ADVANCES (cont'd)

(iii) Gross loans, financing and advances analysed by classifications are as follows:

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Neither past due nor impaired	5,148,247	5,084,323
Past due but not impaired	487,100	562,041
Impaired	<u>697,584</u>	<u>719,852</u>
	<u>6,332,931</u>	<u>6,366,216</u>

Past due but not impaired loans are loans where the customers have failed to make a principal or interest payment when contractually due and include loans which are due more than one day after the contractual due date.

(iv) Movements in impaired gross loans, financing and advances are as follows:

At the beginning of the period/year	719,852	834,707
Additions during the period/year	281,390	485,802
Reclassified as non impaired during the period/year	(60,452)	(121,588)
Recoveries during the period/year	(151,760)	(222,564)
Reclassified to on/(off) balance sheet during the period/year	(23,782)	-
Amount written off	<u>(67,664)</u>	<u>(256,505)</u>
At the end of period/year	<u>697,584</u>	<u>719,852</u>
Gross impaired loans as a percentage of gross loans, financing and advances	<u>11.02%</u>	<u>11.31%</u>

11. LOANS, FINANCING AND ADVANCES (cont'd)

(v) Impaired gross loans, financing and advances analysed by sectors and regions are as follows:

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Sector:		
Support	168,547	255,507
Crops	285,952	222,852
Livestock	118,966	112,381
Fishery	75,913	78,958
Forestry	32,768	33,220
Other Agricultural based processing	15,438	16,934
	697,584	719,852
Region:		
Kuala Lumpur	153,834	197,477
Selangor	98,831	106,868
Pahang	69,296	69,655
Perak	66,597	75,808
Negeri Sembilan/Melaka	44,700	46,127
Johor	44,008	51,984
Kelantan	40,608	38,897
Kedah/Perlis	59,504	33,949
Sarawak	30,190	31,150
Sabah	32,672	25,555
Pulau Pinang	42,644	26,475
Terengganu	14,700	15,907
	697,584	719,852

11. LOANS, FINANCING AND ADVANCES (cont'd)

(vi) Movements in the impairment allowances on loans, financing and advances are as follows:

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Individual impairment allowance		
At the beginning of the period/year	207,777	268,380
Allowance for the period/year	84,576	105,480
Amount written back upon recoveries and reversal of allowance	(36,543)	(85,051)
Net allowance for the period/year	48,033	20,429
Amount written off	(900)	(81,032)
At the end of period/year	254,910	207,777
Collective impairment allowance		
At the beginning of the period/year	330,532	369,169
Allowance for the period/year	61,736	178,376
Amount written back	(11,191)	(41,070)
Net allowance for the period/year	50,545	137,306
Amount written off	(67,629)	(176,255)
Allowance adjusted for:		
Fund for Ministry of Youth and Sports ("DKBS")	52	532
Entrepreneur Scheme for Graduates ("SUTKS")	(95)	(225)
Special Fund for Terengganu Fishery ("DKSP")	(45)	5
At the end of period/year	313,360	330,532
Collective impairment allowance as a percentage of gross loans, financing and advances less individual impairment allowance	5.16%	5.37%

The total amount of collective impairment allowance includes collective allowances for non impaired loans of RM135,986,360 (2012: RM136,578,158).

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12. DEPOSITS FROM CUSTOMERS

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
At amortised cost:		
Fixed/Money market deposits	3,539,459	3,779,419
Savings deposits	1,583,407	1,640,654
Agro Perdana	<u>1,570,634</u>	<u>1,616,144</u>
	<u>6,693,500</u>	<u>7,036,217</u>
Maturity structure of fixed/money market deposits from customers is as follows:		
Within six months	1,598,642	2,843,736
Between six months to one year	1,862,629	857,159
Between one year to three years	27,664	29,688
Between three years to five years	<u>50,524</u>	<u>48,836</u>
	<u>3,539,459</u>	<u>3,779,419</u>

The deposits are sourced from the following types of customers :

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Government	2,717,468	2,665,134
Individuals	2,639,335	2,760,759
Domestic Business Enterprises	383,461	601,653
Domestic Other Entities	924,485	965,618
Domestic Non-Banking Institutions	<u>28,751</u>	<u>43,053</u>
	<u>6,693,500</u>	<u>7,036,217</u>

13. OTHER PAYABLE AND ACCRUALS

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Accrued expenses	62,618	52,315
Sundry creditors	36,478	62,749
Donation/Charity	590	155
Zakat payable	2,768	4,075
Retirement benefits scheme	51,001	43,641
Paddy Credit Gratuity Scheme	2,228	2,185
	<u>155,683</u>	<u>165,120</u>

14. LOAN SCHEME FUND

Summary of loan scheme fund is as follows :

	Note	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Loan from OECF	(a)	10,360	20,638
Fund for Food ("3F")	(b)	991,050	970,463
MPPB Funds	(c)	57,559	70,486
Oil Palm Replanting Scheme ("TASKS")	(d)	14,000	14,000
Paddy Credit Scheme	(e)	86,338	105,715
Food Production Credit Scheme ("SKPM")	(f)	100,931	100,744
Fishery Boat Financing Scheme ("SPBP")	(g)	140,000	140,000
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	(h)	8,025	8,010
Loan for Small and Medium Size Industries ("PKS")	(i)	82,226	100,730
Non-Food Production Credit Scheme ("SKPBM")	(j)	25,120	25,073
Micro Enterprise Fund	(k)	93,637	83,767
		<u>1,609,246</u>	<u>1,639,626</u>

