



Your Choice Bank

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE 2ND QUARTER
ENDED 30 JUNE 2014**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2104**

	Note	Group		Bank	
		30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
ASSETS					
Cash and bank balances		988,465	746,196	985,644	744,018
Deposits and placements with financial institutions		2,236,255	2,109,033	2,232,303	2,103,942
Financial assets held-for-trading	1		-	-	-
Financial assets available-for-sale	2	11,516,578	10,463,097	11,512,162	10,457,907
Financial assets held-to-maturity	3	10,902,047	10,141,449	10,902,047	10,141,449
Financing and advances	4	58,679,292	57,304,177	58,679,292	57,304,177
Trade receivables		11,516	9,048	-	-
Other assets	5	873,702	775,879	790,371	725,904
Inventories		4,618	12,368	-	-
Property development		446	-	-	-
Investment in subsidiaries		-	-	43,500	43,500
Property and equipment		929,350	903,652	901,180	874,882
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		85,439	160,474	151,772	148,448
Asset classified as held for sale		80,005	80,432	-	-
Prepaid lease payment		80,480	79,782	70,205	69,372
Deferred tax assets		265,032	265,032	266,000	266,000
TOTAL ASSETS		86,666,410	83,063,804	86,534,476	82,879,599

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2104**

	Note	Group		Bank	
		30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
LIABILITIES					
Deposits from customers	6	66,734,328	65,297,767	66,734,328	65,297,767
Deposits and placements from other banks and financial institutions		2,550,000	1,620,000	2,550,000	1,620,000
Trade payables		5,142	6,900	-	-
Recourse obligations on financing sold to Cagamas		1,466,793	1,528,696	1,466,793	1,528,696
Debt securities issued		2,519,475	1,507,088	2,519,474	1,507,088
Other liabilities	7	1,410,129	1,359,301	1,564,945	1,490,679
Provision for taxation		1,067	1,556	-	-
Profit equalisation reserve (Investor)		65,343	152,145	65,343	152,145
Financing from other financial institutions		(84)	39,602	-	-
TOTAL LIABILITIES		74,752,193	71,513,055	74,900,883	71,596,375
SHAREHOLDERS' FUND					
Share capital		2,974,921	2,973,677	2,974,921	2,973,677
Share redemption fund		53,671	53,671	53,671	53,671
Reserves	8	8,777,328	8,268,907	8,496,704	8,001,382
Profit equalisation reserve (Bank)		108,297	254,494	108,297	254,494
TOTAL SHAREHOLDERS' FUND		11,914,217	11,550,749	11,633,593	11,283,224
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		86,666,410	83,063,804	86,534,476	82,879,599
COMMITMENT AND CONTINGENCIES	14	3,024,659	3,140,252	3,024,659	3,140,252

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income	9	1,362,101	1,463,183	2,717,161	2,880,564
Expenditure	10	(519,922)	(585,149)	(991,937)	(1,177,946)
Net income		842,179	878,034	1,725,224	1,702,618
Allowance for impairment	11	(111,579)	(309,359)	(304,450)	(461,274)
Other operating income	12	101,043	202,020	185,105	311,072
Operating expenses	13	(246,215)	(197,714)	(480,472)	(435,882)
Profit before taxation and zakat		585,428	572,981	1,125,407	1,116,534
Taxation		(66,090)	(82,305)	(132,135)	(150,625)
Zakat		(9,134)	(21,965)	(18,262)	(43,930)
Profit after taxation and zakat		510,204	468,711	975,010	921,979
Net gain/(loss) on revaluation of financial assets available-for-sale		1,625	(63,807)	(25,687)	(69,516)
Net addition/(utilisation) of profit equalisation reserve		(67,765)	(15,686)	(146,197)	(9,214)
Other comprehensive income for the period		(66,140)	(79,493)	(171,884)	(78,730)
Total comprehensive income for the period		444,064	389,218	803,126	843,249

