

Company No: 811810-U



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

**CONDENSED UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**  
**(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)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

	Note	Unaudited 6-Month period ended 30 June 2014 RM'000	Unaudited 6-Month period ended 30 June 2013 RM'000
Interest income	2	44,597	62,601
Interest expense	3	(6,778)	(21,404)
Net interest income		<u>37,819</u>	<u>41,197</u>
Income from Islamic banking business	23(a)	<u>210,989</u>	<u>249,550</u>
		<b>248,808</b>	<b>290,747</b>
Non-interest income:			
Fee and other operating income	4(a)	2,579	3,180
Investment income	4(b)	15,109	57,644
Net income		<u>266,496</u>	<u>351,571</u>
Overhead expenses	5	(180,672)	(176,129)
Operating profit		<u>85,824</u>	<u>175,442</u>
Government grants		5,590	5,169
Net operating profit		<u>91,414</u>	<u>180,611</u>
Allowance for impairment on loans	6	(39,279)	(749)
Writeback of/(allowance for) impairment on investment securities		<u>5,068</u>	<u>(3,541)</u>
<b>Profit before tax and zakat</b>		<b>57,203</b>	<b>176,321</b>
Zakat		(2,266)	-
Tax expense	7	(14,982)	(39,560)
<b>Net profit for the year</b>		<b>39,955</b>	<b>136,761</b>
<b>Other comprehensive loss</b>			
Unrealised (loss)/gains on fair value changes on AFS investment securities		(911)	19,510
Transfer to profit and loss on disposal of AFS investment securities		(14,868)	(57,075)
Income tax relating to components of other comprehensive income		<u>3,945</u>	<u>9,883</u>
Other comprehensive loss for the year, net of tax		<u>(11,834)</u>	<u>(27,682)</u>
Total comprehensive income for the year		<u><b>28,121</b></u>	<u><b>109,079</b></u>

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 FINANCIAL POSITION  
AS AT 30 JUNE 2014**

		<b>Unaudited</b>	<b>Audited</b>
		<b>As at</b>	<b>As at</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>		
<b>ASSETS</b>			
Cash and short term funds	<b>8</b>	847,344	1,273,397
Deposits with financial institutions	<b>9</b>	130,095	60,000
Investment securities	<b>10</b>	4,279,953	3,588,054
Loans, financing and advances	<b>11</b>	5,988,397	5,850,154
Other assets		76,567	96,201
Property, plant and equipment		185,985	195,394
Intangible assets		26,163	26,941
Deferred tax assets		56,877	48,572
		<b>11,591,381</b>	<b>11,138,713</b>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits from customers	<b>12</b>	6,702,319	6,594,646
Other liabilities			
Other payables and accruals	<b>13</b>	299,047	326,935
Paddy Credit Gratuity Scheme		2,225	2,225
Loan Scheme Fund	<b>14</b>	1,907,670	1,555,347
Government Grants			
Operating	<b>15</b>	32,375	35,402
Launching	<b>16</b>	14,883	17,269
Funds	<b>17</b>	255,352	257,500
		<b>9,213,871</b>	<b>8,789,324</b>
<b>Total Liabilities</b>			
<b>Equity</b>			
Share capital	<b>18</b>	1,000,000	1,000,000
Reserves	<b>19</b>	1,377,510	1,349,389
		<b>2,377,510</b>	<b>2,349,389</b>
<b>Total Equity</b>			
		<b>11,591,381</b>	<b>11,138,713</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			

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 CHANGES IN EQUITY**  
**FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

		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
<b>As of 1 January 2014</b>	<u>1,000,000</u>	<u>487,109</u>	<u>137,590</u>	<u>724,690</u>	<u>2,349,389</u>
Net profit for the period	-	-	-	39,955	39,955
Other comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(11,834)</u>	<u>-</u>	<u>(11,834)</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(11,834)</u>	<u>39,955</u>	<u>28,121</u>
<b>As of 30 June 2014</b>	<u><b>1,000,000</b></u>	<u><b>487,109</b></u>	<u><b>125,756</b></u>	<u><b>764,645</b></u>	<u><b>2,377,510</b></u>

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**BANK PERTANIAN MALAYSIA BERHAD**

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**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014 (cont'd)**

	Share capital RM'000	Non-distributable reserves		Distributable reserves	Total RM'000
		Statutory reserves RM'000	Investment revaluation reserve RM'000	Retained earnings RM'000	
<b>As of 1 January 2013</b>	1,000,000	487,109	321,719	516,434	2,325,262
Net profit for the period	-	-	-	136,761	136,761
Other comprehensive loss for the period	-	-	(27,682)	-	(27,682)
Total comprehensive income for the period	-	-	(27,682)	136,761	109,079
Dividends paid	-	-	-	(22,500)	(22,500)
<b>As of 30 June 2013</b>	<b>1,000,000</b>	<b>487,109</b>	<b>294,037</b>	<b>630,695</b>	<b>2,411,841</b>

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

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**BANK PERTANIAN MALAYSIA BERHAD**

(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

	<b>June 2014</b>	<b>June 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and zakat	57,203	176,321
<b>Adjustments for:</b>		
Allowance for impairment on loans	55,305	49,498
Writeback/(allowance for) impairment on investment securities	5,068	(3,541)
Depreciation of property, plant and equipment	13,764	13,619
Amortisation of computer software	8,295	5,601
Profit charged on financing scheme fund	198	(754)
Write off of property, plant and equipment	154	1,189
Amortisation of prepaid lease payments	38	38
Gain on disposal of investment securities	(13,337)	(50,855)
Dividends from investment securities	(1,772)	(6,789)
Government fund released	(1,901)	-
Amortisation of:		
Special Fund For Terengganu Fishery ("DKSP")	(247)	(222)
Government Grant	(3,027)	(3,306)
Launching Grant	(1,680)	(1,746)
<b>Operating profit before working capital changes</b>	<b>118,061</b>	<b>179,053</b>
Change in loans, financing and advances	(193,548)	12,144
Change in other assets	19,634	5,380
Change in deposits with financial institutions	(70,095)	(252,704)
Change in deposits from customers	107,673	(587,604)
Change in other payables	11,920	5,740
Change in deferred tax liability	(3,945)	(9,883)
<b>Cash used in operations</b>	<b>(10,300)</b>	<b>(647,874)</b>
Tax paid	(61,197)	(31)
Zakat paid	(219)	(661)
<b>Net cash used in operating activities</b>	<b>(71,716)</b>	<b>(648,566)</b>

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**BANK PERTANIAN MALAYSIA BERHAD**

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014 (cont'd)**

	<b>June 2014</b>	<b>June 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(709,113)	(731,712)
Purchase of property, plant and equipment	(4,547)	(16,250)
Purchase of computer software	(7,517)	(6,753)
Proceeds from disposal of investment securities	13,649	1,318,799
Dividends received from investment securities	1,772	6,789
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>(705,756)</b>	<b>570,873</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Profit paid on government loans and OECF	(925)	(835)
Proceeds from:		
Fund For Food ("3F")	74,564	34,536
Micro Enterprise Funds	4,261	9,395
Commercial Agriculture Fund ("DPK-GLC")	300,000	-
Repayments of Loan Scheme Funds	(25,775)	(55,473)
Foreign exchange differences	-	(640)
Launching grant utilised	(706)	(117)
Dividends paid	-	(22,500)
	<hr/>	<hr/>
<b>Net cash generating from/(used in) financing activities</b>	<b>351,419</b>	<b>(35,634)</b>



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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014 (cont'd)**

	<b>June 2014</b>	<b>June 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(426,053)	(113,327)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,273,397</u>	<u>1,827,012</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>847,344</u>	<u>1,713,685</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and short term funds	<u>847,344</u>	<u>1,713,685</u>
	<u>847,344</u>	<u>1,713,685</u>

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

**NOTES TO CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

**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 year ended 31 December 2013. 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 2013.