14. LOAN SCHEME FUND (cont'd)

(a) Loan from OECF

	Principal	Interest/ Profit	Total
	RM'000	RM'000	RM'000
As of 1 January 2012	46,499	-	46,499
Interest charged	-	1,322	1,322
Repayment	(21,784)	(1,346)	(23,130)
Foreign exchange differences	(4,652)	599	(4,053)
	<u>20,063</u>	<u>575</u>	<u>20,638</u>
As of 31 December 2012	20,063	575	20,638
Interest charged	-	521	521
Repayment	(9,505)	(332)	(9,837)
Foreign exchange differences	(1,081)	119	(962)
	<u>(1,081)</u>	<u>119</u>	<u>(962)</u>
As of 30 September 2013	<u>9,477</u>	<u>883</u>	<u>10,360</u>

	September 2013	December 2012
	RM'000	RM'000
Maturity structure of loan from OECF is as follows:		
Within one year	<u>10,360</u>	<u>20,638</u>
	<u>10,360</u>	<u>20,638</u>

This loan was obtained from the Overseas Economic Cooperation Fund (“OECF”) in 1988, at an interest/profit rate of 3.5% per annum for 25 years. The repayment period commenced in 1995 and will be settled in 2013.

14. LOAN SCHEME FUND (cont'd)**(b) Fund For Food ("3F")**

	Principal	Interest/ Profit	Total
	RM'000	RM'000	RM'000
As of 1 January 2012	1,072,050	4,491	1,076,541
Additions	652	-	652
Interest charged	-	2,322	2,322
Repayment	<u>(106,826)</u>	<u>(2,226)</u>	<u>(109,052)</u>
As of 31 December 2012	965,876	4,587	970,463
Additions	75,517	-	75,517
Profit charged	-	(2,107)	(2,107)
Repayment	<u>(51,820)</u>	<u>(1,003)</u>	<u>(52,823)</u>
As of 30 September 2013	<u>989,573</u>	<u>1,477</u>	<u>991,050</u>

Under the 9th Malaysian Plan ("RMK 9"), the Government agreed to channel RM300 million every year for a tenure of 15 years (3 years grace period i.e. commencement of profit rate payment in 2011) at a profit rate of 0.25% per annum. The purpose of this fund is to enhance the food productions industry and to reduce dependency on imports.

(c) Bumiputera Commercial and Industrial Community Scheme ("MPPB")

	Principal	Interest/ Profit	Total
	RM'000	RM'000	RM'000
As of 1 January 2012	70,000	311	70,311
Interest charged	<u>-</u>	<u>175</u>	<u>175</u>
As of 31 December 2012	70,000	486	70,486
Profit charged	-	(8)	(8)
Repayment	<u>(12,585)</u>	<u>(334)</u>	<u>(12,919)</u>
As of 30 September 2013	<u>57,415</u>	<u>144</u>	<u>57,559</u>

Under the 9th Malaysian Plan ("RMK 9"), the Government agreed to channel RM100 million for the tenure of 15 years (3 years grace period i.e. commencement of interest/profit rate payment in 2011) at an interest/profit rate of 0.25% per annum. The objective of this scheme is to provide financing facilities to Bumiputera entrepreneurs, farmers, fishermen and other related institutions.

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14. LOAN SCHEME FUND (cont'd)

(d) Oil Palm Replanting Scheme ("TASKS")

	Principal RM'000
As of 31 December 2012 and 30 September 2013	<u>14,000</u>

This fund is channeled through the Ministry of Plantation Industries and Commodities to finance the replanting programmes of the oil palm plantation industry.

(e) Paddy Credit Scheme

	Principal RM'000	Interest/ Profit RM'000	Total RM'000
As of 1 January 2012	105,000	453	105,453
Interest charged	<u>-</u>	<u>262</u>	<u>262</u>
As of 31 December 2012	105,000	715	105,715
Profit charged	-	1	1
Repayment	<u>(18,877)</u>	<u>(501)</u>	<u>(19,378)</u>
As of 30 September 2013	<u>86,123</u>	<u>215</u>	<u>86,338</u>

The Ministry of Agriculture provided RM105.0 million to the Bank to encourage the country's paddy industry. The loan tenure is 10 years (3 years grace period i.e. commencement of interest/profit rate payment in 2011) at an interest/profit rate of 0.25% per annum.

14. LOAN SCHEME FUND (cont'd)

(f) Food Production Credit Scheme ("SKPM")

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	100,000	494	100,494
Profit charged	<u>-</u>	<u>250</u>	<u>250</u>
As of 31 December 2012	100,000	744	100,744
Profit charged	<u>-</u>	<u>187</u>	<u>187</u>
As of 30 September 2013	<u>100,000</u>	<u>931</u>	<u>100,931</u>

Under the 9th Malaysian Plan ("RMK9"), the Government agreed to channel RM100.0 million for a tenure of 15 years (3 years grace period i.e. commencement of profit rate payment in 2010) at a profit rate of 0.25% per annum.

(g) Fishery Boat Financing Scheme ("SPBP")

	Principal RM'000
As of 31 December 2012 and 30 September 2013	<u>140,000</u>

Under the 9th Malaysian Plan ("RMK9"), the Government agreed to channel RM140.0 million for a tenure of 15 years (10 years grace period i.e. commencement of profit rate payment in 2017) at profit rate of 0.25% per annum. The purpose of the fund is to modernise the facilities within the fishery industry, promote deep sea and high sea fishing industry.