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income	9	1,336,074	1,444,359	2,665,901	2,845,913
Expenditure	10	(503,065)	(573,666)	(958,553)	(1,150,710)
Net income		833,010	870,693	1,707,348	1,695,203
Allowance for impairment	11	(111,579)	(309,359)	(304,450)	(461,274)
Other operating income	12	95,459	203,029	178,955	310,571
Operating expenses	13	(241,138)	(196,446)	(471,975)	(437,063)
Profit before taxation and zakat		575,752	567,917	1,109,878	1,107,437
Taxation		(64,960)	(81,369)	(129,919)	(148,781)
Zakat		(9,024)	(21,842)	(18,048)	(43,684)
Profit after taxation and zakat		501,768	464,706	961,911	914,972
Net gain/(loss) on revaluation of financial assets available-for-sale		1,625	(63,807)	(25,687)	(69,516)
Net addition/(utilisation) of profit equalisation reserve		(67,765)	(15,686)	(146,197)	(9,214)
Other comprehensive income for the period		(66,140)	(79,493)	(171,884)	(78,730)
Total comprehensive income for the period		432,628	385,213	790,027	836,242

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

Group	Share capital RM'000	Share redemption fund RM'000	Capital reserve RM'000	Statutory reserve RM'000	Financial assets available-for-sale reserves RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	2,865,004	53,671	14,617	3,304,452	178,283	364,103	3,800,372	10,580,502
Total comprehensive income for the period	-	-	-	-	(69,516)	(9,214)	921,979	843,249
Issuance to new members	50,745	-	-	-	-	-	-	50,745
Dividend	54,702	-	-	-	-	-	(495,052)	(440,350)
Adjustment on defined benefit plan	-	-	-	-	-	-	(183,877)	(183,877)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	199	199
At 30 June 2013	2,970,451	53,671	14,617	3,304,452	108,767	354,889	4,043,621	10,850,468
At 1 January 2014	2,973,677	53,671	14,617	3,789,563	(21,849)	254,494	4,486,576	11,550,749
Total comprehensive income for the period	-	-	-	-	(25,687)	(146,197)	975,010	803,126
Issuance to new members	1,244	-	-	-	-	-	-	1,244
Dividend	-	-	-	-	-	-	(441,052)	(441,052)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	150	150
At 30 June 2014	2,974,921	53,671	14,617	3,789,563	(47,536)	108,297	5,020,684	11,914,217

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2014 (CONTINUED)**

Bank	Share capital RM'000	Share redemption fund RM'000	Capital reserve RM'000	Statutory reserve RM'000	Financial assets available-for-sale reserves RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	2,865,004	53,671	15,358	3,304,452	178,283	364,103	3,545,242	10,326,113
Total comprehensive income for the period	-	-	-	-	(69,516)	(9,214)	914,972	836,242
Issuance to new members	50,745	-	-	-	-	-	-	50,745
Dividend	54,702	-	-	-	-	-	(495,052)	(440,350)
Adjustment on defined benefit plan	-	-	-	-	-	-	(183,877)	(183,877)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	199	199
At 30 June 2013	2,970,451	53,671	15,358	3,304,452	108,767	354,889	3,781,484	10,589,072
At 1 January 2014	2,973,677	53,671	15,359	3,789,563	(21,849)	254,494	4,218,309	11,283,224
Total comprehensive income for the period	-	-	-	-	(25,687)	(146,197)	961,911	790,027
Issuance to new Members	1,244	-	-	-	-	-	-	1,244
Dividend	-	-	-	-	-	-	(441,052)	(441,052)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	150	150
At 30 June 2014	2,974,921	53,671	15,359	3,789,563	(47,536)	108,297	4,739,318	11,633,593

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	975,010	921,979	961,911	914,972
Adjustments for:				
Taxation	132,135	150,625	129,919	148,781
Zakat	18,262	43,930	18,048	43,684
Profit expense on debt securities issued	43,056	20,108	43,056	20,108
Allowance for impairment on financing and advances	304,450	461,274	304,450	461,274
Depreciation of property and equipment	40,185	38,574	38,642	37,109
Amortisation of prepaid lease payments	980	2,641	845	592
Loss on property and equipment written-off	8	435	8	435
Loss on financing written-off	4,158	4,124	4,158	4,124
Gain on revaluation of investment properties			(3,325)	-
Finance cost	(39,685)	989	-	-
Provision of defined benefit plan	12,135	8,220	12,135	8,220
Provision for doubtful debts no longer required	(98)	(9,819)	(98)	(9,819)
Provision for impairment loss on financial assets held to maturity no longer required	(1,231)	(95,128)	(1,231)	(95,128)
Net gain on disposal of financial assets available-for-sale	(9,213)	(8,679)	(9,213)	(8,679)
Net gain on disposal of financial assets held for trading	(128)	(97)	(128)	(97)
Net loss on revaluation of financial assets held for trading	-	648	-	648
Net gain on redemption of financial assets held-to-maturity		(598)	-	(598)
Transfer from/(to) profit equalisation reserve	(233,000)	(18,000)	(233,000)	(18,000)
Profit expense on financing sold with recourse to Cagamas	28,395	59,217	28,395	59,217
Adjustment to Bank Rakyat Foundation	150	-	150	-
Operating profit before working capital changes	1,275,569	1,580,443	1,294,722	1,566,843