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 2013 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 2014.

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 JUNE 2014 (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 JUNE 2014 (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 JUNE 2014 (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 judgements 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 2013 was not qualified.

**1.4 Seasonal or cyclical factors**

The operations of the Bank for the 6 month period ended 31 June 2014 were not materially affected by any seasonal or cyclical factors.

**1.5 Unusual items due to their nature, size or incidence**

During the 6 month period ended 30 June 2014 there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank.

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**NOTES TO CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 (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 6 month period ended 30 June 2014.

**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 0.8% amounting to RM8.0 million in respect of the previous financial year. The final dividend was approved at the Annual General Meeting of the bank on 30 June 2014.

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## 2. INTEREST INCOME

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
Loans and advances	21,532	38,327
Investment securities:		
HTM	649	289
AFS	16,664	8,231
Deposits with financial institutions	5,752	15,754
	<b>44,597</b>	<b>62,601</b>
Of which:		
Interest income earned on impaired loans and advances	<b>3,036</b>	<b>5,644</b>

## 3. INTEREST EXPENSE

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
Savings deposits and Agro Perdana	6,628	12,235
Fixed/Special deposits	150	9,169
	<b>6,778</b>	<b>21,404</b>

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#### 4. NON-INTEREST INCOME

##### (a) Fee and Other Operating Income

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
<b>Fee Income</b>		
Service charges and fees	1,225	1,590
Loan processing fees	9	245
	<u>1,234</u>	<u>1,835</u>
<b>Other income</b>		
Reimbursement of gapping cost	75	383
Income from Project Ladang Sungai Tasan	-	99
Income from staff loans and financing	368	536
Rental	12	28
Non operational income	890	299
	<u>1,345</u>	<u>1,345</u>
	<u><u>2,579</u></u>	<u><u>3,180</u></u>

##### (b) Investment Income

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
Net gain on disposal of AFS investment securities	13,337	50,855
Dividend income	1,772	6,789
	<u>15,109</u>	<u>57,644</u>



**5. OVERHEAD EXPENSES**

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
<b>Personnel cost</b>		
Salary, allowances and bonus	91,071	88,849
EPF contributions	11,470	9,129
SOCSO contributions	893	906
Staff welfare	2,048	2,434
Staff training	1,435	1,801
Recruitment fees	57	56
Staff gratuity	238	5,684
Others	3,972	4,421
<b>Maintenance cost</b>		
Depreciation of property, plant and equipment	13,764	13,619
Amortisation of computer software	8,295	5,601
Insurance on property, plant and equipment	1,443	2,143
Rental of premises	4,316	4,102
Printing, stationery and office supplies	3,030	3,404
Water and electricity	3,867	3,110
Amortisation of prepaid lease payments	38	38
Computer maintenance	10,405	7,384
Building maintenance	1,841	1,710
Office maintenance	1,764	1,647
Computer supply	155	613
Others	1,444	1,460
<b>Marketing expenses</b>		
Advertising and promotions	214	524
Others	50	220
<b>General administrative expenses</b>		
Communication expenses	6,943	5,832
Launching grants	980	117
Legal fees	5,233	6,865
Security charges	4,775	3,634
Others	931	826
	<b>180,672</b>	<b>176,129</b>

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## 6. ALLOWANCE FOR IMPAIRMENT ON LOANS

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
Loans, financing and advances :		
Allowance for the year	31,404	35,765
Amount written back upon recoveries and reversal of allowance	(20,194)	(23,286)
Individual impairment loss - net	11,210	12,479
Collective impairment loss - net	44,095	37,019
Bad debts and financing :		
Recovered	(16,026)	(48,749)
	<b>39,279</b>	<b>749</b>

## 7. TAX EXPENSE

	<b>Unaudited 6-Month period 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period 30 June 2013 RM'000</b>
Deferred tax assets recognized for the period	(4,360)	(2,285)
Income tax charged for the period	19,342	41,845
	<b>14,982</b>	<b>39,560</b>

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## 8. CASH AND SHORT TERM FUNDS

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash in hand	83,416	84,774
Cash at banks	105,026	78,882
Short term deposits maturing within three months:		
Licensed banks	300,416	628,343
Other financial institutions	358,486	481,398
	<u>847,344</u>	<u>1,273,397</u>

## 9. DEPOSITS WITH FINANCIAL INSTITUTIONS

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Other financial institutions	<u>130,095</u>	<u>60,000</u>
<b>Maturity structure of deposits and financial institutions is as follows:</b>		
Three months to six months	<u>130,095</u>	<u>60,000</u>

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**10. INVESTMENT SECURITIES**

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
<b><u>Debt Securities</u></b>		
<b>AFS - at fair value</b>		
Corporate Bonds	2,749,502	2,283,604
Malaysian Government Securities	1,243,863	998,293
	<b>3,993,365</b>	<b>3,281,897</b>
<b>HTM - at amortised cost</b>		
Corporate Bonds	18,289	32,978
Commercial Papers	29,893	19,901
Malaysian Government Securities	151,065	161,283
	<b>199,247</b>	<b>214,162</b>
	<b>4,192,612</b>	<b>3,496,059</b>
<b><u>Equity Securities</u></b>		
<b>AFS - at fair value</b>		
Quoted Shares in Malaysia	87,512	98,592
Total before allowances	<b>4,280,124</b>	<b>3,594,651</b>
<b>Allowance for impairment losses</b>		
Corporate Bonds	-	(6,354)
Quoted Shares in Malaysia	(171)	(243)
	<b>(171)</b>	<b>(6,597)</b>
<b>Net</b>	<b>4,279,953</b>	<b>3,588,054</b>

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**10. INVESTMENT SECURITIES (cont'd)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure for HTM investments is as follows:</b>		
Maturity within six months	29,893	44,926
Between six months to one year	-	-
Between one year to three years	169,354	119,205
Between three years to five years	-	50,031
	<u>199,247</u>	<u>214,162</u>

Market values of HTM investments are as follows:

<b>Market Value</b>		
Corporate Bonds	18,269	33,038
Commercial Papers	29,637	19,810
Malaysian Government Securities	150,396	160,302
	<u>198,302</u>	<u>213,150</u>

**11. LOANS, FINANCING AND ADVANCES**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost:</b>		
Islamic financing and advances (Note 23(f))	6,066,053	5,766,570
Wawasan Tani Loans	41,642	115,126
Project and Equipment Loans	214,359	226,918
Capital Entrepreneur Tani ("MUST")	31,766	48,314
Agribusiness Loans	98,657	107,492
Fund For Food ("3F")	17,353	18,797
Insani Education Loans	25,161	37,819
Paddy Credit Scheme	945	1,192
MAP and MPPB Loans	791	1,175
Fund for Small and Medium Size Industries ("TIKS")	602	788
Contract Tani Loans	583	1,613
Special Advances on Fixed Deposit	48	156
Tobacco Scheme	297	333
Asean-Japan Development Fund ("AJDF")	49	55
Banking Facilities	-	2
Other Loans	-	1,885
	<b>6,498,306</b>	<b>6,328,235</b>
Loans, financing and advances to employees	62,143	65,098
	<b>6,560,449</b>	<b>6,393,333</b>
<b>Less:</b>		
Individual impairment allowance	(246,423)	(237,264)
Collective impairment allowance	(325,629)	(305,915)
<b>Net</b>	<b>5,988,397</b>	<b>5,850,154</b>