14. LOAN SCHEME FUND (cont'd)

(h) Entrepreneur Scheme for Graduates ("SUTKS-Financing")

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	10,000	-	10,000
Profit charged	-	25	25
Repayment	<u>(1,990)</u>	<u>(25)</u>	<u>(2,015)</u>
As of 31 December 2012	8,010	-	8,010
Profit charged	<u>-</u>	<u>15</u>	<u>15</u>
As of 30 September 2013	<u>8,010</u>	<u>15</u>	<u>8,025</u>

The Government allocated RM10.0 million for a tenure of 10 years (5 years grace period i.e. commencement of profit rate payment in 2012) at a profit rate of 0.25% per annum. The purpose of this scheme is to encourage the involvement of graduates in the agriculture sector.

(i) Loan for Small and Medium Size Industries ("PKS")

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	100,000	480	100,480
Profit charged	<u>-</u>	<u>250</u>	<u>250</u>
As of 31 December 2012	100,000	730	100,730
Profit charged	<u>-</u>	<u>(48)</u>	<u>(48)</u>
Repayment	<u>(17,978)</u>	<u>(478)</u>	<u>(18,456)</u>
As of 30 September 2013	<u>82,022</u>	<u>204</u>	<u>82,226</u>

Under the 9th Malaysian Plan ("RMK9"), the Government agreed to channel RM100.0 million. The purpose of this fund is to encourage investment in the agricultural industry. The tenure of this loan is 15 years (3 years grace period i.e. commencement of profit rate payment in 2011) at a profit rate of 0.25% per annum.

14. LOAN SCHEME FUND (cont'd)**(j) Non-Food Production Credit Scheme ("SKPBM")**

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	27,534	12	27,546
Profit charged	69	68	137
Repayment	<u>(2,541)</u>	<u>(69)</u>	<u>(2,610)</u>
As of 31 December 2012	25,062	11	25,073
Profit charged	<u>-</u>	<u>47</u>	<u>47</u>
As of 30 September 2013	<u>25,062</u>	<u>58</u>	<u>25,120</u>

Under the 9th Malaysian Plan ("RMK9"), the Government agreed to channel RM30.0 million for a tenure of 15 years (3 years grace period i.e. commencement of profit rate payment in 2011) at profit rate of 0.25% per annum. The purpose of this fund is to enhance the primary and tertiary agricultural activities.

(k) Micro Enterprise Fund

	Principal RM'000	Interest/ Profit RM'000	Total RM'000
As of 1 January 2012	80,823	-	80,823
Additions	14,493	-	14,493
Profit charged	23	1,224	1,247
Repayment	<u>(11,569)</u>	<u>(1,227)</u>	<u>(12,796)</u>
As of 31 December 2012	83,770	(3)	83,767
Additions	13,130	-	13,130
Profit charged	-	1,002	1,002
Repayment	<u>(3,610)</u>	<u>(652)</u>	<u>(4,262)</u>
As of 30 September 2013	<u>93,290</u>	<u>347</u>	<u>93,637</u>

The fund amounting to RM200.0 million was launched by Bank Negara Malaysia ("BNM") to increase the access to micro financing to selected eligible micro entrepreneurs. The interest rate of this fund is 1.5% per annum for a tenure of 5 years.

15. GOVERNMENT GRANTS - OPERATING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As of 1 January 2012	54,583	294	54,877
Amortised during the year	(12,788)	-	(12,788)
Utilised during the year	<u>-</u>	<u>(217)</u>	<u>(217)</u>
As of 31 December 2012	41,795	77	41,872
Amortised during the period	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
As of 30 September 2013	<u>36,874</u>	<u>77</u>	<u>36,951</u>

Since 2006, the Bank received operating grant amounting to RM82.0 million from the Ministry of Finance. The purpose of the grant is for capital expenditure to finance the acquisition of property, plant and equipment and development expenditure to finance the training courses given to entrepreneurs.

16. GOVERNMENT GRANTS - LAUNCHING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As of 1 January 2012	9,594	16,422	26,016
Reclassification	8,023	(8,023)	-
Utilised during the year:			
Development expenditure	-	(1,102)	(1,102)
Amortised during the year	<u>(3,316)</u>	<u>-</u>	<u>(3,316)</u>
As of 31 December 2012	14,301	7,297	21,598
Reclassification	(710)	710	-
Utilised during the period:			
Development expenditure	-	(489)	(489)
Amortised during the period	<u>(2,318)</u>	<u>-</u>	<u>(2,318)</u>
As of 30 September 2013	<u>11,273</u>	<u>7,518</u>	<u>18,791</u>

In 2007, the Ministry of Finance approved an allocation of RM100.0 million to the Bank for the purpose of the Bank's corporatisation. The grant is to be used for branding, product development and office expansion.

17. GOVERNMENT GRANTS - FUNDS

Summary of government grants - funds as follows :

	Note	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Development Programme for Hardcore Poor ("PPRT")	(a)	2,560	2,560
Entrepreneur Scheme for Graduates ("SUTKS")	(b)	880	785
Special Fund For Terengganu Fishery ("DKSP")	(c)	1,058	1,391
Fund for Ministry of Youth and Sports ("DKBS")	(d)	11,720	11,772
		<u>16,218</u>	<u>16,508</u>

(a) Development Programme for Hardcore Poor ("PPRT")

RM'000

As of 31 December 2012 and 30 September 2013

2,560

This programme represents profit-free financing from the Government to hardcore poor.

(b) Entrepreneur Scheme for Graduates ("SUTKS")

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
At beginning of the period	785	560
Collective impairment allowance	<u>95</u>	<u>225</u>
At the end of period	<u>880</u>	<u>785</u>

The objective of this programme is to reduce the unemployment rate among graduates by creating career opportunities in the agricultural sector. Financing is offered under *Al – Bai' Bithaman Ajil* which imposes a profit rate of 3% per annum.