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in operating assets:				
Financing and advances	(1,683,722)	(1,850,079)	(1,683,722)	(1,850,079)
Property development	(446)	(311)	-	-
Asset classified as held-for-sale	428	-	-	-
Inventories	7,750	(38)	-	-
Trade receivables	(2,468)	(3,219)	-	-
Deposit with financial institution	(127,221)	-	(128,361)	(1,097,867)
Other assets	(63,631)	(65,089)	(30,306)	(59,260)
	(593,741)	(338,293)	(547,667)	(1,440,363)
Increase/(Decrease) in operating liabilities:				
Deposits from customers	1,436,560	5,270,458	1,436,560	5,270,458
Deposits and placements from other banks	930,000	265,000	930,000	265,000
Other liabilities	66,779	(207,209)	90,449	(201,655)
Trade payables	(1,758)	2,519	-	-
Recourse obligation on financing sold to Cagamas	(90,298)	(301,750)	(90,298)	(301,750)
Cash generated from operations	1,747,542	4,690,725	1,819,044	3,591,690
Income tax paid	(72,583)	(122,747)	(69,847)	(120,125)
Zakat paid	(34,212)	(23,486)	(34,231)	(23,552)
Increase in/(Contribution to) defined benefits plan	(106,270)	78,183	(106,270)	78,183
Net cash from operating activities	1,534,477	4,622,675	1,608,696	3,526,196

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2014 (CONTINUED)**

	Group		Bank	
	Six Months Ended 30 June 2014 RM'000	30 June 2013 RM'000	Six Months Ended 30 June 2014 RM'000	30 June 2013 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(245,000)	(310,000)	(245,000)	(310,000)
Proceeds from disposal of financial assets held-for-trading	245,128	140,271	245,128	140,271
Purchases of financial assets available-for-sale	(1,685,000)	(1,740,000)	(1,685,000)	(1,740,000)
Proceeds from disposal of financial assets available-for-sale	615,046	669,917	614,272	669,696
Purchases of financial assets held-to-maturity	(705,470)	(2,230,001)	(705,470)	(2,230,001)
Proceeds from disposal of financial assets held-to-maturity	(53,898)	465,897	(53,898)	465,897
Purchase of investment properties	75,035	(15,410)	-	-
Proceeds from disposal of investment properties	-	-	-	-
Purchases of property and equipment	(67,571)	(193,997)	(66,626)	(207,025)
Net cash used in investing activities	(1,821,730)	(3,213,323)	(1,896,594)	(3,211,162)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issue of shares to members	1,244	50,745	1,244	50,745
Dividend paid	(441,052)	(440,350)	(441,052)	(440,350)
Fund received from government	-	95,676	-	95,676
Proceeds from debt securities issued	999,989	(19,935)	999,989	(19,935)
Addition in/(Repayment of) financing from other financial institution	(30,659)	1,432	(30,659)	-
Net cash from financing activities	529,522	(312,432)	529,522	(313,864)
Net increase/(decrease) in cash and cash equivalent	242,269	1,096,920	241,626	1,171
Cash and cash equivalent at beginning of period	746,196	3,856,468	744,018	525,494
Cash and cash equivalent at end of period	988,465	4,953,388	985,644	526,665

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013

EXPLANATORY NOTES PURSUANT TO MALAYSIAN REPORTING STANDARD 134 (“MFRS 134”)

Basis of Preparation

The unaudited interim financial statements for the first quarter and financial period ended 31 March 2014 have been prepared under historical cost convention except for the following assets and liabilities which are stated at fair values, i.e. financial assets held-for-trading, financial assets available-for-sale, and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134; Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2013.

