

THE ROYAL BANK OF SCOTLAND BERHAD

(Company No. 301932 - A)

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

For Period Ended

31 March 2014

Domiciled in Malaysia
Registered office
Level 9,
Menara Maxis,
Kuala Lumpur City Centre,
50088 Kuala Lumpur

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	Group		Bank	
		31-Mar 2014 RM'000	31-Dec 2013 RM'000	31-Mar 2014 RM'000	31-Dec 2013 RM'000
ASSETS					
Cash and short-term funds	2	1,267,401	1,261,546	1,267,401	1,261,546
Deposits and placements with other financial institutions		-	147,488	-	147,488
Securities available-for-sale	3	503,307	674,179	503,307	674,179
Loans, advances and financing	4	393,517	353,158	393,517	353,158
Derivatives financial assets		589,913	613,403	589,913	613,403
Statutory deposits with Bank Negara Malaysia	5	5,006	10,596	5,006	10,596
Other assets	6	33,385	43,212	33,385	43,212
Investments in subsidiary companies		-	-	20	20
Investment in associated company		2,830	2,752	2,700	2,700
Property, plant and equipment	7	11,549	11,511	11,549	11,511
Intangible assets	8	836	915	836	915
Deferred tax assets		27,976	28,135	27,976	28,135
TOTAL ASSETS		2,835,720	3,146,895	2,835,610	3,146,863
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	9	1,020,232	1,202,932	1,020,252	1,202,952
Deposits and placements from banks and other financial institutions	10	183,861	241,910	183,861	241,910
Derivatives financial liabilities		664,131	739,672	664,131	739,672
Other liabilities	11	167,247	167,646	167,247	167,646
Subordinated debt capital		211,013	208,553	211,013	208,553
TOTAL LIABILITIES		2,246,484	2,560,713	2,246,504	2,560,733

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014 (CONT'D)

	Note	Group		Bank	
		31-Mar 2014 RM'000	31-Dec 2013 RM'000	31-Mar 2014 RM'000	31-Dec 2013 RM'000
Share capital	12	203,000	203,000	203,000	203,000
Reserves	13	386,236	383,182	386,106	383,130
SHAREHOLDER'S FUNDS		<u>589,236</u>	<u>586,182</u>	<u>589,106</u>	<u>586,130</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		<u>2,835,720</u>	<u>3,146,895</u>	<u>2,835,610</u>	<u>3,146,863</u>
COMMITMENTS AND CONTINGENCIES	20	<u>35,506,770</u>	<u>38,142,178</u>	<u>35,506,770</u>	<u>38,142,178</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2013.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

	Note	Group		Bank	
		31-Mar 2014 RM'000	31-Mar 2013 RM'000	31-Mar 2014 RM'000	31-Mar 2013 RM'000
Operating revenue		20,748	18,620	20,748	18,620
Interest income	14	13,427	11,141	13,427	11,141
Interest expense	15	(6,260)	(8,446)	(6,260)	(8,446)
Net interest income		7,167	2,695	7,167	2,695
Other operating income	16	7,321	7,479	7,321	7,479
Other operating expenses	17	(12,114)	(14,395)	(12,114)	(14,395)
Write back for impairment on loans, advances and financing	18	961	48	961	48
Share of profit/(loss) of associated company		78	(119)	-	-
Profit/(Loss) before taxation		3,413	(4,292)	3,335	(4,173)
Taxation		(834)	1,282	(834)	1,282
Profit/(Loss) for the period attributable to equity holder of the Bank		2,579	(3,010)	2,501	(2,891)
Other comprehensive loss:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net profit on securities available-for-sale		475	978	475	978
Total comprehensive income/(loss) for for the period		3,054	(2,032)	2,976	(1,913)
Profit/(Loss) per share (sen)		1.27	(1.48)	1.23	(1.42)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2013.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

Group	← Non-distributable Reserves →				Distributable	Total
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Reserve Retained earnings RM'000	
At 1 January 2013	203,000	76,182	162,068	673	140,029	581,952
Profit for the year	-	-	-	-	5,712	5,712
Net loss on securities available-for-sale	-	-	-	(1,976)	-	(1,976)
Deferred tax	-	-	-	494	-	494
Other comprehensive loss	-	-	-	(1,482)	-	(1,482)
Transfer of reserves	-	-	1,674	-	(1,674)	-
At 31 December 2013	203,000	76,182	163,742	(809)	144,067	586,182
At 1 January 2014	203,000	76,182	163,742	(809)	144,067	586,182
Profit for the period	-	-	-	-	2,579	2,579
Net loss on securities available-for-sale	-	-	-	634	-	634
Deferred tax	-	-	-	(159)	-	(159)
Other comprehensive loss	-	-	-	475	-	475
At 31 March 2014	203,000	76,182	163,742	(334)	146,646	589,236