17. GOVERNMENT GRANTS - FUNDS (cont'd)

(c) Special Fund for Terengganu Fishery ("DKSP")

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
At beginning of the period	1,391	2,057
Amortisation	(378)	(661)
Collective impairment allowance	<u>45</u>	<u>(5)</u>
At the end of period	<u>1,058</u>	<u>1,391</u>

The objective of this fund is to raise the social-economic status of fishermen, fish breeders and aquaculture entrepreneurs. The financing is offered under *Al – Bai' Bithaman Ajil* up to 100% of the total project cost and is at a profit free-rate. The financing terms would depend on the project with repayment terms not exceeding 10 years.

(d) Fund for Ministry of Youth and Sports ("DKBS")

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
At beginning of the period	11,772	12,304
Collective impairment allowance	<u>(52)</u>	<u>(532)</u>
At the end of period	<u>11,720</u>	<u>11,772</u>

This fund is managed on behalf of the Ministry of Youth and Sports. The purpose of this fund is to encourage youth to be involved in agricultural industry under *Skim Belia Tani*.

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18. SHARE CAPITAL

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Authorised:		
Ordinary shares of RM1 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>

19. RESERVES

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Non-distributable reserve:		
Statutory reserves	487,109	487,109
Investment revaluation reserve	247,851	321,719
Distributable reserve:		
Retained earnings	<u>792,982</u>	<u>659,565</u>
	<u>1,527,942</u>	<u>1,468,393</u>

(a) Statutory reserves

Transfer of profit to reserve fund is only applicable when RWCR of the Bank is below the threshold of 16% as approved by BNM via letter to the Bank dated 22 February 2008.

(b) Investment revaluation reserve

The investment revaluation reserve is in respect of unrealised fair value gains and losses on financial investments AFS.

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20. COMMITMENTS AND CONTINGENCIES

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Guarantee:		
Guarantee letters issued on behalf of customers of the Bank	<u>20,250</u>	<u>15,535</u>
Capital Commitment		
Approved and contracted for:		
Capital expenditure	7,798	5,205
Commitment on loans, financing and advances	<u>215,642</u>	<u>396,520</u>
	<u>223,440</u>	<u>401,725</u>
Approved but not contracted for:		
Capital expenditure	-	811
Commitment on loans, financing and advances	<u>280,994</u>	<u>76,952</u>
	<u>280,994</u>	<u>77,763</u>
	<u>504,434</u>	<u>479,488</u>
Contingent Liabilities		
Certain legal actions taken against the Bank with compensation claims	385,635	363,932
	<u>910,319</u>	<u>858,955</u>

Included in compensation claims are legal actions against the Bank. The Bank is in the process of appealing the decisions to the higher court. The information required by MFRS 137 Provisions, Contingent Liabilities and Contingent Assets are not disclosed on the grounds that it would prejudice the outcome of the legal actions.

21. RELATED PARTY DISCLOSURES

a) Parents Entity

The Bank is a Government Linked Corporation, with all shares held by the Ministry of Finance Incorporated on behalf of the government of Malaysia. All entities controlled by the Government of Malaysia meet the definition of related parties of the Bank.

b) Key Management personnel compensation

Remuneration paid to directors and members of the senior management of the Bank includes the following :

- i) Short term employee benefits include salaries and allowances.
- ii) Post employment benefits include Employee Provident Fund ("EPF") contributions.

Key Management Personnel	Short Term RM'000	Post Employment Benefit RM'000
Executive Director	590	101
Non-Executive Directors	870	-
Senior Management	<u>2,240</u>	<u>264</u>
	<u>3,700</u>	<u>365</u>

(c) Transaction with Key Management personnel

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial period.

	Balance as at 30 Sept 2013 RM'000	Balance as at 31 Dec 2012 RM'000
Deposit	<u>9</u>	<u>9</u>
	<u>9</u>	<u>9</u>

No loans have been granted to the directors of the Bank.

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22. FINANCIAL INSTRUMENTS

Exposure to interest rate risk

The table below summarises the Bank's exposure to interest rate risk.

	<1 year RM '000	>1-2 years RM '000	>2-3 years RM '000	>3-5 years RM '000	>5 years RM '000	Non-interest /profit sensitive RM '000	Total RM '000	Effective Interest Rate
Interest Rate Risk - Sept 2013								
Financial Assets								
Cash and short term funds	1,570,911	-	-	-	-	87,527	1,658,438	3.09%
Loans, financing and advances	621,363	3,618	595,142	833,044	763,478	2,948,016	5,764,661	7.23%
Investment securities	-	-	120,228	451,676	2,646,906	168,016	3,386,826	3.81%
Property, plant and equipment	-	-	-	-	-	215,850	215,850	-
Other Assets	-	-	-	-	-	89,399	89,399	-
Total Assets	2,192,274	3,618	715,370	1,284,720	3,410,384	3,508,808	11,115,174	4.71%
Financial Liabilities								
Deposits from customers	3,463,475	7,628	7,994	15,882	17	3,198,504	6,693,500	3.24%
Loan from OECF	-	-	-	-	-	10,360	10,360	3.50%
Financing Scheme Funds	-	-	-	-	-	1,598,886	1,598,886	0.32%
Government Grant	-	-	-	-	-	71,960	71,960	-
Other Liabilities	-	-	-	-	-	209,479	209,479	-
Total Liabilities	3,463,475	7,628	7,994	15,882	17	5,089,189	8,584,185	2.35%
Shareholder Fund	-	-	-	-	-	2,530,989	2,530,989	-
Total Liabilities and Equity	3,463,475	7,628	7,994	15,882	17	7,620,178	11,115,174	2.35%

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22. FINANCIAL INSTRUMENTS (cont'd)

Exposure to interest rate risk

The table below summarises the Bank's exposure to interest rate risk.