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Maturity structure of loans, financing and advances is as follows:</b>		
Maturity within six months	614,410	583,805
Between six months to one year	104,468	91,590
Between one year to three years	477,172	526,081
Between three years to five years	867,642	818,220
More than five years	4,496,757	4,373,637
	<b>6,560,449</b>	<b>6,393,333</b>

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Sector:</b>		
Support	2,674,407	2,653,171
Crops	2,547,889	2,445,278
Livestock	726,883	700,814
Fishery	445,172	435,527
Forestry	36,939	34,547
Other Agricultural based processing	129,159	123,996
	<b>6,560,449</b>	<b>6,393,333</b>

**Region:**

Kuala Lumpur	547,761	549,698
Selangor	779,753	756,453
Pahang	598,730	537,703
Perak	775,418	766,500
Negeri Sembilan/Melaka	488,294	465,618
Johor	533,419	525,394
Kelantan	366,946	364,439
Kedah/Perlis	613,693	583,327
Sarawak	657,528	655,559
Sabah	625,049	618,189
Pulau Pinang	248,162	248,087
Terengganu	325,696	322,366
	<b>6,560,449</b>	<b>6,393,333</b>

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

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

	<b>Unaudited</b> <b>As at</b> <b>30 June 2014</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31 Dec 2013</b> <b>RM'000</b>
Neither past due nor impaired	5,530,582	5,337,602
Past due but not impaired	383,431	418,876
Impaired	646,436	636,855
	<b>6,560,449</b>	<b>6,393,333</b>

Past due but not impaired loans are loans where the customer has failed to make a principal or interest payment when contractually due and includes loans which are due more than one day after the contractual due date, but less than three (3) months.

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

	<b>Unaudited</b> <b>As at</b> <b>30 June 2014</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31 Dec 2013</b> <b>RM'000</b>
At the beginning of the year	636,855	807,018
Additions during the period	153,958	378,902
Reclassified as non impaired during the period	(43,900)	(90,134)
Recoveries during the period	(70,444)	(231,324)
Reclassified to off balance sheet during the period	-	(23,782)
Amount written off	(30,033)	(203,825)
At the end of period	<b>646,436</b>	<b>636,855</b>
Gross impaired loans as a percentage of gross loans, financing and advances	<b>9.85%</b>	<b>9.96%</b>



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

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

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
<b>Sector:</b>		
Support	157,446	161,988
Crops	247,780	251,044
Livestock	117,545	103,728
Fishery	77,923	75,612
Forestry	32,376	31,044
Other Agricultural based processing	13,366	13,439
	<b>646,436</b>	<b>636,855</b>
<b>Region:</b>		
Kuala Lumpur	134,618	139,635
Selangor	90,886	94,751
Pahang	70,300	66,906
Perak	71,499	72,318
Negeri Sembilan/Melaka	41,467	42,281
Johor	45,946	38,999
Kelantan	44,683	38,897
Kedah/Perlis	60,000	58,627
Sarawak	19,882	22,920
Sabah	36,279	31,354
Pulau Pinang	17,567	17,374
Terengganu	13,309	12,793
	<b>646,436</b>	<b>636,855</b>

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

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

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
<b>Individual impairment allowance</b>		
At the beginning of the year	237,264	207,777
Allowance for the period	31,404	91,248
Amount written back upon recoveries and reversal of allowance	(20,194)	(55,431)
Net allowance for the period	11,210	35,817
Amount written off	(2,051)	(6,330)
At the end of period	<b>246,423</b>	<b>237,264</b>
<b>Collective impairment allowance</b>		
At the beginning of the year	305,915	417,698
Allowance for the period	92,563	98,308
Amount written back	(43,385)	(17,390)
Net allowance for the period	49,178	80,918
Amount written off	(29,464)	(192,701)
At the end of period	<b>325,629</b>	<b>305,915</b>
Collective impairment allowance as a percentage of gross loans, financing and advances less individual impairment allowance	<b>5.16%</b>	<b>4.97%</b>

Included in net collective impairment allowance for the year are collective impairment allowance on loans, financing and advances funded by government grants which are as follows:

Fund for Ministry of Youth and Sports ("DKBS")	4,296	83
Entrepreneur Scheme for Graduates ("SUTKS")	53	(573)
Special Fund for Terengganu Fishery ("DKSP")	60	104
National Key Economic Area ("NKEA")	918	125
Micro Economic Stimulation Package ("Micro-ESP")	(3,736)	10,268
Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")	310	-

The total amount of collective impairment allowance includes collective allowances for non impaired loans of RM151,318,750 (2013: RM135,002,910).

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## 12. DEPOSITS FROM CUSTOMERS

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost:</b>		
Fixed/Money market deposits	3,866,042	3,514,693
Savings deposits	1,575,088	1,581,660
Agro Perdana	1,261,189	1,498,293
	<b>6,702,319</b>	<b>6,594,646</b>
<b>Maturity structure of fixed/money market deposits from customers is as follows:</b>		
Within six months	1,477,483	1,458,119
Between six months to one year	2,318,026	1,953,240
Between one year to three years	24,983	28,359
Between three years to five years	45,550	74,975
	<b>3,866,042</b>	<b>3,514,693</b>

The deposits are sourced from the following types of customers :

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Government	3,154,405	2,695,451
Individuals	2,491,627	2,619,842
Domestic Business Enterprises	374,838	436,464
Domestic Other Entities	660,700	814,321
Domestic Non-Banking Institutions	20,749	28,568
	<b>6,702,319</b>	<b>6,594,646</b>

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### 13. OTHER PAYABLES AND ACCRUALS

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Accrued expenses	54,774	52,653
Sundry creditors	51,239	52,966
Donation/Charity	11	11
Zakat payable	4,516	2,469
Provision for undistributed profit	225,866	213,809
Provision for tax expenses	(39,016)	2,682
Retirement benefits scheme	1,657	2,345
	<b>299,047</b>	<b>326,935</b>

### 14. LOAN SCHEME FUND

Summary of loan scheme fund is as follows :		<b>Unaudited</b>	<b>Audited</b>
		<b>As at</b>	<b>As at</b>
		<b>30 June 2014</b>	<b>31 Dec 2013</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>		
Fund for Food ("3F")	(a)	224,267	1,003,316
MPPB Funds	(b)	-	51,134
Oil Palm Replanting Scheme ("TASKS")	(c)	13,000	13,000
Paddy Credit Scheme	(d)	-	76,701
Food Production Credit Scheme ("SKPM")	(e)	-	74,923
Fishery Boat Financing Scheme ("SPBP")	(f)	-	140,000
Entrepreneur Scheme for Graduates ("SUTKS - Financing")		-	6,015
Loan for Small and Medium Size Industries ("PKS")	(g)	-	73,048
Non-Food Production Credit Scheme ("SKPBM")	(h)	-	22,594
Micro Enterprise Fund	(i)	87,224	94,616
Commercial Agriculture Fund ("DPK-GLC")	(j) (k)	300,072	-
Agriculture Entrepreneur Financing Fund ("DPUP 1")	(l)	1,283,107	-
		<b>1,907,670</b>	<b>1,555,347</b>

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

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>965,876</b>	<b>4,587</b>	<b>970,463</b>
Additions	152,334	-	152,334
Profit charged	-	(1,466)	(1,466)
Repayments	(115,204)	(2,811)	(118,015)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>1,003,006</b>	<b>310</b>	<b>1,003,316</b>
Reclassified to DPUP 1	(839,182)	(310)	(839,492)
Additions	74,564	-	74,564
Profit charged	-	253	253
Repayments	(14,121)	(253)	(14,374)
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>224,267</b>	<b>-</b>	<b>224,267</b>

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 production industry and to reduce dependency on imports. As at 15 May 2014, loan scheme funds channeled through the Ministry of Finance was merged into the Agriculture Entrepreneur Financing Fund. Balance of the above Fund for Food loan scheme is from BNM at a profit rate of 0.25% per annum.