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2013.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

Bank	← Non-distributable Reserves →				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Unrealised reserves RM'000	Reserve Retained earnings RM'000	
At 1 January 2013	203,000	76,182	162,068	673	138,995	580,918
Profit for the year	-	-	-	-	6,694	6,694
Net loss on securities available-for-sale	-	-	-	(1,976)	-	(1,976)
Deferred tax	-	-	-	494	-	494
Other comprehensive loss	-	-	-	(1,482)	-	(1,482)
Transfer of reserves	-	-	1,674	-	(1,674)	-
At 31 December 2013	203,000	76,182	163,742	(809)	144,015	586,130
At 1 January 2014	203,000	76,182	163,742	(809)	144,015	586,130
Profit for the period	-	-	-	-	2,501	2,501
Net loss on securities available-for-sale	-	-	-	634	-	634
Deferred tax	-	-	-	(159)	-	(159)
Other comprehensive loss	-	-	-	475	-	475
At 31 March 2014	203,000	76,182	163,742	(334)	146,516	589,106

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2013.

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

	Group		Bank	
	31-Mar 2014 RM'000	31-Mar 2013 RM'000	31-Mar 2014 RM'000	31-Mar 2013 RM'000
Cash Flows from Operating Activities				
Profit/(Loss) before taxation	3,413	(4,292)	3,335	(4,173)
Adjustments for:				
Depreciation of property, plant and equipment	888	934	888	934
Amortisation of intangible assets	79	57	79	57
Net allowance/(write back) for impairment on loans, advances and financing	961	(48)	961	(48)
Amortisation of premium less accretion of discount	1,348	1,563	1,348	1,563
Loss from sale of securities held-for-trading	-	40	-	40
Loss/(Gain) from sale of securities available-for-sale	20	(101)	20	(101)
Unrealised gain on revaluation of securities held-for-trading	-	(56)	-	(56)
Unrealised foreign exchange (gain)/loss	(40,742)	20,693	(40,742)	20,693
Unrealised loss on derivatives trading	39,181	1,403	39,181	1,403
Amortisation of cost and premium relating to subordinated debt capital	2,460	2,457	2,460	2,457
Share of (profit)/loss of associated company	(78)	119	-	-
Operating profit before working capital changes	<u>7,530</u>	<u>22,769</u>	<u>7,530</u>	<u>22,769</u>

THE ROYAL BANK OF SCOTLAND BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

	Group		Bank	
	31-Mar 2014 RM'000	31-Mar 2013 RM'000	31-Mar 2014 RM'000	31-Mar 2013 RM'000
Operating profit before working capital changes brought forward	7,530	22,769	7,530	22,769
(Increase)/Decrease in:				
Securities held-for-trading	-	(62,879)	-	(62,879)
Loans, advances and financing	(41,320)	(6,149)	(41,320)	(6,149)
Other assets and derivatives financial assets	29,631	(121,959)	29,631	(121,959)
Statutory deposits with				
Bank Negara Malaysia	5,590	(5,800)	5,590	(5,800)
Cash collateral pledged for derivative transactions	(516)	58,507	(516)	58,507
Increase/(Decrease) in:				
Deposits from customers	(182,700)	(119,574)	(182,700)	(119,574)
Deposits and placements from banks and other financial institutions	(58,049)	(677,752)	(58,049)	(677,752)
Other liabilities and derivative financial liabilities	(75,940)	63,224	(75,940)	63,224
Cash used in operations	(315,774)	(849,613)	(315,774)	(849,613)
Income taxes paid	(1,626)	(1,912)	(1,626)	(1,912)
Income taxes refunded	6,039	-	6,039	-
Net cash used in operating activities	<u>(311,361)</u>	<u>(851,525)</u>	<u>(311,361)</u>	<u>(851,525)</u>
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(926)	(16)	(926)	(16)
Proceeds from capital repayment of				
Investment in associated company	-	2,018	-	2,018
Net sale/(purchase) of securities available-for-sale	<u>170,138</u>	<u>(7,329)</u>	<u>170,138</u>	<u>(7,329)</u>
Net cash generated from/(used in) investing activities	<u>169,212</u>	<u>(5,327)</u>	<u>169,212</u>	<u>(5,327)</u>