	<1 year RM '000	>1-2 years RM '000	>2-3 years RM '000	>3-5 years RM '000	>5 years RM '000	Non-interest /profit sensitive RM '000	Total RM '000	Effective Interest Rate
Interest Rate Risk - Dec 2012								
Financial Assets								
Cash and short term funds	1,670,525	-	-	-	-	156,487	1,827,012	3.08%
Loans, financing and advances	3,530,315	2,015	7,954	200,802	504,027	1,582,794	5,827,907	7.11%
Investment securities	9,955	-	100,136	537,219	2,530,979	280,773	3,459,062	3.79%
Property, plant and equipment	-	-	-	-	-	211,754	211,754	-
Other Assets	-	-	-	-	-	95,920	95,920	-
Total Assets	5,210,795	2,015	108,090	738,021	3,035,006	2,327,728	11,421,655	4.66%
Financial Liabilities								
Deposits from customers	3,644,935	11,191	16,221	65,800	17	3,298,053	7,036,217	2.19%
Loan from OECF	-	-	-	-	-	20,638	20,638	3.50%
Financing Scheme Funds	-	-	-	-	-	1,618,988	1,618,988	0.37%
Government Grant	-	-	-	-	-	79,978	79,978	-
Other Liabilities	-	-	-	-	-	197,441	197,441	-
Total Liabilities	3,644,935	11,191	16,221	65,800	17	5,215,098	8,953,262	2.02%
Shareholder Fund	-	-	-	-	-	2,468,393	2,468,393	-
Total Liabilities and Equity	3,644,935	11,191	16,221	65,800	17	7,683,491	11,421,655	2.02%

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22. FINANCIAL INSTRUMENTS (cont'd)

Liabilities of the Bank as at 30 September 2013 based on contractual undiscounted obligations and commitments

Particular	<1 month RM'000	1-3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000	Total RM'000
Deposit From Customers							
Saving Giro	3,674,400	-	-	-	-	-	3,674,400
Fixed Deposits	870,277	790,818	408,805	779,563	(965,567)	-	1,883,896
Loan Scheme Fund							
Government	-	-	-	-	-	1,429,210	1,429,210
BNM	3,030	6,060	9,090	18,180	51,945	-	88,305
Others	-	6,189	-	-	-	-	6,189
Other Liabilities							
Other Payables	85,708	59,875	45,120	12,540	-	203,244	406,487
Paddy Credit Gratuity Scheme	218	439	550	329	690	-	2,226
Total Financial Liabilities	4,633,633	863,381	463,565	810,612	(912,932)	1,632,454	7,490,713
Off Balance Sheet Items							
Undisbursed loans	101,158	44,959	44,959	44,959	44,959	-	280,994
Purchase Order	2,402	-	-	-	-	-	2,402
Total Off Balance Sheet Items	103,560	44,959	44,959	44,959	44,959	-	283,396
Total Financial Liabilities and Off Balance Sheet Items	4,737,193	908,340	508,524	855,571	(867,973)	1,632,454	7,774,109

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22. FINANCIAL INSTRUMENTS (cont'd)

Liabilities of the Bank as at 31 December 2012 based on contractual undiscounted obligations and commitments

Particular	<1 month RM'000	1-3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000	Total RM'000
Deposit From Customers							
Saving Giro	3,256,798	-	-	-	-	-	3,256,798
Fixed Deposits	1,464,969	721,355	657,412	857,159	78,524	-	3,779,419
Loan Scheme Fund							
Government	-	-	-	-	-	1,520,494	1,520,494
BNM	-	-	-	-	-	112,297	112,297
Others	-	-	6,295	6,189	8,154	-	20,638
Other Liabilities							
Other Payables	28,242	19,730	14,866	4,141	-	-	66,979
Paddy Credit Gratuity Scheme	216	432	540	324	673	-	2,185
Total Financial Liabilities	4,750,225	741,517	679,113	867,813	87,351	1,632,791	8,758,810
Off Balance Sheet Items							
Undisbursed loans	32,667	8,857	8,857	8,857	8,857	8,857	76,952
Purchase Order	2,904	1,280	-	-	-	-	4,184
Total Off Balance Sheet Items	35,571	10,137	8,857	8,857	8,857	8,857	81,136
Total Financial Liabilities and Off Balance Sheet Items	4,785,796	751,654	687,970	876,670	96,208	1,641,648	8,839,946

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23. CAPITAL ADEQUACY

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:

	Unaudited As at 30 Sept 2013 %	Audited As at 31 Dec 2012 %
Core capital ratio	29.40	28.30
Risk-weighted capital ratio	<u>32.11</u>	<u>31.15</u>

The capital adequacy ratio of the Bank as of 30 September 2013 has incorporated the market risk pursuant to BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Components of Tier I and Tier II Capital		
<u>Tier I capital</u>		
Share capital	1,000,000	1,000,000
Statutory reserves	487,109	487,109
Retained earnings	<u>773,826</u>	<u>659,565</u>
<u>Total Tier I Capital</u>	<u>2,260,935</u>	<u>2,146,674</u>
Tier II capital		
Collective impairment allowance	135,986	136,579
Government Grants	36,951	41,872
Launching Grants	18,791	21,598
Government Grant - Funds	16,218	16,508
Total Tier II capital	<u>207,946</u>	<u>216,557</u>
Total Capital Base	<u><u>2,468,881</u></u>	<u><u>2,363,231</u></u>