**(b) Bumiputera Commercial and Industrial Community Scheme ("MPPB")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>70,000</b>	<b>486</b>	<b>70,486</b>
Profit charged	-	27	27
Repayment	(18,901)	(478)	(19,379)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>51,099</b>	<b>35</b>	<b>51,134</b>
Reclassified to DPUP 1	(51,099)	(35)	(51,134)
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>-</b>	<b>-</b>	<b>-</b>

Under the 9th Malaysian Plan ("RMK 9"), the Government agreed to channel RM100 million for the tenure of 15 years (3 years grace period) at an interest/profit rate of 0.25% per annum. The objective of this scheme is to provide financing facilities to Bumiputera entrepreneurs, farmers, fisherman and other related institutions. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**14. LOAN SCHEME FUND (cont'd)**

**(c) Oil Palm Replanting Scheme ("TASKS")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>14,000</b>	-	<b>14,000</b>
Repayments	(1,000)	-	(1,000)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>13,000</b>	-	<b>13,000</b>
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>13,000</b>	-	<b>13,000</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

This fund is channeled through the Ministry of Plantation Industries and Commodities to finance the replantation of oil palm plantations. The loan tenure is 20 years (5 years grace period) without interest.

**(d) Paddy Credit Scheme**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>105,000</b>	<b>715</b>	<b>105,715</b>
Profit charged	-	54	54
Repayments	(28,351)	(717)	(29,068)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>76,649</b>	<b>52</b>	<b>76,701</b>
Reclassified to DPUP 1	(76,649)	(52)	(76,701)
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Ministry of Agriculture provided RM105.00 million to the Bank to encourage the country's paddy industry. The loan tenure is 10 years (3 years grace period) at an interest rate of 0.25% per annum. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**14. LOAN SCHEME FUND (cont'd)**

**(e) Food Production Credit Scheme ("SKPM")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>100,000</b>	<b>744</b>	<b>100,744</b>
Profit charged	-	243	243
Repayments	<u>(25,421)</u>	<u>(643)</u>	<u>(26,064)</u>
As of 31 December 2013	<b>74,579</b>	<b>344</b>	<b>74,923</b>
Reclassified to DPUP 1	<u>(74,579)</u>	<u>(344)</u>	<u>(74,923)</u>
As of 30 June 2014	<u>-</u>	<u>-</u>	<u>-</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) at a profit rate of 0.25% per annum. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**(f) Fishery Boat Financing Scheme ("SPBP")**

	<b>Principal RM'000</b>
As of 31 December 2013	140,000
Reclassified to DPUP 1	<u>(140,000)</u>
As of 30 June 2014	<u>-</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. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**14. LOAN SCHEME FUND (cont'd)**

**(g) Entrepreneur Scheme for Graduates ("SUTKS-Financing")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>8,010</b>	-	<b>8,010</b>
Profit charged	-	20	20
Repayments	<u>(1,995)</u>	<u>(20)</u>	<u>(2,015)</u>
As of 31 December 2013	<b>6,015</b>	-	<b>6,015</b>
Reclassified to DPUP 1	<u>(6,015)</u>	<u>-</u>	<u>(6,015)</u>
As of 30 June 2014	<u>-</u>	<u>-</u>	<u>-</u>

The Government allocated RM10.0 million for a tenure of 10 years (5 years grace period) 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. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**(h) Loan for Small and Medium Size Industries ("PKS")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>100,000</b>	<b>730</b>	<b>100,730</b>
Profit charged	-	2	2
Repayments	<u>(27,001)</u>	<u>(683)</u>	<u>(27,684)</u>
As of 31 December 2013	<b>72,999</b>	<b>49</b>	<b>73,048</b>
Reclassified to DPUP 1	<u>(72,999)</u>	<u>(49)</u>	<u>(73,048)</u>
As of 30 June 2014	<u>-</u>	<u>-</u>	<u>-</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) at a profit rate of 0.25% per annum. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.



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

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>25,062</b>	<b>11</b>	<b>25,073</b>
Profit charged	-	62	62
Repayments	(2,478)	(63)	(2,541)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>22,584</b>	<b>10</b>	<b>22,594</b>
Reclassified to DPUP 1	(22,584)	(10)	(22,594)
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Under the 9th Malaysian Plan ("RMK9"), the Government agreed to channel RM30.0 million for a tenure of 15 years (3 years grace period) at profit rate of 0.25% per annum. The purpose of this fund is to enhance the primary and tertiary agricultural activities. As at 15 May 2014, the above loan scheme fund was merged into the Agriculture Entrepreneur Financing Fund.

**(j) Micro Enterprise Fund**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>83,770</b>	<b>(3)</b>	<b>83,767</b>
Additions	15,759	-	15,759
Profit charged	-	1,357	1,357
Repayments	(4,912)	(1,355)	(6,267)
	<hr/>	<hr/>	<hr/>
As of 31 December 2013	<b>94,617</b>	<b>(1)</b>	<b>94,616</b>
Additions	4,261	-	4,261
Profit charged	-	672	672
Repayments	(11,654)	(671)	(12,325)
	<hr/>	<hr/>	<hr/>
As of 30 June 2014	<b>87,224</b>	<b>-</b>	<b>87,224</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The fund amounting to RM200.0 million was launched by 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.

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**14. LOAN SCHEME FUND (cont'd)**

**(k) Commercial Agriculture Fund (DPK-GLC)**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 1 January 2014	300,000	-	300,000
Profit charged	<u>-</u>	<u>72</u>	<u>72</u>
As of 30 June 2014	<u><b>300,000</b></u>	<u><b>72</b></u>	<u><b>300,072</b></u>

The fund amounting RM300.0 million was channeled by the government with a bullet payment tenure of 15 years at a profit rate of 0.25% per annum. The purpose of this fund is to finance the commercial agro-based industry.

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**14. LOAN SCHEME FUND (cont'd)**

**(i) Agriculture Entrepreneur Financing Fund ("DPUP 1")**

	<b>Principal RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
As of 31 December 2013	-	-	-
<b>Reclassification from loan scheme funds :</b>			
Fund for Food ("3F")	839,182	310	839,492
MPPB Funds	51,099	35	51,134
Paddy Credit Scheme	76,649	52	76,701
Food Production Credit Scheme ("SKPM")	74,579	344	74,923
Fishery Boat Financing Scheme ("SPBP")	140,000	-	140,000
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	6,015	-	6,015
Loan for Small and Medium Size Industries ("PKS")	72,999	49	73,048
Non-Food Production Credit Scheme ("SKPBM")	22,584	10	22,594
Profit Writeback to principal		(800)	(800)
As of 30 June 2014	<b><u>1,283,107</u></b>	<b><u>-</u></b>	<b><u>1,283,107</u></b>

Loan scheme fund which was channeled by the government through the Ministry of Finance was merged into this scheme. The objective of the new scheme is as per previous schemes prior to merger. The financing tenure is 15 years (3 years grace period) at a profit rate 0.5% per annum.

