



Your Choice Bank

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2014**

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

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
ASSETS					
Cash and bank balances		921,584	746,196	918,612	744,018
Deposits and placements with financial institutions		917,202	2,109,033	891,281	2,103,942
Financial assets available-for-sale	1	11,906,427	10,463,097	11,902,011	10,457,907
Financial assets held-to-maturity	2	10,854,074	10,141,449	10,854,074	10,141,449
Financing and advances	3	59,725,233	57,304,177	59,725,233	57,304,177
Trade receivables		11,804	9,048	-	-
Other assets	4	920,033	775,879	866,815	725,904
Inventories		12,397	12,368	-	-
Property development		1,030	-	-	-
Investment in subsidiaries		-	-	43,500	43,500
Property and equipment		940,876	903,652	915,550	874,882
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		167,784	160,474	151,773	148,448
Asset classified as held for sale		-	80,432	-	-
Prepaid lease payment		79,993	79,782	69,785	69,372
Deferred tax assets		160,032	265,032	161,000	266,000
TOTAL ASSETS		86,631,654	83,063,804	86,499,634	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 SEPTEMBER 2104 (CONTINUED)**

	Note	Group		Bank	
		30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
LIABILITIES					
Deposits from customers	5	67,345,479	65,297,767	67,345,479	65,297,767
Deposits and placements from other banks and financial institutions		1,100,000	1,620,000	1,100,000	1,620,000
Trade payables		4,142	6,900	-	-
Recourse obligations on financing sold to Cagamas		1,822,095	1,528,696	1,822,095	1,528,696
Debt securities issued		2,523,830	1,507,088	2,523,830	1,507,088
Other liabilities	6	1,404,442	1,359,301	1,561,697	1,490,679
Provision for taxation		793	1,556	-	-
Profit equalisation reserve (Investor)		31,815	152,145	31,815	152,145
Financing from other financial institutions		-	39,602	-	-
TOTAL LIABILITIES		74,232,596	71,513,055	74,384,916	71,596,375
SHAREHOLDERS' FUND					
Share capital		2,975,052	2,973,677	2,975,052	2,973,677
Share redemption fund		53,671	53,671	53,671	53,671
Reserves	7	9,318,509	8,268,907	9,034,169	8,001,382
Profit equalisation reserve (Bank)		51,826	254,494	51,826	254,494
TOTAL SHAREHOLDERS' FUND		12,399,058	11,550,749	12,114,718	11,283,224
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		86,631,654	83,063,804	86,499,634	82,879,599
COMMITMENT AND CONTINGENCIES					
	13	2,961,270	3,140,252	2,961,270	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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income	8	1,347,517	1,396,955	4,064,678	4,277,519
Expenditure	9	(566,406)	(545,150)	(1,558,343)	(1,723,096)
Net income		781,111	851,805	2,506,335	2,554,423
Allowance for impairment	10	(98,535)	(165,578)	(402,985)	(626,852)
Other operating income	11	105,145	110,415	290,250	421,498
Operating expenses	12	(243,899)	(264,849)	(724,371)	(700,731)
Profit before taxation and zakat		543,822	531,793	1,669,229	1,648,338
Taxation		(26,464)	(82,967)	(158,599)	(238,592)
Zakat		(9,224)	9,536	(27,486)	(34,394)
Profit after taxation and zakat		508,134	458,362	1,483,144	1,375,352
Net gain/(loss) on revaluation of financial assets available-for-sale		33,047	(56,637)	7,360	(126,153)
Net utilisation of profit equalisation reserve		(56,471)	(43,922)	(202,668)	(53,136)
Other comprehensive income for the period		(23,424)	(100,559)	(195,308)	(179,289)
Total comprehensive income for the period		484,710	357,803	1,287,836	1,196,063

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONTINUED)**

Bank	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Income	8	1,342,388	1,381,307	4,008,289	4,227,220
Expenditure	9	(552,645)	(533,481)	(1,511,198)	(1,684,191)
Net income		789,743	847,826	2,497,091	2,543,029
Allowance for impairment	10	(98,535)	(165,578)	(402,985)	(626,852)
Other operating income	11	104,932	110,203	283,887	420,774
Operating expenses	12	(257,248)	(265,941)	(729,223)	(703,004)
Profit before taxation and zakat		538,892	526,510	1,648,770	1,633,947
Taxation		(25,451)	(86,896)	(155,370)	(235,677)
Zakat		(9,023)	9,684	(27,071)	(34,000)
Profit after taxation and zakat		504,418	449,298	1,466,329	1,364,270
Net gain/(loss) on revaluation of financial assets available-for-sale		33,047	(56,637)	7,360	(126,153)
Net utilisation of profit equalisation reserve		(56,472)	(43,922)	(202,668)	(53,136)
Other comprehensive income for the period		(23,425)	(100,559)	(195,308)	(179,289)
Total comprehensive income for the period		480,993	348,739	1,271,021	1,184,981