Auditors’ Report on Preceding Annual Financial Statements

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

Comments on Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and financial period ended 30 June 2014.

Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the first quarter and financial period ended 30 June 2014.

Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the first quarter and financial period ended 30 June 2014.

Debt and Equity Securities

There were no new issuance of debt securities by the Bank during the period.

Dividends Paid and Distributed

During the financial half year ended 30 June 2014, final dividend for the year ended 31 December 2013 was paid amounting to RM441,052,472 comprising of 15% cash dividend.

NOTE 1: FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At fair value				
Government investment issues	-	-	-	-

NOTE 2: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
At fair value				
Government investment issues	6,945,134	6,209,785	6,945,134	6,209,785
Islamic debt securities	2,379,490	2,287,255	2,379,490	2,287,255
Government bonds	1,921,064	1,747,170	1,921,064	1,747,170
Khazanah bonds	22,840	22,500	22,840	22,500
Quoted shares	234,958	183,245	234,958	182,472
Unit trust shares	1,843	1,892	1,843	1,892
At cost, net of impairment loss				
Unquoted shares	11,249	11,250	6,833	6,833
	11,516,578	10,463,097	11,512,162	10,457,907

NOTE 3: FINANCIAL ASSETS HELD-TO-MATURITY

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Government investment issues	8,762,261	8,574,371
Government bonds	1,018,706	903,555
Khazanah bonds	425,973	306,684
Cagamas bonds	47,108	
Islamic debt securities	711,160	565,506
Negotiable Islamic debt certificates	149,247	
Islamic commercial papers	57,036	62,008
	11,171,491	10,412,124
Less: accumulated impairment losses		
Islamic debt securities	(212,408)	(213,639)
Islamic commercial papers	(57,036)	(57,036)
	(269,444)	(270,675)
	10,902,047	10,141,449

NOTE 4: FINANCING AND ADVANCES

(i) By type of financing

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Personal financing	48,655,237	46,937,582
Term financing	5,094,742	5,284,458
House financing	2,581,703	2,569,422
Pawn broking	1,687,832	1,762,602
Bridging	613,555	595,183
Revolving credit	476,187	465,430
Credit card	454,649	452,991
Hire-purchase receivables	433,822	361,858
Staff financing	275,867	273,207
Syndicated financing	124,387	106,222
Gross financing and advances, net of unearned income	60,397,981	58,808,955
Allowance for impairment on financing and advances		
Individual impairment	(328,984)	(212,222)
Collective impairment	(1,389,705)	(1,292,556)
	(1,718,689)	(1,504,778)
Net financing and advances	58,679,292	57,304,177

NOTE 4: FINANCING AND ADVANCES

(ii) By type of customer

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Individuals	54,644,875	52,869,164
Business enterprises	3,557,778	3,779,153
Non-bank financial institutions		
Co-operatives	1,863,971	1,819,046
Others	53,759	54,927
Foreign entities	260,163	267,869
Other entities	17,388	18,740
Banking institutions	47	56
	60,397,981	58,808,955

(iii) By economic sector

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Consumption credit	52,442,248	50,468,948
Purchase of property	2,219,094	2,348,971
Financial, insurance and business services	2,255,528	2,519,567
Construction	1,580,144	1,589,424
Manufacturing	633,157	761,932
Agriculture	443,254	444,941
Transportation & communication	367,491	328,488
Wholesale & retail trade	135,339	111,241
Electricity, gas and water	100,091	82
Purchase of securities	86,453	96,140
Mining and quarrying	84,424	88,420
Community, social and personal services	50,758	50,801
	60,397,981	58,808,955

NOTE 4: FINANCING AND ADVANCES

(iv) Impaired financing and advances by economic sector

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Consumption credit	630,347	559,145
Construction	298,255	213,592
Financial, insurance, property and business services	188,774	200,038
Purchase of property	169,338	188,545
Agriculture	70,368	69,046
Wholesale & retail trade	38,836	38,714
Manufacturing	73,384	30,952
Community, social and personal services	3,700	3,465
Purchase of securities	1,498	1,346
Transportation & communication	319	276
Electricity, gas and water	20	-
Mining & quarrying	84,424	-
	1,559,263	1,305,119