## 15. GOVERNMENT GRANTS - OPERATING

	<b>Capital Expenditure RM'000</b>	<b>Development Expenditure RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>41,795</b>	<b>77</b>	<b>41,872</b>
Amortised during the year	(6,470)	-	(6,470)
As of 31 December 2013	<b>35,325</b>	<b>77</b>	<b>35,402</b>
Amortised during the period	(3,027)	-	(3,027)
As of 30 June 2014	<b>32,298</b>	<b>77</b>	<b>32,375</b>

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 and expenditure to finance the acquisition of property, plant and equipment and development expenditure to finance the training courses given to entrepreneurs.

## 16. LAUNCHING GRANTS

	<b>Capital Expenditure RM'000</b>	<b>Development Expenditure RM'000</b>	<b>Total RM'000</b>
As of 1 January 2013	<b>14,301</b>	<b>7,297</b>	<b>21,598</b>
Reclassification	(613)	613	-
Utilised during the period:			
Development expenditure	-	(986)	(986)
Amortised during the year	(3,343)	-	(3,343)
As of 31 December 2013	<b>10,345</b>	<b>6,924</b>	<b>17,269</b>
Utilised during the period:			
Development expenditure	-	(706)	(706)
Amortised during the period	(1,680)	-	(1,680)
As of 30 June 2014	<b>8,665</b>	<b>6,218</b>	<b>14,883</b>

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 GRANT - FUNDS**

Summary of government grant funds as follows :

	<b>Note</b>	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
Development Programme for Hard-core Poor ("PPRT")	(a)	2,560	2,560
Entrepreneur Scheme for Graduates ("SUTKS")	(b)	1,305	1,358
Special Fund For Terengganu Fishery ("DKSP")	(c)	280	587
Fund for Ministry of Youth and Sports ("DKBS")	(d)	7,393	11,689
Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")	(e)	39,690	40,000
National Key Economic Area ("NKEA")	(f)	52,914	53,832
Micro Economic Stimulation Package ("Micro - ESP")	(g)	151,210	147,474
		<b>255,352</b>	<b>257,500</b>

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

	<b>RM'000</b>
As of 31 December 2013 and 30 June 2014	<b>2,560</b>

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

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

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
At beginning of the period	1,358	785
Government Grants - Funds (released)/recovered (note 11)	(53)	573
At the end of period	<b>1,305</b>	<b>1,358</b>

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 GRANT - FUNDS (cont'd)**

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the period	587	1,391
Amortisation for the period	(247)	(700)
Government Grants - Funds released (note 11)	(60)	(104)
	<u>280</u>	<u>587</u>
At the end of period	<u><b>280</b></u>	<u><b>587</b></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 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")**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2014</b>	<b>31 Dec 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the period	11,689	11,772
Government Grants - Funds released (note 11)	(4,296)	(83)
	<u>7,393</u>	<u>11,689</u>
At the end of period	<u><b>7,393</b></u>	<u><b>11,689</b></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*.

**17. GOVERNMENT GRANT - FUNDS (cont'd)**

**(e) Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")**

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
At beginning of the period	40,000	40,000
Government Grants - Funds released (note 11)	<u>(310)</u>	<u>-</u>
At the end of period	<b><u>39,690</u></b>	<b><u>40,000</u></b>

The objective of this fund is to finance Bumiputera agricultural ventures with maximum financing available up to RM200,000.

**(f) National Key Economic Area ("NKEA")**

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
At beginning of the year	53,832	55,000
Amortisation for the period	-	(1,043)
Government Grants- Funds released (note 11)	<u>(918)</u>	<u>(125)</u>
At end of the period	<b><u>52,914</u></b>	<b><u>53,832</u></b>

The purpose of this fund is to encourage entrepreneurs to participate in agro based industries by providing a maximum of RM20,000 per financing.

**(g) Micro Economic Stimulation Package ("Micro - ESP")**

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
At beginning of the year	147,474	157,742
Government Grants- Funds recovered (note 11)	3,736	-
Government Grants- Funds released (note 11)	<u>-</u>	<u>(10,268)</u>
At end of the year	<b><u>151,210</u></b>	<b><u>147,474</u></b>

The purpose of this fund is to encourage entrepreneurs to participate in agricultural production activities by providing a maximum of RM20,000 per financing.

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## 18. SHARE CAPITAL

	Unaudited As at 30 June 2014 RM'000	Audited As at 31 Dec 2013 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>

## 19. RESERVES

	Unaudited As at 30 June 2014 RM'000	Audited As at 31 Dec 2013 RM'000
<b>Non-distributable reserve:</b>		
Statutory reserves	487,109	487,109
Investment revaluation reserve	125,756	137,590
<b>Distributable reserve:</b>		
Retained earnings	<u>764,645</u>	<u>724,690</u>
	<u><b>1,377,510</b></u>	<u><b>1,349,389</b></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

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
<b>Guarantee:</b>		
Guarantee letters issued on behalf of customers of the Bank	22,648	11,670
<b>Capital Commitment</b>		
Approved and contracted for:		
Capital expenditure	4,779	6,212
Commitment on loans, financing and advances	366,744	246,510
	371,523	252,722
Approved but not contracted for:		
Commitment on loans, financing and advances	168,452	12,778
	<b>539,975</b>	<b>265,500</b>
<b>Contingent Liabilities</b>		
Certain legal actions taken against the Bank with compensation claims	448,456	383,105
	<b>1,011,079</b>	<b>660,275</b>

## 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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly including any director (whether executive or otherwise) of the Bank.

Remuneration paid to key management personnel 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.

<b>Key Management Personnel (For Period ended 30 June 2014)</b>	<b>Short Term RM'000</b>	<b>Post Employment Benefit RM'000</b>
Executive Director	330	56
Non-Executive Directors	484	-
Senior Management	1,077	142
	<b>1,891</b>	<b>198</b>

<b>Key Management Personnel (For Period ended 30 June 2013)</b>	<b>Short Term RM'000</b>	<b>Post Employment Benefit RM'000</b>
Executive Director	300	51
Non-Executive Directors	535	-
Senior Management	1,589	186
	<b>2,424</b>	<b>237</b>

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**BANK PERTANIAN MALAYSIA BERHAD**

(Incorporated in Malaysia)

**21. RELATED PARTY DISCLOSURES (cont'd)**

**(c) Transactions 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 year.

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Deposit	<u>5</u>	<u>10</u>

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

**d) Transactions with related parties**

	<b>Notes</b>	<b>June 2014 RM'000</b>	<b>June 2013 RM'000</b>
<b>Income</b>			
Gapping	<b>(i)</b>	12,828	11,905
Management fees	<b>(ii)</b>	4,975	10,170
Commission	<b>(iii)</b>	722	770
Interest/profit income on deposits placed with government linked entities		13,337	29,820
<b>Expense</b>			
Interest/profit expense on deposits placed by government linked entities		4,683	4,939
Interest/profit expense on loan scheme fund paid and payable to the Ministry of Finance and BN		672	1,487
Employee Provident Fund ("EPF")		11,470	9,129
Social Security Organisation ("SOCSO")		893	906
Compensation paid to a state linked agency		<u>-</u>	<u>-</u>

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**BANK PERTANIAN MALAYSIA BERHAD**

(Incorporated in Malaysia)

**21. RELATED PARTY DISCLOSURES (cont'd)**

**d) Transactions with related parties (cont'd)**

Description for income with related parties are as follows:

- (i) Income from Ministry of Finance Incorporated for the interest differential between market rate and subsidised rate on loans disbursed by the Bank at subsidised rate.
- (ii) Fees earned for managing of government funds for loan disbursement paid by Ministry of Agriculture and Ministry of Finance.
- (iii) Commission earned as bills collection agent from Government of Malaysia controlled entities.