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23. CAPITAL ADEQUACY (cont'd)

The breakdown of risk-weighted assets in the various categories of risk-weights is as follows:

	Notional RM'000	Risk- weighted RM'000
0%	2,188,342	-
10%	-	-
20%	1,792,324	358,465
50%	51,517	25,759
100%	7,082,991	7,082,991
Off balance sheet risk-weighted assets	-	222,254
	<u>11,115,174</u>	<u>7,689,469</u>
Total risk-weighted assets as of 30 September 2013		
0%	2,410,682	-
10%	-	-
20%	1,970,173	394,035
50%	54,449	27,224
100%	6,986,351	6,986,351
Off balance sheet risk-weighted assets	-	178,604
	<u>11,421,655</u>	<u>7,586,214</u>
Total risk-weighted assets as of 31 December 2012		

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24. ISLAMIC BANKING

The state of affairs and the results of Islamic Banking Operations under the Islamic Banking Division included in the financial statements, are summarised as follows:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	Note	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Income from Islamic Banking	a	367,640	373,426
Financing impairment charges	b	<u>(62,700)</u>	<u>(110,744)</u>
Net income		304,940	262,682
Overhead expenses		<u>(207,570)</u>	<u>(181,322)</u>
Profit before zakat		97,370	81,360
Zakat		<u>-</u>	<u>-</u>
Profit after zakat		<u>97,370</u>	<u>81,360</u>
Other comprehensive income			
Unrealised gains on fair value changes on AFS investment securities		(28,134)	6,917
Transfer to profit and loss on disposal of AFS investment securities		<u>(12,168)</u>	<u>(6,199)</u>
Other comprehensive (loss)/income for the period		<u>(40,302)</u>	<u>718</u>
Total comprehensive income for the period		<u>57,068</u>	<u>82,078</u>

24. ISLAMIC BANKING (cont'd)**CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2013**

	Note	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
ASSETS			
Cash and short term funds	c	492,236	1,095,975
Deposits with financial institutions	d	57,528	-
Investment securities	e	2,933,675	2,562,041
Financing and advances	f	5,181,672	5,037,463
Prepaid lease payments		6,266	6,322
Property, plant and equipment		166,499	164,501
Intangible assets		23,051	20,898
Other assets		60,023	51,355
TOTAL ASSETS		8,920,950	8,938,555
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	g	5,638,417	5,643,765
Profit payable and others		147,869	122,958
Government borrowings and financing scheme funds	h	1,598,886	1,618,988
Government Grant		55,743	63,470
Government Grant - Funds	i	16,218	16,508
Total Liabilities		7,457,133	7,465,689
Equity			
Islamic Banking Fund	j	1,463,817	1,472,866
Total Equity		1,463,817	1,472,866
TOTAL LIABILITIES AND EQUITY		8,920,950	8,938,555

24. ISLAMIC BANKING (cont'd)

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013**

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before zakat	97,370	81,360
Adjustments for:		
Financing impairment charges	62,700	110,744
Profit expense on Government borrowings and financing scheme funds	(911)	740
Depreciation of property, plant and equipment	29,285	1,566
Write off of property, plant and equipment	1,189	(1)
Amortisation of:		
Government Grant	(4,920)	-
Launching Grant	(2,318)	-
Operating profit before working capital changes	182,395	194,409
Change in financing and advances	(206,821)	(266,899)
Change in other assets	(8,668)	(42,518)
Change in deposits with financial institutions	(57,528)	10,000
Change in deposits from customers	(5,348)	524,794
Change in profit payables and others	26,218	(8,399)
Reimbursement to conventional system	(66,117)	1,274,128
Cash (used in)/generated from operations	(135,869)	1,685,515
Zakat paid	(1,307)	(1,971)
Net (used in)/generated from cash from operating activities	(137,176)	1,683,544

24. ISLAMIC BANKING (cont'd)

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (cont'd)**

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease/(increase) in investment securities	(411,936)	(1,568,023)
Purchase of property, plant and equipment	(34,569)	(17,777)
Net cash used in investment activities	(446,505)	(1,585,800)
CASH FLOW FROM FINANCING ACTIVITIES		
Profit paid on Government borrowings and financing scheme funds	(2,968)	(484)
Proceeds from:		
Fund For Food ("3F")	75,517	-
Special Fund For Terengganu Fishery ("DKSP")	(378)	(507)
Micro Enterprise Funds	13,130	-
Loan for Small and Medium Size Industries ("PKS")	(17,978)	-
Repayments of Government borrowings and financing scheme funds	(86,892)	(1,802)
Launching grant utilised	(489)	-
Net cash used in financing activities	(20,058)	(2,793)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(603,739)	94,951
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,095,975	1,564,541
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	492,236	1,659,492
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds	492,236	1,659,492
	492,236	1,659,492