(v) Movement in impaired financing and advances

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
As of 1 January	1,305,119	1,431,737
Classified as impaired during the period	924,542	2,086,386
Amount written-back in respect of recoveries	(584,624)	(1,457,955)
Amount written-off during the period	(85,774)	(755,049)
	254,144	(126,618)
Closing balance	1,559,263	1,305,119
Gross impaired financing and advances as a percentage of gross financing and advances	2.58%	2.22%

NOTE 4: FINANCING AND ADVANCES

(vi) Movement in allowance for individual impairment on financing and advances

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Individual assessment impairment		
As of 1 January	212,222	285,543
Allowance made during the year	174,084	623,034
Amount written-back in respect of recoveries	(57,322)	(259,516)
Amount written-off during the year	-	(436,839)
	116,762	(73,321)
Closing balance	328,984	212,222

(vii) Movement in allowance for collective impairment on financing and advances

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Collective assessment impairment		
As of 1 January	1,292,556	1,237,668
Allowance made during the year	650,405	1,511,284
Amount written-back in respect of recoveries	(468,781)	(1,138,225)
Amount written-off during the year	(84,475)	(318,171)
	97,149	54,888
Closing balance	1,389,705	1,292,556

NOTE 5: OTHER ASSETS

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Other receivables	384,760	349,488	383,361	346,176
Defined benefit plan	287,072	192,937	287,072	192,937
Income receivable	70,360	67,231	65,580	67,231
Tax recoverable	39,644	99,685	39,484	99,557
Prepayments	50,117	26,337	21,783	25,990
Refundable deposits	59,459	57,889	9,259	8,902
Amount due from subsidiaries	-	-	1,310	2,688
Allowance for doubtful debts	(17,710)	(17,688)	(17,478)	(17,577)
	873,702	775,879	790,371	725,904

NOTE 6: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Non-Mudarabah		
Term deposits	48,616,055	38,691,634
Savings	3,556,340	683,594
Negotiable Islamic debt certificate	6,825,619	5,992,899
	58,998,014	45,368,127
Mudarabah		
Savings deposits	-	2,582,332
General investment accounts	7,554,114	17,188,608
Special investment accounts	182,200	158,700
	7,736,314	19,929,640
	66,734,328	65,297,767

NOTE 6: DEPOSITS FROM CUSTOMERS

(ii) By type of customer

	Group & Bank	
	30 June 2014 RM'000	31 December 2013 RM'000
Government	29,465,455	29,523,382
Business enterprises	23,036,632	23,229,490
Individuals	11,452,346	10,181,934
Co-operatives	1,181,512	1,202,751
Others	1,598,383	1,160,210
	66,734,328	65,297,767

NOTE 7: OTHER LIABILITIES

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Amount due to subsidiaries	(183,413)	-	-	170,731
Other payables	700,258	584,270	301,086	577,480
Income payable	437,069	426,854	437,069	426,854
Other accruals	308,187	219,692	679,484	187,619
Government fund	116,823	81,329	116,823	81,329
Zakat payable	31,205	47,156	30,483	46,666
	1,410,129	1,359,301	1,564,945	1,490,679

NOTE 8: RESERVES

	Group		Bank	
	30 June 2014 RM'000	31 December 2013 RM'000	30 June 2014 RM'000	31 December 2013 RM'000
Retained profits	5,020,684	4,486,576	4,739,318	4,218,309
Statutory reserve	3,789,563	3,789,563	3,789,563	3,789,563
Capital reserve	14,617	14,617	15,359	15,359
Financial assets available-for-sale reserves	(47,536)	(21,849)	(47,536)	(21,849)
	8,777,328	8,268,907	8,496,704	8,001,382

NOTE 9: INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,071,291	1,168,249	2,141,900	2,288,288
Income derived from investment of shareholders' fund (ii)	264,783	276,110	524,001	557,625
Income generated by subsidiary companies (iii)	26,027	18,824	51,260	34,651
	1,362,101	1,463,183	2,717,161	2,880,564

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,071,291	1,168,249	2,141,900	2,288,288
Income derived from investment of shareholders' fund (ii)	264,783	276,110	524,001	557,625
Income generated by subsidiary companies (iii)	-	-	-	-
	1,336,074	1,444,359	2,665,901	2,845,913