**e) Outstanding balances arising from transactions with related parties**

	<b>Amount owed to/by related parties</b>	
	<b>30 June 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Government Grants - Operating	32,375	35,402
Government Grants - Launching	14,883	17,269
Government Grants - Funds	255,352	257,500
Loan scheme fund	1,907,670	1,555,347
Foreign exchange receivable from Ministry of Finance	-	3,058
Deposit/placement with related parties	526,521	954,685
Deposit from related entities	<u>3,154,405</u>	<u>2,695,451</u>

**f) Terms and conditions**

Transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

## 22. CAPITAL ADEQUACY

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

	<b>Unaudited</b> <b>As at</b> <b>30 June 2014</b> <b>RM'000</b> <b>%</b>	<b>Audited</b> <b>As at</b> <b>31 Dec 2013</b> <b>RM'000</b> <b>%</b>
Core capital ratio	27.06	28.17
Risk-weighted capital ratio	<u>32.76</u>	<u>33.97</u>

The capital adequacy ratio of the Bank as of 30 June 2014 has incorporated the market risk pursuant to BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	<b>Unaudited</b> <b>As at</b> <b>30 June 2014</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31 Dec 2013</b> <b>RM'000</b>
Components of Tier I and Tier II Capital		
Tier I capital		
Share capital	1,000,000	1,000,000
Statutory reserves	487,109	487,109
Retained earnings	724,690	724,690
Deferred tax assets	<u>(56,877)</u>	<u>(48,572)</u>
<b>Total Tier I Capital</b>	<b><u>2,154,922</u></b>	<b><u>2,163,227</u></b>
Tier II capital		
Collective impairment allowance*	151,319	135,003
Government Grants - Operating	32,375	35,402
Government Grants - Launching	14,883	17,269
Government Grant - Funds	255,352	257,500
<b>Total Tier II capital</b>	<b><u>453,929</u></b>	<b><u>445,174</u></b>
<b>Total Capital Base</b>	<b><u>2,608,851</u></b>	<b><u>2,608,401</u></b>

\* The eligible amount for Tier II capital is limited to only collective impairment allowance on non-impaired loans, advances and financing.

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## 22. CAPITAL ADEQUACY (cont'd)

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

	<b>Notional RM'000</b>	<b>Risk- weighted RM'000</b>
0%	2,828,173	-
10%	-	-
20%	1,170,960	234,192
50%	47,900	23,949
100%	7,487,471	7,487,471
Off balance sheet risk-weighted assets	-	217,444
<b>Total risk-weighted assets as of 30 June 2014</b>	<b><u>11,534,504</u></b>	<b><u>7,963,056</u></b>
0%	2,311,660	-
10%	-	-
20%	1,553,679	310,736
50%	50,502	25,251
100%	7,174,300	7,174,300
Off balance sheet risk-weighted assets	-	167,670
<b>Total risk-weighted assets as of 31 December 2013</b>	<b><u>11,090,141</u></b>	<b><u>7,677,957</u></b>

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## 23. 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 6-MONTH PERIOD ENDED 30 JUNE 2014

	Note	Unaudited 6-Month period ended 30 June 2014 RM'000	Unaudited 6-Month period ended 30 June 2013 RM'000
Income from Islamic Banking	a	210,989	249,550
Financing impairment charges	b	<u>(87,177)</u>	<u>(24,092)</u>
Net income		123,812	225,458
Overhead expenses		<u>(155,107)</u>	<u>(131,587)</u>
<b>(Loss)/Profit before tax and zakat</b>		<b>(31,295)</b>	<b>93,871</b>
Zakat		(2,266)	-
Income tax		<u>9,511</u>	<u>-</u>
<b>(Loss)/Profit after tax and zakat</b>		<b><u>(24,050)</u></b>	<b><u>93,871</u></b>
<b>Other comprehensive loss</b>			
Unrealised loss on fair value changes on AFS investment securities		(10,953)	(3,659)
Transfer to profit and loss on disposal of AFS investment securities		(941)	(12,277)
Income tax relating to components of other comprehensive income		<u>2,973</u>	<u>-</u>
Other comprehensive loss for the period		<b><u>(8,921)</u></b>	<b><u>(15,936)</u></b>
<b>Total comprehensive (loss)/income for the period</b>		<b><u><u>(32,971)</u></u></b>	<b><u><u>77,935</u></u></b>

**23. ISLAMIC BANKING (cont'd)****CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

		<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 December 2013 RM'000</b>
<b>ASSETS</b>	<b>Note</b>		
Cash and short term funds	<b>c</b>	824,406	644,492
Deposits with financial institutions	<b>d</b>	130,095	60,000
Investment securities	<b>e</b>	3,259,266	2,862,495
Financing and advances	<b>f</b>	5,617,683	5,398,911
Property, plant and equipment		212,148	222,335
Other assets		61,190	63,756
Deferred tax assets		75,315	67,981
		<u>10,180,103</u>	<u>9,319,970</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits from customers	<b>g</b>	6,689,120	5,912,217
Profit payable and others		410,640	428,766
Government borrowings and financing scheme funds	<b>h</b>	1,907,670	1,555,347
Government Grant		47,258	52,671
Government Grant - Funds	<b>i</b>	255,352	257,500
		<u>9,310,040</u>	<u>8,206,501</u>
<b>Total Liabilities</b>			
<b>Equity</b>			
Islamic Banking Fund	<b>j</b>	870,063	1,113,469
		<u>870,063</u>	<u>1,113,469</u>
<b>Total Equity</b>			
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>10,180,103</u>	<u>9,319,970</u>



**23. ISLAMIC BANKING (cont'd)**

**CONDENSED UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014**

	<b>June 2014</b>	<b>June 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before zakat	(31,295)	93,871
<b>Adjustments for:</b>		
Financing impairment charges	91,098	34,729
Profit expense on financing scheme funds	198	(1,486)
Depreciation of property, plant and equipment	22,097	19,258
Write off of property, plant and equipment	154	1,189
Government fund release	(1,901)	-
Amortisation of:		
Special Fund For Terengganu Fishery ("DKSP")	(247)	-
Government Grant	(3,027)	(3,306)
Launching Grant	(1,680)	(1,746)
	<u>75,397</u>	<u>142,509</u>
<b>Operating Profit Before Working Capital Changes</b>	<b>75,397</b>	<b>142,509</b>
Change in financing and advances	(309,870)	(129,248)
Change in other assets	2,566	(10,010)
Change in deposits with financial institutions	(70,095)	(52,404)
Change in deposits from customers	776,903	(428,738)
Change in profit payables and others	(15,023)	33,503
Reimbursement to conventional system	(209,841)	(25,650)
Deferred tax liabilities	(2,973)	-
	<u>247,064</u>	<u>(470,038)</u>
<b>Cash generated from /(used in) operating Activities</b>	<b>247,064</b>	<b>(470,038)</b>
Zakat paid	(219)	(661)
	<u>(219)</u>	<u>(661)</u>
<b>Net cash generated from/ (used in) operating Activities</b>	<b>246,845</b>	<b>(470,699)</b>
	<u>246,845</u>	<u>(470,699)</u>