THE ROYAL BANK OF SCOTLAND BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2014

	Group		Bank	
	31-Mar 2014 RM'000	31-Mar 2013 RM'000	31-Mar 2014 RM'000	31-Mar 2013 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(142,149)	(856,852)	(142,149)	(856,852)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,364,034</u>	<u>2,339,921</u>	<u>1,364,034</u>	<u>2,339,921</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,221,885</u>	<u>1,483,069</u>	<u>1,221,885</u>	<u>1,483,069</u>

Cash and cash equivalents comprise
the following:

Cash and short-term funds	1,267,401	1,314,796	1,267,401	1,314,796
Deposits and placements with other financial institutions	-	400,497	-	400,497
Cash collateral pledged	(45,516)	(232,224)	(45,516)	(232,224)
	<u>1,221,885</u>	<u>1,483,069</u>	<u>1,221,885</u>	<u>1,483,069</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the Group and the Bank for the year ended 31 December 2013.

THE ROYAL BANK OF SCOTLAND BERHAD
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A. NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The unaudited interim financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards 134 ("MFRS 134"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual audited financial statements of the Group and the Bank for the 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.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent financial statements for the year ended 31 December 2013.

The adoption of all the other MFRS and amendments to MFRSs generally did not have any financial impact on the results of the Group and the Bank.

On 4 February 2014, Bank Negara Malaysia (BNM) issued a letter requiring banking institutions to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions, pursuant to paragraph 13 of the BNM's Policy Document on Classification and Impairment Provisions for Loan/Financing. The regulatory reserves is maintained in addition to the impairment provisions required under MFRSs, and it will be set aside from the retained profits to a separate reserves within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015. The adoption of this new requirement is not expected to have any impact to the profit or loss of the Group and the Bank.

The following MFRSs and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 July 2014:

Employee Benefits (Amendments to MFRS 119)

Effective for annual period to be announced by MASB:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

Mandatory Effective Date of MFRS 9 and transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)

MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The financial impact of the above MFRSs and amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

Auditors' report on preceding annual financial statements

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

Seasonal or cyclical factors

The business operations of the Group and the Bank are not subject to material seasonal or cyclical factors.

Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the 3 months ended 31 March 2014.

Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the financial results and position of the Group and of the Bank in the 3 months ended 31 March 2014.

Issuance and Repayment of Debt and Equity Securities

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities during the 3 months ended 31 March 2014.

Dividend

Material Events Subsequent to the Balance Sheet Date

Changes in the composition of the Group

There were no changes in the composition of the Group in the 3 months ended 31 March 2014.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

PERFORMANCE REVIEW

The Bank's pre-tax gain for the 3 months ended 31 March 2014 is RM3.3m, as compared to pre-tax loss of RM4.2m of the same period in 2013.

The Bank has reported an increase in net interest income of RM4.5m comparing to the same period in 2013, driven mainly by higher interest income in loans, advances and financing, and lower interest expense, mainly from deposits and placements of banks and other financial institutions.

Other operating expense reduced by RM2.3m compared to the same period in 2013, in line with the Bank's drive to reduce cost. Impairment allowances were kept at a minimal level.

While the level of gross loans, advances and financing has increased by RM39m from RM360m to RM399m, the Bank continues to manage its balance sheet prudently to ensure the loan growth is within the targeted customer group. The level of cash and short-term fund has remained stable in order to support client-driven financial markets activities. Total capital ratio of the Bank is at 18.18% which is above the minimum regulatory requirement of 8%.

CURRENT YEAR PROSPECT

The Malaysian's economic is expected to grow at approximately 5.3% in 2014. Across RBS Group globally, the management is now focused on driving the costs, balance sheet and capital to a lower level as well as re-examining business strategy and resource allocation.