(i) Income derived from investment of depositors' fund

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	899,103	988,831	1,801,246	1,943,455
Income from deposits and placements with bank and other financial institutions	14,044	29,640	29,300	55,184
Income from financial assets	158,144	149,778	311,354	289,649
	1,071,291	1,168,249	2,141,900	2,288,288

NOTE 9: INCOME

(ii) Income derived from investment of shareholders' fund

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	222,234	233,656	440,662	473,594
Income from deposits and placements with bank and other financial institutions	3,474	7,028	7,168	13,448
Income from financial assets	39,075	35,427	76,171	70,583
	264,783	276,110	524,001	557,625

(iii) Income generated by subsidiary companies

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Pawning income	11,846	1,051	24,459	1,974
Agency income	7,100	10,959	14,076	18,255
Rental income	3,309	3,727	6,285	8,994
Sale of goods & services	2,500	1,734	3,969	3,289
Management fee	808	954	1,751	1,638
Other fees	464	399	720	501
	26,027	18,824	51,260	34,651

NOTE 10: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors *	569,108	559,577	1,117,241	1,089,385
Profit expense on financing sold with recourse to Cagamas	14,091	29,051	28,395	59,217
Transfer to/(from) profit equalisation reserve	(108,000)	(25,000)	(233,000)	(18,000)
Profit expense on debt securities issued	26,578	10,038	43,056	20,108
Cost of sales	18,145	11,483	36,245	27,236
	519,922	585,149	991,937	1,177,946

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors *	570,395	559,577	1,120,102	1,089,385
Profit expense on financing sold with recourse to Cagamas	14,091	29,051	28,395	59,217
Transfer to/(from) profit equalisation reserve	(108,000)	(25,000)	(233,000)	(18,000)
Profit expense on debt securities issued	26,579	10,038	43,056	20,108
Cost of sales	-	-	-	-
	503,065	573,666	958,553	1,150,710

NOTE 10: EXPENDITURE

* Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	112,467	288,873	254,244	635,236
Non-Mudarabah	442,225	267,183	837,345	444,533
Deposits and placements from banks and other financial institutions				
Mudarabah	14,416	3,521	25,652	9,616
	569,108	559,577	1,117,241	1,089,385

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	113,754	288,873	257,105	635,236
Non-Mudarabah	442,225	267,183	837,345	444,533
Deposits and placements from banks and other financial institutions				
Mudarabah	14,416	3,521	25,652	9,616
	570,395	559,577	1,120,102	1,089,385

NOTE 11: ALLOWANCE FOR IMPAIRMENT

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	111,579	309,359	304,450	461,274
Allowance for impairment on financial assets (ii)	-	-	-	-
	111,579	309,359	304,450	461,274

(i) Allowance for impairment on financing and advances

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Individual impairment	100,257	12,174	116,760	(24,737)
Individual impairment on rescheduled financing	3,628	2,949	6,066	4,855
Collective impairment	7,694	294,236	181,624	481,156
	111,579	309,359	304,450	461,274

(ii) Allowance for impairment on financial assets

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial assets available-for-sale	-	-	-	-
Financial assets held-to-maturity	-	-	-	-
	-	-	-	-

NOTE 12: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	15,535	28,621	30,201	56,629
Other income (ii)	85,508	173,399	154,904	254,443
	101,043	202,020	185,105	311,072

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	15,535	28,621	30,201	56,629
Other income (ii)	79,924	174,408	148,754	253,942
	95,459	203,029	178,955	310,571

(i) Fees and commission

Group & Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other commission	3,538	1,958	7,335	8,267
Takaful commission	3,529	17,008	6,475	31,133
ATM service fees	3,280	3,346	5,932	6,131
MEPS fees	2,066	1,333	4,095	2,317
Wasiat commission	1,367	1,954	2,819	3,572
Other fees	1,057	915	1,932	1,732
Guarantee fees	491	1,385	1,185	1,795
Processing fees	207	722	428	1,682
	15,535	28,621	30,201	56,629