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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	(126,153)	(53,136)	1,375,352	1,196,063
Issuance to new members	52,389	-	-	-	-	-	-	52,389
Dividend	54,631	-	-	-	-	-	(495,058)	(440,427)
Adjustment on defined benefit plan	-	-	-	-	-	-	(183,877)	(183,877)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	199	199
At 30 September 2013	2,972,024	53,671	14,617	3,304,452	52,130	310,967	4,496,988	11,204,849
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	-	-	-	-	7,360	(202,668)	1,483,144	1,287,836
Issuance to new members	1,375	-	-	-	-	-	-	1,375
Dividend	-	-	-	-	-	-	(441,052)	(441,052)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	150	150
At 30 September 2014	2,975,052	53,671	14,617	3,789,563	(14,489)	51,826	5,528,818	12,399,058

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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	(126,153)	(53,136)	1,364,270	1,184,981
Issuance to new members	52,389	-	-	-	-	-	-	52,389
Dividend	54,631	-	-	-	-	-	(495,058)	(440,427)
Adjustment on defined benefit plan	-	-	-	-	-	-	(183,877)	(183,877)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	199	199
At 30 September 2013	2,972,024	53,671	15,358	3,304,452	52,130	310,967	4,230,776	10,939,378
At 1 January 2014	2,973,677	53,671	15,358	3,789,563	(21,849)	254,494	4,218,310	11,283,224
Total comprehensive income for the period	-	-	-	-	7,360	(202,668)	1,466,329	1,271,021
Issuance to new members	1,375	-	-	-	-	-	-	1,375
Dividend	-	-	-	-	-	-	(441,052)	(441,052)
Overprovision in contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	150	150
At 30 September 2014	2,975,052	53,671	15,358	3,789,563	(14,489)	51,826	5,243,737	12,114,718

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	1,483,144	1,375,352	1,466,329	1,364,270
Adjustments for:				
Taxation	158,599	238,592	155,370	235,677
Zakat	27,486	34,394	27,071	34,000
Profit expense on debt securities issued	69,732	30,180	69,732	30,180
Allowance for impairment on financing and advances	402,985	626,852	402,985	626,852
Depreciation of property and equipment	60,437	57,824	58,388	55,625
Amortisation of prepaid lease payments	1,469	2,089	1,267	1,849
Property and equipment written-off	204	694	204	694
Gain on disposal of asset classified as held for sale	(5,280)	-	-	-
Loss on financing written-off	6,294	6,191	6,294	6,191
Finance cost	839	1,725	-	-
Provision of defined benefit plan	18,202	16,324	18,202	16,324
Allowance for doubtful debts no longer required	(61)	(10,295)	(61)	(10,295)
Allowance for impairment loss on financial assets held to maturity no longer required	(1,327)	(101,092)	(1,327)	(101,092)
Net gain on disposal of financial assets available-for-sale	(15,726)	(15,069)	(15,726)	(15,069)
Net gain on disposal of financial assets held-for-trading	(128)	(141)	(128)	(141)
Net gain on redemption of financial assets held-to-maturity	-	(600)	-	(600)
Transfer to profit equalisation reserve	(323,000)	(88,000)	(323,000)	(88,000)
Profit expense on financing sold with recourse to Cagamas	44,969	79,241	44,969	79,241
Operating profit before working capital changes	1,928,838	2,254,261	1,910,569	2,235,706