24. ISLAMIC BANKING (cont'd)

(a) Income from Islamic Banking	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Income from Islamic Banking business		
Financing	250,536	203,314
Income from financial institutions		
Profits from deposits with financial institutions	18,647	50,053
Profits from investment securities:		
HTM	4,799	7,801
AFS	64,356	40,915
Gain on disposal of investment securities:		
AFS	13,431	9,044
Fee Income		
Financing processing fees	10,154	11,582
Banking service fees	11,032	8,032
Ar-Rahnu fee	42,003	98,179
	414,958	428,920
Less : Profit attributable to customers		
Al-Mudharabah deposits	33,493	56,636
Fixed Return Investment Account- i	18,418	144
Al-Mudharabah savings	2,507	2,718
Agro Perdana-i	5,560	4,841
Agro-i deposits	9,413	9,462
Al-Wadiah savings	401	419
Agro Muda-i	2,897	2,758
Agro Tetangga-i	167	165
Agro Prima	23	-
Basic Saving Account	1	3
	72,880	77,146
Fund For Food ("3F")	(2,103)	1,976
Food Production Credit Scheme ("SKPM")	187	187
Loan for Small and Medium Size Industries ("PKS")	(48)	187
Fund For Small and Medium-Sized Industries ("TIKS")	-	16
Non-Food Production Credit Scheme ("SKPBM")	47	52
Micro Enterprise Fund	1,002	99
Entrepreneur Scheme for Graduates ("SUTKS")	15	19
MPPB	(8)	14
Paddy Credit Scheme	1	22
OECF	521	-
	72,494	79,718

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24. ISLAMIC BANKING (cont'd)

(a) Income from Islamic Banking (cont'd)

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Special Fund for Terengganu Fishery ("DKSP")	378	536
Staff financing	818	808
Reimbursement of Special Relief Grant for Flood ("SRGF")	106	177
Gapping	22,908	21,992
Other income	966	711
	<hr/>	<hr/>
Income from Islamic Banking	367,640	373,426
	<hr/> <hr/>	<hr/> <hr/>

(b) Financing impairment charges

	Unaudited 9-Month period 30 Sept 2013 RM'000	Unaudited 9-Month period ended 30 Sept 2012 RM'000
Financing and advances :		
Allowance for the period	56,579	43,345
Amount written back upon recoveries and reversal of allowance	(23,846)	(32,788)
Individual impairment loss - net	32,733	10,557
Collective impairment loss	44,046	107,969
Bad debts and financing :		
Written off	-	92
Recovered	(14,079)	(7,874)
	<hr/>	<hr/>
	62,700	110,744
	<hr/> <hr/>	<hr/> <hr/>

Company No: 811810-U

24. ISLAMIC BANKING (cont'd)

(c) Cash and short term funds

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Cash and bank balances	165,583	120,450
Short term deposits maturing within three months:		
Licensed finance companies	133,082	568,050
Other financial institutions	193,571	407,475
	<u>492,236</u>	<u>1,095,975</u>

(d) Deposits with financial institutions

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Licensed bank	9,048	-
Other financial institutions	48,480	-
	<u>57,528</u>	<u>-</u>

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24. ISLAMIC BANKING (cont'd)

(e) Investment securities

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
<u>Debt Securities</u>		
AFS - at fair value		
Corporate Bonds	1,816,235	1,341,087
Malaysian Government Securities	938,243	1,021,934
	<u>2,754,478</u>	<u>2,363,021</u>
HTM - at amortised cost		
Corporate Bonds	17,793	27,311
Commercial Papers	-	9,955
Malaysian Government Securities	161,404	161,754
	<u>179,197</u>	<u>199,020</u>
Net	<u><u>2,933,675</u></u>	<u><u>2,562,041</u></u>
Maturity structure for investments		
HTM is as follows:		
Maturity within six months	10,020	19,955
Between six months to one year	-	-
Between one year to three years	-	10,062
Between three years to five years	169,177	169,003
	<u><u>179,197</u></u>	<u><u>199,020</u></u>

24. ISLAMIC BANKING (cont'd)

(f) Financing and advances

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Bai-Al-Inah	4,890,049	4,708,421
BBA Project and Vehicle	1,925,352	1,536,586
Fund For Food ("3F")	974,718	906,598
Ar-Rahnu	320,924	556,528
Fishery Boat Financing Scheme ("SPBP")	69,123	81,363
MUST-i	215,174	173,838
Oil Palm Replanting Scheme ("TASK")	23,300	31,363
MAP and MPPB Financing	90,328	98,971
Loan for Small and Medium Size Industries ("PKS")	58,795	66,294
Non-Food Production Credit Scheme	80,647	92,664
Food Production Credit Scheme ("SKPM")	11,090	13,038
Belia Tani Scheme	9,665	11,018
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	3,988	5,549
Special Fund For Terengganu Fishery ("DKSP")	1,058	1,352
Fund For Small and Medium Size Industries ("TIKS")	2,267	2,357
Modal Pusingan-i	100,092	41,907
Paddy Credit Scheme	39,396	3,806
	8,815,966	8,331,653
Less: Unearned profit	(3,271,369)	(2,966,771)
	5,544,597	5,364,882
Less:		
Individual impairment loss	(178,938)	(138,896)
Collective impairment loss	(220,408)	(226,612)
	5,145,251	4,999,374
Staff financing and advances	36,421	38,089
Net	5,181,672	5,037,463

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24. ISLAMIC BANKING (cont'd)

(f) Financing and advances

Movements in impaired gross loans, financing and advances are as follows:

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
At the beginning of the period/year	491,329	558,476
Additions during the period/year	204,328	388,143
Reclassified as non impaired during the period/year	(168,750)	(268,703)
Amount written off	(65,287)	(186,587)
	461,620	491,329

Impaired gross loans, financing and advances analysed by sectors and regions are as follows:

Sector:

Support	92,293	140,613
Crops	181,386	150,481
Livestock	109,563	101,919
Fishery	65,532	73,504
Forestry	3,067	12,925
Other Agricultural based processing	9,779	11,887
	461,620	491,329

Region:

Kuala Lumpur	96,113	136,906
Selangor	67,162	74,038
Pahang	64,128	63,776
Perak	24,064	33,338
Negeri Sembilan/Melaka	35,242	36,346
Johor	33,616	39,170
Kelantan	23,958	23,261
Kedah/Perlis	51,473	24,557
Sarawak	22,659	21,439
Sabah	22,905	16,330
Pulau Pinang	10,313	12,335
Terengganu	9,987	9,833
	461,620	491,329

24. ISLAMIC BANKING (cont'd)

(f) Financing and advances (cont'd)

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Maturity structure for financing is as follows:		
Maturity within six months	470,724	629,176
Between six months to one year	57,181	50,395
Between one year to three years	379,836	423,088
Between three years to five years	703,342	677,519
More than five years	3,933,514	3,584,704
	<u>5,544,597</u>	<u>5,364,882</u>

(g) Deposits from customers

	Unaudited	Audited
	As at	As at
	30 Sept 2013	31 Dec 2012
	RM'000	RM'000
Al-Wadiah savings	64,332	69,971
Al-Mudharabah savings	254,379	277,100
Al-Mudharabah general deposits	1,024,438	2,068,485
Fixed Return Investment Account- i	1,460,908	319,657
Agro Perdana-i	2,742,554	2,817,969
Deposit securities	91,136	89,814
Basic Saving Account	670	769
	<u>5,638,417</u>	<u>5,643,765</u>

**Maturity structure for Al-Mudharabah
general deposits and
Fixed Return Investment Account- i is as follows:**

Within six months	1,107,371	1,629,070
Between six months to one year	1,325,314	676,748
Between one year to three years	12,662	16,317
Between three years to five years	39,999	66,007
	<u>2,485,346</u>	<u>2,388,142</u>

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24. ISLAMIC BANKING (cont'd)

(g) Deposits from customers (cont'd)

The deposits are sourced from the following types of customers :

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Government	2,634,962	2,613,510
Individuals	2,118,939	2,073,528
Domestic Business Enterprises	373,882	580,840
Domestic Other Entities	488,116	332,834
Domestic Non-Banking Institutions	22,518	43,053
	5,638,417	5,643,765

(h) Government borrowings and financing scheme funds

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Fund For Food ("3F")	991,050	970,462
Oil Palm Replanting Scheme ("TASKS")	14,000	14,000
Food Production Credit Scheme ("SKPM")	100,931	100,744
Fishery Boat Financing Scheme ("SPBP")	140,000	140,000
Entrepreneur Scheme for Graduates ("SUTKS-Financing")	8,025	8,010
Non-Food Production Credit Scheme ("SKPBM")	25,120	25,073
Loan for Small and Medium Size Industries ("PKS")	82,226	100,730
MPPB Funds	57,559	70,486
Paddy Credit Scheme	86,338	105,715
Micro Enterprise Fund	93,637	83,768
	1,598,886	1,618,988

24. ISLAMIC BANKING (cont'd)

(i) Government Grant - Funds	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Entrepreneur Scheme for Graduates ("SUTKS")	880	785
Special Fund for Terengganu Fishery ("DKSP")	1,058	1,391
Fund for Ministry Youth and Sports ("DKBS")	11,720	11,772
Development Programme for Hardcore Poor ("PPRT")	2,560	2,560
	16,218	16,508
(j) Islamic Banking Fund	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Retained earnings	765,225	667,855
General reserve	849,742	849,742
Reimbursement to conventional system	(120,577)	(54,460)
Investment revaluation reserve	(30,573)	9,729
	1,463,817	1,472,866
Retained earnings		
At beginning of the period/year	667,855	589,989
Profit after zakat	97,370	77,866
At end of the period/year	765,225	667,855
Reimbursement to conventional system		
At beginning of the period/year	(54,460)	(1,032,171)
Net reimbursement to	(66,117)	977,711
At end of the period/year	(120,577)	(54,460)
Investment revaluation reserve		
At beginning of the period/year	9,729	10,192
Retained profit AFS	-	593
Other comprehensive loss for the period/year	(40,302)	(1,056)
At end of the period/year	(30,573)	9,729

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24. ISLAMIC BANKING (cont'd)

(k) Capital adequacy

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Core capital ratio	22.96	24.06
Risk-weighted capital ratio	<u>24.71</u>	<u>25.12</u>

	Unaudited As at 30 Sept 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Components of Tier I and Tier II Capital		
<u>Tier I Capital</u>		
General reserve	849,742	849,742
Reimbursement to conventional system	(120,577)	(54,460)
Retained earnings	<u>761,726</u>	<u>667,855</u>
<u>Total Tier I Capital</u>	<u>1,490,891</u>	<u>1,463,137</u>
Tier II Capital		
Collective impairment allowance	111,565	62,389
Government grant - funds	<u>1,938</u>	<u>2,176</u>
Total Tier II Capital	<u>113,503</u>	<u>64,565</u>
Total Capital Base	<u><u>1,604,394</u></u>	<u><u>1,527,702</u></u>

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24. ISLAMIC BANKING (cont'd)

(k) Capital adequacy (cont'd)

The breakdown of risk-weighted assets in the various categories of risk-weights is as follows:

	Notional RM'000	Risk- weighted RM'000
0%	2,091,033	-
10%	-	-
20%	646,342	129,268
50%	27,318	13,659
100%	6,156,257	6,156,257
Off balance sheet risk-weighted assets	-	193,333
Total risk-weighted assets as of 30 September 2013	8,920,950	6,492,517
0%	2,074,056	-
10%	-	-
20%	1,149,237	229,847
50%	27,308	13,654
100%	5,687,954	5,687,954
Off balance sheet risk-weighted assets	-	149,152
Total risk-weighted assets as of 31 December 2012	8,938,555	6,080,607