NOTE 12: OTHER OPERATING INCOME

(ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Other income from financial instruments				
Dividend from investment securities	2,314	5,100	3,166	5,297
Net gain on disposal of financial assets held-for-trading	99	97	128	97
Net (loss) on revaluation of financial assets held-for-trading	9	(648)	-	(648)
Net gain on disposal of financial assets available-for-sale	6,518	5,001	9,213	8,679
Net gain on redemption of financial assets held-to-maturity	-	(616)	-	598
Others				
Rental income	1,658	1,445	3,214	3,064
Compensation for late payment	1,708	2,130	3,352	4,257
Charges from credit card services	4,642		9,171	
Other service charges	2,207	2,175	4,235	4,306
Recoveries on financing written-off	53,057	56,037	98,407	106,137
Allowance for doubtful debts no longer required	98	4,472	98	9,819
Allowance for impairment loss on financial assets held-to-maturity no longer required	1,231	90,129	1,231	95,128
Other income	11,967	8,077	22,689	17,709
	85,508	173,399	154,904	254,443

NOTE 12: OTHER OPERATING INCOME

(ii) Other income

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Other income from financial instruments				
Dividend from investment securities	2,314	5,100	3,166	5,297
Net gain on disposal of financial assets held-for-trading	99	97	128	97
Net (loss) on revaluation of financial assets held-for-trading	9	(648)	-	(648)
Net gain on disposal of financial assets available-for-sale	6,518	5,001	9,213	8,679
Net gain on redemption of financial assets held-to-maturity	-	(616)	-	598
Others				
Rental income	1,658	1,445	3,214	3,064
Compensation for late payment	1,708	2,130	3,352	4,257
Charges from credit card services	4,642		9,171	
Other service charges	2,207	2,175	4,235	4,306
Recoveries on financing written-off	53,057	56,037	98,407	106,137
Allowance for doubtful debts no longer required	98	4,472	98	9,819
Allowance for impairment loss on financial assets held-to-maturity no longer required	1,231	90,129	1,231	95,128
Other income	6,383	9,086	16,539	17,208
	79,924	174,408	148,754	253,942

NOTE 13: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Personnel expenses (i)	132,435	76,849	268,534	217,388
Other overheads and expenditure (ii)	113,780	120,865	211,938	218,494
	246,215	197,714	480,472	435,882

NOTE 13: OPERATING EXPENSES

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	130,042	74,880	264,390	213,719
Other overheads and expenditure (ii)	111,096	121,566	207,585	223,344
	241,138	196,446	471,975	437,063

(i) Personnel expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	58,804	52,062	116,442	101,079
Allowances and bonuses	39,501	(2,757)	78,341	54,278
Defined benefit plan	6,068	4,909	12,135	8,220
Defined contribution plan - EPF	15,936	7,774	31,744	24,859
Social security contributions - SOCSO	675	610	1,347	1,233
Other staff related costs	11,451	14,251	28,525	27,719
	132,435	76,849	268,534	217,388

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	57,471	51,032	113,880	99,079
Allowances and bonuses	38,908	(3,476)	77,409	52,977
Defined benefit plan	6,067	4,909	12,135	8,220
Defined contribution plan - EPF	15,765	7,623	31,413	24,590
Social security contributions - SOCSO	660	597	1,319	1,207
Other staff related costs	11,171	14,195	28,234	27,646
	130,042	74,880	264,390	213,719

NOTE 13: OPERATING EXPENSES

(ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Establishment costs				
Rental	5,344	4,847	10,178	9,371
Depreciation and amortisation of prepaid lease payment	20,772	20,428	41,165	38,574
Repair and maintenance	18,955	16,638	32,028	27,456
Takaful protection	996	948	2,123	3,431
	46,067	42,861	85,494	78,832
Marketing expenses				
Advertisement and publicity	8,025	10,300	11,678	18,355
	8,025	10,300	11,678	18,355
Administration and general expenses				
Legal and profesional fees	523	834	2,455	2,085
Auditors' remuneration	487	419	975	893
Communication expenses	6,882	14,096	16,609	27,464
Utilities expenses	6,996	4,969	14,428	8,675
Printing and stationery	3,435	4,789	5,802	8,254
Postage and courier	3,810	2,526	5,634	4,998
Security expenses	3,494	3,437	8,282	4,961
Service charges	12,861	12,635	22,530	20,494
Loss on financing written-off	2,439	1,987	4,158	4,124
Loss on property and equipment written-off	5	374	8	435
Commission expenses	9,615	10,332	14,830	17,242
Travelling and transportation	3,484	3,294	6,939	6,585
Others	5,657	8,012	12,116	15,097
	59,687	67,704	114,765	121,307
	113,780	120,865	211,938	218,494