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONTINUED)**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in operating assets:				
Financing and advances	(2,830,333)	(2,084,521)	(2,830,333)	(2,084,521)
Inventories	(29)	(30)	-	-
Trade receivables	(2,757)	(3,866)	-	-
Deposits and placements with financial institution	1,191,832	-	1,212,661	-
Other assets	(10,072)	(198,667)	(7,527)	(194,315)
	277,479	(32,823)	285,370	(43,130)
Increase/(Decrease) in operating liabilities:				
Deposits from customers	2,047,712	4,977,557	2,047,712	4,977,557
Deposits from financial institutions	(520,000)	350,000	(520,000)	350,000
Other liabilities	5,031	938	31,343	5,171
Trade payables	(2,758)	1,100	-	-
Recourse obligation on financing sold to Cagamas	248,430	(1,354,660)	248,430	(1,354,660)
Cash generated from operations	2,055,894	3,942,112	2,092,855	3,934,938
Income tax paid	(100,317)	(201,498)	(95,627)	(197,214)
Zakat paid	(39,977)	(29,297)	(39,994)	(29,510)
(Contribution to)/Increase in defined benefits plan	(106,270)	78,183	(106,270)	78,183
Net cash from operating activities	1,809,330	3,789,500	1,850,964	3,786,397

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 THIRD QUARTER ENDED 30 SEPTEMBER 2014 (CONTINUED)**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(245,000)	(380,000)	(245,000)	(380,000)
Proceeds from disposal of financial assets held-for-trading	245,128	380,142	245,128	380,142
Purchases of financial assets available-for-sale	(2,145,000)	(1,878,430)	(2,145,000)	(1,878,430)
Proceeds from disposal of financial assets available-for-sale	724,757	1,006,093	723,982	1,006,062
Purchases of financial assets held-to-maturity	(1,188,970)	(2,671,871)	(1,188,970)	(2,671,871)
Proceeds from disposal of financial assets held-to-maturity	477,672	639,107	477,672	639,106
Proceeds from disposal of investment properties	-	1,554	-	-
Purchase of property development	(1,030)	(161)	-	-
Purchases of property and equipment	(106,141)	(271,238)	(104,265)	(263,706)
Proceed from disposal of asset classified as held for sale	85,000	-	-	-
Net cash used in investing activities	(2,153,584)	(3,174,804)	(2,236,453)	(3,168,697)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issue of shares to members	1,375	52,389	1,375	52,389
Dividend paid	(441,052)	(440,427)	(441,052)	(440,427)
Fund received from government	52,750	-	52,750	-
Proceeds from debt securities issued	1,000,000	-	1,000,000	-
Payment for profit expenses of debt securities issued	(52,990)	(19,934)	(52,990)	(19,934)
Payment of financing from other financial institutions	(40,441)	21	-	-
Net cash from/(used in) financing activities	519,642	(407,951)	560,083	(407,972)
Net increase in cash and cash equivalent	175,388	206,745	174,594	209,728
Cash and cash equivalent at beginning of period	746,196	3,856,469	744,018	3,847,809
Cash and cash equivalent at end of period	921,584	4,063,214	918,612	4,057,537

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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 nine months ended 30 September 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 AVAILABLE-FOR-SALE

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
At fair value				
Government investment issues	6,982,610	6,209,785	6,982,610	6,209,785
Islamic debt securities	2,615,122	2,287,255	2,615,122	2,287,255
Government bonds	2,045,803	1,747,170	2,045,803	1,747,170
Khazanah bonds	23,074	22,500	23,074	22,500
Quoted shares	226,784	183,245	226,784	182,472
Unit trust shares	1,785	1,892	1,785	1,892
At cost, net of impairment loss				
Unquoted shares	11,249	11,250	6,833	6,833
Net carrying amount	11,906,427	10,463,097	11,902,011	10,457,907

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Government investment issues	8,589,075	8,574,372
Government bonds	1,078,136	903,555
Khazanah bonds	445,408	306,684
Cagamas bonds	97,499	-
Islamic debt securities	706,803	565,505
Negotiable Islamic debt certificates	149,465	-
Islamic commercial papers	57,036	62,008
	11,123,422	10,412,124
Less: accumulated impairment losses		
Islamic debt securities	(212,312)	(213,639)
Islamic commercial papers	(57,036)	(57,036)
	(269,348)	(270,675)
Net carrying amount	10,854,074	10,141,449

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
At amortised cost		
Personal financing	49,626,347	46,937,581
Term financing	4,943,238	5,284,458
House financing	2,601,688	2,569,422
Pawn broking	1,660,626	1,762,602
Bridging	570,078	595,183
Revolving credit	492,546	465,430
Credit card	458,805	452,991
Hire-purchase receivables	492,918	361,859
Staff financing	281,646	273,207
Syndicated financing	93,541	106,222
Gross financing and advances, net of unearned income	61,221,433	58,808,955
Allowance for impairment on financing and advances		
Individual impairment	(326,665)	(212,222)
Collective impairment	(1,169,535)	(1,292,556)
	(1,496,200)	(1,504,778)
Net financing and advances	59,725,233	57,304,177