**23. ISLAMIC BANKING (cont'd)**

**CONDENSED UNAUDITED STATEMENT OF CASH FLOW  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014 (cont'd)**

	<b>June 2014</b>	<b>June 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase in investment securities	(406,286)	110,372
Purchase of property, plant and equipment	(12,064)	(23,002)
<b>Net cash (used in)/ generated from investment activities</b>	<b>(418,350)</b>	<b>87,370</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Profit paid on financing scheme funds	(925)	(835)
Proceeds from:		
Fund For Food ("3F")	74,564	34,536
Micro Enterprise Funds	4,261	9,395
Commercial Agriculture Fund ("DPK-GLC")	300,000	-
Repayments of financing scheme funds	(25,775)	(44,496)
Launching grant utilised	(706)	(117)
<b>Net cash generated from/(used in) investment activities</b>	<b>351,419</b>	<b>(1,517)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>179,914</b>	<b>(384,846)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>644,492</b>	<b>1,095,975</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>824,406</b>	<b>711,129</b>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and short term funds	824,406	711,129
	<b>824,406</b>	<b>711,129</b>

**23. ISLAMIC BANKING (cont'd)**

<b>(a) Income from financing</b>	<b>Unaudited 6-Month period ended 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period ended 30 June 2013 RM'000</b>
<b>Income from Islamic Banking business</b>		
Financing	184,339	165,889
<b>Income from financial institutions</b>		
Profits from deposits with financial institutions	11,486	14,068
Profits from investment securities:		
HTM	2,993	3,274
AFS	56,334	41,908
Gain on disposal of investment securities:		
AFS	311	13,382
<b>Fee Income</b>		
Financing processing fees	6,289	7,792
Banking service fees	7,205	7,477
Reimbursement of gapping cost	12,753	11,522
Ar-Rahnu fee	13,004	30,805
	<u>294,714</u>	<u>296,117</u>
<b>Less : Profit attributable to customers</b>		
Al-Mudharabah deposits	29,511	24,818
FRIA	33,920	10,108
FRIA 45 plus	2,682	-
Al-Mudharabah savings	1,412	1,686
Agro Perdana-i	3,663	3,686
Agro-i deposits	6,176	6,284
Al-Wadiah	519	270
Agro Muda-i	1,899	1,920
Agro Tetangga-i	112	111
Agro Prima	11	7
Basic Saving Account	1	1
	<u>79,906</u>	<u>48,891</u>
Fund For Food ("3F")	483	(2,671)
Food Production Credit Scheme ("SKPM")	(296)	124
Loan for Small and Medium Size Industries ("PKS")	(3)	124
Non-Food Production Credit Scheme ("SKPBM")	5	31
Commercial Agriculture Fund ("DPK-GLC")	4,683	-
Micro Enterprise Fund	671	652
Others	161	618
	<u>85,610</u>	<u>47,769</u>

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### 23. ISLAMIC BANKING (cont'd)

#### (a) Income from financing (cont'd)

	<b>Unaudited 6-Month period ended 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period ended 30 June 2013 RM'000</b>
Special Fund for Terengganu Fishery ("DKSP")	247	228
Staff financing	635	546
Reimbursement of Special Relief Grant for Flood ("SRGF")	24	81
Other income	979	347
	<u>210,989</u>	<u>249,550</u>

#### (b) Financing impairment charges

	<b>Unaudited 6-Month period ended 30 June 2014 RM'000</b>	<b>Unaudited 6-Month period ended 30 June 2013 RM'000</b>
Financing and advances :		
Allowance for the year	22,770	22,691
Amount written back upon recoveries and reversal of allowance	(15,603)	(14,992)
Individual impairment allowance - net	7,167	7,699
Collective impairment allowance - net	83,931	27,030
Bad debts and financing :		
Recovered	(3,921)	(10,637)
	<u>87,177</u>	<u>24,092</u>

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**23. ISLAMIC BANKING (cont'd)**

**(c) Cash and short term funds**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	165,504	136,251
Short term deposits maturing within three months:		
Licensed finance companies	300,416	248,044
Other financial institutions	358,486	260,197
	<u>824,406</u>	<u>644,492</u>

**(d) Deposits with financial institutions**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Other financial institutions	<u>130,095</u>	<u>60,000</u>

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**23. ISLAMIC BANKING (cont'd)**

**(e) Investment securities**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Debt Securities</u></b>		
<b>AFS - at fair value</b>		
Corporate Bonds	2,028,957	1,785,079
Malaysian Government Securities	1,041,025	898,174
	<b><u>3,069,982</u></b>	<b><u>2,683,253</u></b>
<b>HTM - at amortised cost</b>		
Corporate Bonds	18,289	17,959
Commercial Papers	19,930	-
Malaysian Government Securities	151,065	161,283
	<b><u>189,284</u></b>	<b><u>179,242</u></b>
<b>Net</b>	<b><u><u>3,259,266</u></u></b>	<b><u><u>2,862,495</u></u></b>
<b>Maturity structure for investments</b>		
<b>HTM is as follows:</b>		
Maturity within six months	19,930	10,006
Between six months to one year	-	-
Between one year to three years	169,354	119,205
Between three years to five years	-	50,031
	<b><u><u>189,284</u></u></b>	<b><u><u>179,242</u></u></b>

**23. ISLAMIC BANKING (cont'd)****(f) Financing and advances**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Agrocash	4,990,731	4,975,710
BBA Project and Vehicle	2,360,320	2,009,299
Fund For Food ("3F")	1,140,042	1,057,730
Ar-Rahnu	185,738	247,196
Fishery Boat Financing Scheme ("SPBP")	55,315	64,809
MUST-i	250,097	229,359
Oil Palm Replanting Scheme ("TASK")	17,570	20,991
MAP and MPPB Financing	89,576	86,614
Financing for Small and Medium Size Industries ("PKS")	49,950	55,106
Non-Food Production Credit Scheme ("SKPBM")	69,525	77,182
Food Production Credit Scheme ("SKPM")	9,325	10,244
Belia Tani Scheme	8,701	9,326
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	753	958
Special Fund For Terengganu Fishery ("DKSP")	446	664
Fund For Small and Medium Size Industries ("TIKS")	2,264	2,262
Modal Pusingan-i	102,799	100,958
Paddy Credit Scheme	64,205	53,248
Micro ESP	21,361	38,979
NKEA	47,617	43,091
Trade Finance	107,668	17,617
Insani	10,477	183
Other Financing	380	-
	<b>9,584,860</b>	<b>9,101,526</b>
<b>Less: Unearned profit</b>	<b>(3,518,807)</b>	<b>(3,334,956)</b>
	<b>6,066,053</b>	<b>5,766,570</b>
Staff financing and advances	47,376	43,426
	6,113,429	5,809,996
<b>Less:</b>		
Individual impairment allowance	(186,547)	(172,019)
Collective impairment allowance	(309,199)	(239,066)
<b>Net</b>	<b>5,617,683</b>	<b>5,398,911</b>

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## 23. ISLAMIC BANKING (cont'd)

### (f) Financing and advances (cont'd)

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure for financing is as follows:</b>		
Maturity within six months	467,943	417,194
Between six months to one year	61,123	73,587
Between one year to three years	432,439	443,127
Between three years to five years	767,380	725,970
More than five years	4,337,168	4,106,692
	<b><u>6,066,053</u></b>	<b><u>5,766,570</u></b>