NOTE 13: OPERATING EXPENSES

(ii) Other overheads and expenditure

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Establishment costs				
Rental	5,323	4,842	10,149	9,357
Depreciation and amortisation of prepaid lease payment	19,947	19,695	39,487	37,109
Repair and maintenance	18,917	16,528	31,919	27,263
Takaful protection	964	895	2,060	3,341
	45,151	41,960	83,615	77,070
Marketing expenses				
Advertisement and publicity	6,717	10,212	10,211	18,230
	6,717	10,212	10,211	18,230
Administration and general expenses				
Legal and profesional fees	1,003	1,212	2,720	3,116
Auditors' remuneration	446	406	892	811
Communication expenses	6,828	14,055	16,521	27,383
Utilities expenses	6,848	4,813	14,134	8,383
Printing and stationery	3,395	4,736	5,698	8,159
Postage and courier	3,797	2,509	5,612	4,960
Security expenses	3,469	3,414	8,239	4,918
Service charges	12,820	14,816	23,561	28,221
Loss on financing written-off	2,438	1,987	4,158	4,124
Loss on property and equipment written-off	5	374	8	435
Commission expenses	9,615	10,332	14,830	17,242
Travelling and transportation	3,322	3,138	6,581	6,352
Others	5,243	7,602	10,805	13,940
	59,228	69,394	113,759	128,044
	111,096	121,566	207,585	223,344

NOTE 14: COMMITMENT AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group		Bank	
	Six Months Ended 30 June 2014 RM'000	31 December 2013 RM'000	Six Months Ended 30 June 2014 RM'000	31 December 2013 RM'000
Contingent liabilities				
Bank guarantee given in respect of banking facilities granted to customers	494,708	541,630	494,708	541,630
Claims for damages from litigation taken against the Bank	6,016	3,362	6,016	3,362
Commitments				
Undrawn financing	2,523,935	2,595,260	2,523,935	2,595,260
	3,024,659	3,140,252	3,024,659	3,140,252

NOTE 15: CAPITAL ADEQUACY

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	30 June 2014 RM'000	31 December 2013 Restated RM'000
Before deducting proposed dividend		
Core capital ratio	16.29%	17.61%
Risk-weighted capital ratio	17.31%	17.83%
After deducting proposed dividend *		
Core capital ratio	16.29%	16.90%
Risk-weighted capital ratio	17.31%	17.13%

NOTE 15: CAPITAL ADEQUACY

The capital ratios are derived by taking into account the core capital and capital base against the risk weighted assets of the Bank. Components of the capital are as follows:

	Bank	
	30 June 2014	31 December 2013 Restated
	RM'000	RM'000
Tier I capital		
Paid-up share capital	2,974,921	2,973,677
Retained earnings *	3,777,407	3,777,309
Other reserves	3,804,922	3,804,921
Total Tier I capital (core)	10,557,250	10,555,907
Tier II capital		
Collective impairment **	703,414	675,933
Total Tier II capital	703,414	675,933
Total capital	11,260,664	11,231,840
Less: Investment in subsidiaries	(43,500)	(43,500)
Less: Investment in fixed asset ***	-	(492,344)
	(43,500)	(535,844)
Total capital base	11,217,164	10,695,996

* After deducting final dividend for 2013 that was paid in June 2014.

** This is surplus amount allowable after taking into account collective impairment allowance on impaired financing of the Bank.

*** Amount was removed as at 30 June 2014 since Menara Berkembar Bank Rakyat in Jalan Travers, Kuala Lumpur has been completed.

Assets in various categories are risk-weighted as follows:

	Bank	
	30 June 2014	31 December 2013
	RM'000	RM'000
Total assets assigned 20% risk-weighted	454,566	421,783
Total assets assigned 50% risk-weighted	1,317,458	1,275,974
Total assets assigned 100% risk-weighted	59,561,600	59,174,808
Off-Balance Sheet claims assigned 50% risk-weighted	1,035,500	1,038,104
Off-Balance Sheet claims assigned 100% risk-weighted	541,630	541,630
	62,910,754	62,452,299