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(ii) By type of customer

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Individuals	55,685,018	52,869,164
Business enterprises	3,550,795	3,779,153
Non-bank financial institutions		
Co-operatives	1,849,659	1,819,046
Others	52,848	54,927
Foreign entities	38,373	267,869
Other entities	44,607	18,740
Banking institutions	133	56
	61,221,433	58,808,955

(iii) By economic sector

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Purchase of securities	84,978	96,140
Purchase of property	2,132,922	2,348,971
Consumption credit	53,813,587	50,468,948
Agriculture	437,941	444,941
Mining and quarrying	85,545	88,420
Manufacturing	328,585	761,932
Electricity, gas and water	100,078	82
Construction	1,440,484	1,589,424
Wholesale & retail trade	139,462	111,241
Transportation & communication	360,162	328,488
Financial, takaful and business services	2,255,638	2,519,567
Community, social and personal services	42,051	50,801
	61,221,433	58,808,955

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iv) Impaired financing and advances by economic sector

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Purchase of securities	1,210	1,346
Purchase of property	130,520	188,545
Consumption credit	479,909	559,145
Agriculture	70,784	69,046
Mining and quarrying	85,545	-
Manufacturing	73,269	30,952
Electricity, gas and water	10	-
Construction	299,824	213,592
Wholesale & retail trade	36,807	38,714
Transportation & communication	217	276
Financial, takaful and business services	180,625	200,038
Community, social and personal services	4,202	3,465
	1,362,922	1,305,119

(v) Movement in impaired financing and advances

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
As of 1 January	1,305,119	1,431,737
Classified as impaired during the period	1,350,414	2,086,386
Amount written-back in respect of recoveries	(887,156)	(1,457,955)
Amount written-off during the period	(405,455)	(755,049)
	57,803	(126,618)
Closing balance	1,362,922	1,305,119
Gross impaired financing and advances as a percentage of gross financing and advances	2.23%	2.22%

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Individual assessment impairment		
As of 1 January	212,222	285,543
Allowance made during the year	247,985	623,034
Amount written-back in respect of recoveries	(133,542)	(259,516)
Amount written-off during the year	-	(436,839)
	114,443	(73,321)
Closing balance	326,665	212,222

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

	Group & Bank	
	30 September 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	968,916	1,511,284
Amount written-back in respect of recoveries	(689,217)	(1,138,225)
Amount written-off during the year	(402,720)	(318,171)
	(123,021)	54,888
Closing balance	1,169,535	1,292,556

NOTE 4: OTHER ASSETS

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Other receivables	353,482	349,488	349,202	346,176
Defined benefit plan	281,005	192,937	281,005	192,937
Income receivable	60,527	67,231	60,527	67,231
Tax recoverable	145,640	99,685	144,814	99,557
Prepayments	39,125	26,337	38,192	25,990
Refundable deposits	57,956	57,889	9,254	8,902
Amount due from subsidiaries	-	-	1,291	2,688
Allowance for doubtful debts	(17,702)	(17,688)	(17,470)	(17,577)
	920,033	775,879	866,815	725,904

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Non-Mudarabah		
Term deposits	50,389,812	38,691,634
Savings deposits	3,567,440	683,594
Negotiable Islamic debt certificate	8,565,737	5,992,899
	62,522,989	45,368,127
Mudarabah		
Savings deposits	-	2,582,332
General investment accounts	4,640,290	17,188,608
Special investment accounts	182,200	158,700
	4,822,490	19,929,640
	67,345,479	65,297,767

NOTE 5: DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) By type of customer

	Group & Bank	
	30 September 2014 RM'000	31 December 2013 RM'000
Government	31,027,904	29,523,382
Business enterprises	22,698,231	23,229,490
Individuals	11,436,244	10,181,934
Co-operatives	1,107,921	1,202,751
Others	1,075,179	1,160,210
	67,345,479	65,297,767