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At the beginning of the year	446,192	578,495
Additions during the period	125,775	383,139
Reclassified as non impaired during the period	(35,454)	(69,818)
Recoveries during the period	(57,001)	(170,864)
Reclassified to off balance sheet during the period	-	(23,782)
Amount written off	(17,258)	(250,978)
	<b><u>462,254</u></b>	<b><u>446,192</u></b>



**23. ISLAMIC BANKING (cont'd)**

**(f) Financing and advances (cont'd)**

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Sector:</b>		
Support	94,981	96,333
Crops	175,396	176,397
Livestock	110,568	95,795
Fishery	70,465	67,393
Forestry	961	904
Other Agricultural based processing	9,883	9,370
	<b>462,254</b>	<b>446,192</b>
<b>Region:</b>		
Kuala Lumpur	77,616	84,257
Selangor	63,332	64,902
Pahang	67,216	63,957
Perak	30,502	30,988
Negeri Sembilan/Melaka	35,775	35,129
Johor	39,813	32,003
Kelantan	29,154	23,378
Kedah/Perlis	53,143	51,763
Sarawak	13,638	15,939
Sabah	28,983	23,320
Pulau Pinang	13,644	11,682
Terengganu	9,438	8,874
	<b>462,254</b>	<b>446,192</b>

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**23. ISLAMIC BANKING (cont'd)**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
<b>(g) Deposits from customers</b>	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Mudharabah</u>		
Al-Mudharabah savings	122	249,235
Al-Mudharabah general deposits	574,678	1,026,102
Agro Perdana-i	-	1,498,293
Patriot savings	-	1,158,246
Deposit securities	-	106,329
Basic Saving Account	-	749
	<hr/>	<hr/>
	574,800	4,038,954
<u>Non-Mudharabah</u>		
Fixed Return Investment Account- i (FRIA-i)	3,262,335	1,807,140
Agro Perdana-i	417,146	-
Deposit securities	106,640	-
Basic Saving Account	864	-
Al-Wadiah savings	2,327,335	66,123
	<hr/>	<hr/>
	<b>6,689,120</b>	<b>5,912,217</b>
	<hr/> <hr/>	<hr/> <hr/>

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

Within six months	1,530,037	1,296,003
Between six months to one year	2,260,631	1,463,515
Between one year to three years	24,758	13,696
Between three years to five years	21,587	60,028
	<hr/>	<hr/>
	<b>3,837,013</b>	<b>2,833,242</b>
	<hr/> <hr/>	<hr/> <hr/>

The deposits are sourced from the following types of customers :

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Government	3,151,909	2,632,069
Individuals	2,484,051	2,140,992
Domestic Business Enterprises	372,978	426,854
Domestic Other Entities	659,641	690,009
Domestic Non-Banking Institutions	20,541	22,293
	<hr/>	<hr/>
	<b>6,689,120</b>	<b>5,912,217</b>
	<hr/> <hr/>	<hr/> <hr/>

**23. ISLAMIC BANKING (cont'd)**

**(h) Government borrowings and financing scheme funds**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Fund For Food ("3F")	224,267	1,003,316
Oil Palm Replanting Scheme ("TASKS")	13,000	13,000
Food Production Credit Scheme ("SKPM")	-	74,923
Fishery Boat Financing Scheme ("SPBP")	-	140,000
Entrepreneur Scheme for Graduates ("SUTKS-Financing")	-	6,015
Non-Food Production Credit Scheme ("SKPBM")	-	22,594
Financing for Small and Medium Size Industries ("PKS")	-	73,048
MPPB Funds	-	51,134
Paddy Credit Scheme	-	76,701
Micro Enterprise Fund	87,224	94,616
Agriculture Entrepreneur Financing Fund ("DPUP I")	1,283,107	
Commercial Agriculture Fund ("DPK-GLC")	300,072	-
	<b>1,907,670</b>	<b>1,555,347</b>

**(i) Government Grant - Funds**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Development Programme for Hard-core Poor ("PPRT")	2,560	2,560
Entrepreneur Scheme for Graduates ("SUTKS")	1,305	1,358
Special Fund for Terengganu Fishery ("DKSP")	280	587
Fund for Ministry Youth and Sports ("DKBS")	7,393	11,689
Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")	39,690	40,000
National Key Economic Area ("NKEA")	52,914	53,832
Micro Economic Stimulation Package ("Micro - ESP")	151,210	147,474
	<b>255,352</b>	<b>257,500</b>

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**23. ISLAMIC BANKING (cont'd)**

<b>(j) Islamic Banking Fund</b>	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 December 2013 RM'000</b>
Retained earnings	545,528	569,578
General reserve	849,742	849,742
Reimbursement to conventional system	(460,211)	(250,370)
Investment revaluation reserve	(64,996)	(55,481)
	<b><u>870,063</u></b>	<b><u>1,113,469</u></b>
<b>Retained earnings</b>		
At beginning of the year	569,578	546,606
Profit after zakat	(24,050)	31,972
Dividend paid	-	(9,000)
At end of the period	<b><u>545,528</u></b>	<b><u>569,578</u></b>
<b>Reimbursement to conventional system</b>		
At beginning of the year	(250,370)	(54,460)
Net reimbursement to	(209,841)	(195,910)
At end of the period	<b><u>(460,211)</u></b>	<b><u>(250,370)</u></b>
<b>Investment revaluation reserve</b>		
At beginning of the year	(55,481)	9,729
Retained profit AFS	(594)	-
Other comprehensive loss for the period	(8,921)	(65,210)
At end of the period	<b><u>(64,996)</u></b>	<b><u>(55,481)</u></b>

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**23. ISLAMIC BANKING (cont'd)**

<b>(k) Capital adequacy</b>	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 December 2013 RM'000</b>
Core capital ratio	13.51	16.44
Risk-weighted capital ratio	<u>19.72</u>	<u>22.84</u>
	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 December 2013 RM'000</b>
<b>Components of Tier I and Tier II Capital</b>		
<b><u>Tier I Capital</u></b>		
General reserve	849,742	849,742
Reimbursement to conventional system	(460,211)	(250,370)
Retained earnings	569,578	569,578
Less : Deferred tax assets	<u>(75,315)</u>	<u>(67,981)</u>
<b><u>Total Tier I Capital</u></b>	<b><u>959,109</u></b>	<b><u>1,100,969</u></b>
<b>Tier II Capital</b>		
Collective impairment allowance*	137,899	117,813
Government grant	47,258	52,671
Government grant - funds	<u>255,352</u>	<u>257,500</u>
<b>Total Tier II Capital</b>	<b><u>440,509</u></b>	<b><u>427,984</u></b>
<b>Total Capital Base</b>	<b><u>1,399,618</u></b>	<b><u>1,528,953</u></b>

\* The eligible amount for Tier II capital is limited to only collective impairment allowance on non-impaired loans, advances and financing.

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## 23. 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:

	<b>Notional RM'000</b>	<b>Risk- weighted RM'000</b>
0%	2,340,946	-
10%	-	-
20%	1,061,957	212,391
50%	33,595	16,797
100%	6,668,290	6,668,290
Off balance sheet risk-weighted assets	-	201,520
<b>Total risk-weighted assets as of 30 June 2014</b>	<b>10,104,788</b>	<b>7,098,998</b>
0%	2,002,352	-
10%	-	-
20%	828,041	165,608
50%	29,296	14,648
100%	6,392,300	6,392,300
Off balance sheet risk-weighted assets	-	122,803
<b>Total risk-weighted assets as of 31 December 2013</b>	<b>9,251,989</b>	<b>6,695,359</b>