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Amount due to subsidiaries	-	-	194,857	170,731
Other liabilities and accruals	270,015	584,270	240,094	577,480
Income payable	474,030	426,854	474,029	426,854
Sundry creditors	468,186	219,692	461,429	187,619
Government fund	157,545	81,329	157,545	81,329
Zakat payable	34,666	47,156	33,743	46,666
	1,404,442	1,359,301	1,561,697	1,490,679

NOTE 7: RESERVES

	Group		Bank	
	30 September 2014 RM'000	31 December 2013 RM'000	30 September 2014 RM'000	31 December 2013 RM'000
Retained profits	5,528,818	4,486,576	5,243,737	4,218,310
Statutory reserve	3,789,563	3,789,563	3,789,563	3,789,563
Capital reserve	14,617	14,617	15,358	15,358
Financial assets available-for-sale reserves	(14,489)	(21,849)	(14,489)	(21,849)
	9,318,509	8,268,907	9,034,169	8,001,382

NOTE 8: INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,067,039	1,128,308	3,208,939	3,416,596
Income derived from investment of shareholders' fund (ii)	275,349	252,999	799,350	810,624
Income generated by subsidiary companies (iii)	5,129	15,648	56,389	50,299
	1,347,517	1,396,955	4,064,678	4,277,519

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,067,039	1,128,308	3,208,939	3,416,596
Income derived from investment of shareholders' fund (ii)	275,349	252,999	799,350	810,624
	1,342,388	1,381,307	4,008,289	4,227,220

(i) Income derived from investment of depositors' fund

Group & Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	891,514	940,972	2,692,760	2,884,427
Income from deposits and placements with bank and other financial institutions	8,270	23,416	37,570	78,600
Income from financial assets	167,255	163,920	478,609	453,569
	1,067,039	1,128,308	3,208,939	3,416,596

NOTE 8: INCOME (CONTINUED)

(ii) Income derived from investment of shareholders' fund

Group & Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	230,108	210,767	670,770	684,361
Income from deposits and placements with bank and other financial institutions	2,190	5,201	9,358	18,649
Income from financial assets	43,051	37,031	119,222	107,614
	275,349	252,999	799,350	810,624

(iii) Income generated by subsidiary companies

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RM'000	RM'000	RM'000	RM'000
Pawning income	9,077	1,112	33,536	3,086
Agency income	932	5,525	15,008	23,780
Rental income	(1,468)	4,777	4,817	13,771
Sale of goods	(1,878)	1,514	2,091	4,803
Management fee	(1,713)	2,548	38	4,186
Other charges	179	172	899	673
	5,129	15,648	56,389	50,299

NOTE 9: EXPENDITURE

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors *	597,883	573,385	1,715,124	1,662,770
Profit expense on financing sold with recourse to Cagamas	16,574	20,024	44,969	79,241
Transfer from profit equalisation reserve	(90,000)	(70,000)	(323,000)	(88,000)
Profit expense on debt securities issued	26,676	10,072	69,732	30,180
Cost of sales	15,273	11,669	51,518	38,905
	566,406	545,150	1,558,343	1,723,096

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors *	599,395	573,385	1,719,497	1,662,770
Profit expense on financing sold with recourse to Cagamas	16,574	20,024	44,969	79,241
Transfer from profit equalisation reserve	(90,000)	(70,000)	(323,000)	(88,000)
Profit expense on debt securities issued	26,676	10,072	69,732	30,180
	552,645	533,481	1,511,198	1,684,191

NOTE 9: EXPENDITURE (CONTINUED)

* Income attributable to depositors

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	76,548	253,404	330,792	888,640
Non-Mudarabah	511,220	315,831	1,348,565	760,364
Deposits and placements from banks and other financial institutions				
Mudarabah	10,115	4,150	35,767	13,766
	597,883	573,385	1,715,124	1,662,770

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	78,060	253,404	335,165	888,640
Non-Mudarabah	511,220	315,831	1,348,565	760,364
Deposits and placements from banks and other financial institutions				
Mudarabah	10,115	4,150	35,767	13,766
	599,395	573,385	1,719,497	1,662,770

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group & Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Allowance for impairment on financing and advances (i)	98,535	165,578	402,985	626,852
	98,535	165,578	402,985	626,852

(i) Allowance for impairment on financing and advances

Group & Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Individual impairment	(2,317)	90,915	114,443	66,178
Individual impairment on rescheduled financing	2,777	3,801	8,843	8,656
Collective impairment	98,075	70,862	279,699	552,018
	98,535	165,578	402,985	626,852

NOTE 11: OTHER OPERATING INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,625	13,836	46,826	70,466
Other income (ii)	88,520	96,579	243,424	351,032
	105,145	110,415	290,250	421,198

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,625	13,836	46,826	70,466
Other income (ii)	88,307	96,367	237,061	350,308
	104,932	110,203	283,887	420,774

(i) Fees and commission

Group & Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other commission	2,713	1,340	10,048	9,607
Takaful commission	4,117	3,953	10,592	35,088
ATM service fees	2,643	2,028	8,575	8,159
MEPS fees	2,176	1,678	6,271	3,995
Wasiat commission	1,348	1,116	4,167	4,688
Other fees	922	890	2,854	2,621
Guarantee fees	2,306	2,491	3,491	4,286
Processing fees	400	340	828	2,022
	16,625	13,836	46,826	70,466

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,956	1,347	7,122	6,644
Net gain on disposal of financial assets held-for-trading	-	44	128	141
Net gain on revaluation of financial assets held-for-trading	-	648	-	-
Net gain on disposal of financial assets available-for-sale	6,513	6,390	15,726	15,069
Net gain on redemption of financial assets held-to-maturity	-	2	-	600
Others				
Rental income	2,127	1,222	5,341	4,286
Compensation for late payment	1,772	1,871	5,124	6,128
Charges from credit card services	4,708	-	13,879	-
Other service charges	2,237	1,638	6,472	5,944
Recoveries on financing written-off	56,455	51,078	154,862	157,215
Allowance for doubtful debts no longer required	(37)	476	61	10,295
Allowance for impairment loss on financial assets held-to-maturity no longer required	96	5,964	1,327	101,092
Gain on disposal of asset classified as held for sale	5,280	-	5,280	-
Other income	5,413	25,899	28,102	43,618
	88,520	96,579	243,424	351,032

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,956	1,347	7,122	6,644
Net gain on disposal of financial assets held-for-trading	-	44	128	141
Net gain on revaluation of financial assets held-for-trading	-	648	-	-
Net gain on disposal of financial assets available-for-sale	6,513	6,390	15,726	15,069
Net gain on redemption of financial assets held-to-maturity	-	2	-	600
Others				
Rental income	2,112	1,222	5,326	4,286
Compensation for late payment	1,772	1,871	5,124	6,128
Charges from credit card services	4,708	-	13,879	-
Other service charges	2,237	1,638	6,472	5,944
Recoveries on financing written-off	56,455	51,078	154,862	157,215
Allowance for doubtful debts no longer required	(37)	476	61	10,295
Allowance for impairment loss on financial assets held-to-maturity no longer required	96	5,964	1,327	101,092
Other income	10,495	25,687	27,034	42,894
	88,307	96,367	237,061	350,308

NOTE 12: OPERATING EXPENSES

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Personnel expenses (i)	128,806	162,799	397,340	380,187
Other overheads and expenditure (ii)	115,093	102,050	327,031	320,544
	243,899	264,849	724,371	700,731

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	127,260	161,098	391,650	374,817
Other overheads and expenditure (ii)	129,988	104,843	337,573	328,187
	257,248	265,941	729,223	703,004

(i) Personnel expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	58,748	53,438	175,190	154,518
Allowances and bonuses	39,001	63,085	117,342	117,363
Defined benefit plan	6,067	8,105	18,202	16,324
Defined contribution plan - EPF	16,226	19,333	47,970	44,192
Social security contributions - SOCSO	682	640	2,029	1,873
Other staff related costs	8,082	18,198	36,607	45,917
	128,806	162,799	397,340	380,187

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	57,536	52,384	171,416	151,463
Allowances and bonuses	38,921	62,635	116,330	115,612
Defined benefit plan	6,067	8,104	18,202	16,324
Defined contribution plan - EPF	16,078	19,195	47,491	43,785
Social security contributions - SOCSO	668	627	1,987	1,834
Other staff related costs	7,990	18,153	36,224	45,799
	127,260	161,098	391,650	374,817

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Establishment				
Rental	3,072	5,241	13,250	14,612
Depreciation of property and equipment and amortisation of prepaid lease payment	20,741	21,339	61,906	59,913
Repair and maintenance	24,943	20,138	56,971	47,594
Takaful	3,046	3,222	5,169	6,653
	51,802	49,940	137,296	128,772
Promotion				
Advertisement and publicity	8,410	13,620	20,088	31,975
	8,410	13,620	20,088	31,975
General expenses				
Legal and profesional fees	2,176	2,196	4,631	4,281
Auditors' remuneration	493	431	1,468	1,324
Communication expenses	7,910	(3,864)	24,519	23,600
Utilities expenses	7,362	(2,128)	21,790	6,547
Printing and stationery	467	4,402	6,269	12,656
Postage and courier	4,843	4,407	10,477	9,405
Security expenses	4,908	4,024	13,190	8,985
Service charges	5,596	6,772	28,126	27,266
Loss on financing written-off	2,136	2,067	6,294	6,191
Loss on property and equipment written-off	196	259	204	694
Commission expenses	12,738	14,323	27,568	31,565
Travelling and transportation	(181)	3,727	6,758	10,312
Others	6,237	1,874	18,353	16,971
	54,881	38,490	169,647	159,797
	115,093	102,050	327,031	320,544

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Establishment				
Rental	6,183	5,225	16,332	14,582
Depreciation of property and equipment and amortisation of prepaid lease payment	20,168	20,365	59,655	57,474
Repair and maintenance	24,832	20,049	56,751	47,312
Takaful	3,033	3,164	5,093	6,504
	54,216	48,803	137,831	125,872
Promotion				
Advertisement and publicity	8,431	13,469	18,642	31,699
	8,431	13,469	18,642	31,699
General expenses				
Legal and profesional fees	1,594	2,260	4,314	5,376
Auditors' remuneration	445	405	1,337	1,216
Communication expenses	7,861	(3,904)	24,382	23,479
Utilities expenses	7,247	(2,306)	21,381	6,077
Printing and stationery	4,221	4,362	9,919	12,521
Postage and courier	4,837	4,398	10,449	9,358
Security expenses	4,882	4,001	13,121	8,918
Service charges	12,479	11,845	36,040	40,067
Loss on financing written-off	2,136	2,067	6,294	6,191
Loss on property and equipment written-off	196	259	204	694
Commission expenses	12,738	14,322	27,568	31,565
Travelling and transportation	3,733	3,567	10,314	9,919
Others	4,972	1,295	15,777	15,235
	67,341	42,571	181,100	170,616
	129,988	104,843	337,573	328,187

NOTE 13: 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	
	Nine Months Ended	
	30 September 2014 RM'000	31 December 2013 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	552,863	541,630
Claims for damages from litigation taken against the Bank	6,116	3,362
Commitments		
Undrawn financing	2,402,291	2,595,260
	2,961,270	3,140,252

NOTE 14: 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 September 2014 RM'000	31 December 2013 Restated RM'000
Before deducting proposed dividend		
Core capital ratio	16.78%	17.61%
Risk-weighted capital ratio	17.79%	17.83%
After deducting proposed dividend *		
Core capital ratio	16.11%	16.90%
Risk-weighted capital ratio	17.11%	17.13%

NOTE 14: CAPITAL ADEQUACY (CONTINUED)

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 September 2014	31 December 2013 Restated
	RM'000	RM'000
Tier I capital		
Paid-up share capital	2,975,052	2,973,677
Retained earnings *	3,777,407	3,777,309
Other reserves	3,804,922	3,804,921
Total Tier I capital (core)	10,557,381	10,555,907
Tier II capital		
Collective impairment **	701,016	675,933
Total Tier II capital	701,016	675,933
Total capital	11,258,397	11,231,840
Less: Investment in subsidiaries	(43,500)	(43,500)
Less: Investment in property and equipment ***	-	(492,344)
	(43,500)	(535,844)
Total capital base	11,214,897	10,695,996

* After deducting final dividend for 2013 that was paid in March 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 September 2014 since Menara Kembar Bank Rakyat in Jalan Travers, Kuala Lumpur has been completed.

Assets in various categories are risk-weighted as follows:

	Bank	
	30 September 2014	31 December 2013
	RM'000	RM'000
Total assets assigned 20% risk-weighted	227,649	421,783
Total assets assigned 50% risk-weighted	1,325,972	1,275,974
Total assets assigned 100% risk-weighted	62,513,122	59,174,808
Off-Balance Sheet claims assigned 50% risk-weighted	-	1,038,104
Off-Balance Sheet claims assigned 100% risk-weighted	1,465,038	541,630
	65,531,781	62,452,299