2. CASH AND SHORT-TERM FUNDS

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	82,245	125,826
Money at call and deposit placements maturing within one month	1,185,156	1,135,720
	<u>1,267,401</u>	<u>1,261,546</u>

3. SECURITIES AVAILABLE-FOR-SALE

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
At Fair Value		
Quoted securities:		
Malaysian Government Securities	501,608	637,432
Government Investment Issues	-	35,048
At Cost		
Unquoted shares in Malaysia	1,699	1,699
	<u>503,307</u>	<u>674,179</u>

4. LOANS, ADVANCES AND FINANCING

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
At amortised cost		
(i) By type		
Overdrafts	18,952	10,929
Term loans/financing		
Housing loans/financing	19,696	19,815
Personal loan	8	11
Other term loans/financing	230	243
Factoring receivable	43,694	44,057
Bills receivable	26,703	35,704
Claims on customers under acceptance credits	23,141	43,707
Staff loans	2,903	3,518
Revolving credit	263,070	200,957
Trust receipt	617	708
	<u>399,014</u>	<u>359,649</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(4,762)	(5,548)
- Individual assessment allowance	(735)	(943)
Net loans, advances and financing	<u>393,517</u>	<u>353,158</u>

4. LOANS, ADVANCES AND FINANCING (CONTD.)

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
(ii) By type of customer		
Domestic business enterprises:		
Small medium enterprises	934	934
Others	367,960	321,859
Individuals	22,836	23,586
Foreign entity	6,945	9,093
Domestic banking institutions	338	4,177
	<u>399,013</u>	<u>359,649</u>
(iii) By interest rate sensitivity		
Fixed rate		
Housing loans/financing	2,256	2,454
Other fixed rate loan/financing	533	1,064
Variable rate		
BLR plus	39,616	31,705
Cost plus	356,608	324,426
	<u>399,013</u>	<u>359,649</u>
(iv) By residual contractual maturity		
Maturity within one year	290,437	139,949
More than one year to three years	644	655
More than three years to five years	156	247
More than five years	107,776	218,798
	<u>399,013</u>	<u>359,649</u>
(v) By geographical distribution		
Malaysia		
Kuala Lumpur	398,690	359,319
Penang	323	330
	<u>399,013</u>	<u>359,649</u>

4. LOANS, ADVANCES AND FINANCING (CONTD.)

	Group/Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000
(vi) By Sector		
Manufacturing	189,093	111,958
Construction	2,723	4,964
Purchase of landed properties (Residential)	21,443	22,079
Wholesale and retail	104,232	132,688
Finance, insurance and business services	7,283	13,270
Mining and quarrying	72,846	71,488
Consumption credit	172	199
Transport, storage and communication	-	1,695
Purchase of transport vehicles	1,221	1,308
	<u>399,013</u>	<u>359,649</u>
(vii) Movements in impaired loans, advances and financing are as follows:		
At 1 January	1,885	8,458
Impaired during the period/year	264	762
Reclassified as non-impaired	(669)	(7,335)
Amount written off	(33)	-
At 31 March/31 December	<u>1,447</u>	<u>1,885</u>
Individual assessment allowance	(735)	(943)
Net impaired loans, advances and financing	<u>712</u>	<u>942</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.36%</u>	<u>0.52%</u>
(viii) Impaired loans ,advances and financing by sector		
Purchase of landed properties (Residential)	1,114	1,551
Wholesale and retail	333	334
	<u>1,447</u>	<u>1,885</u>

4. LOANS, ADVANCES AND FINANCING (CONTD.)

(ix) Movements in allowance for impaired loans, advances and financing are as follows:

	Group/Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000
Collective Assessment Allowance		
At 1 January , as restated	5,548	4,156
Allowance made during the period / year	-	2,307
Amount written back	(786)	(915)
At 31 March/31 December	<u>4,762</u>	<u>5,548</u>
Individual Assessment Allowance		
At 1 January	943	933
Allowance made during the period/year	45	446
Amount written back	(220)	(436)
Amount written off	(33)	-
At 31 March/31 December	<u>735</u>	<u>943</u>

5. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994) to satisfy the Statutory Reserve Requirement ("SRR"), the amounts of which are determined at set percentages of total eligible liabilities.

6. OTHER ASSETS

	Group/Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000
Tax recoverable	16,405	21,652
Other debtors, deposits and prepayments	16,980	21,560
	<u>33,385</u>	<u>43,212</u>

7. PROPERTY, PLANT AND EQUIPMENT

Group and Bank	Freehold Land and Building RM'000	Motor Vehicle RM'000	Office Equipment and Machinery RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 March 2014						
Cost						
At 1 January 2014	388	616	3,459	12,472	15,110	32,045
Additions	-	-	124	174	628	926
At 31 March 2014	388	616	3,583	12,646	15,738	32,971
Accumulated Depreciation						
At 1 January 2014	-	345	3,265	6,344	10,580	20,534
Depreciation charge for the period	-	31	120	348	389	888
At 31 March 2014	-	376	3,385	6,692	10,969	21,422
Net Book Value	388	240	198	5,954	4,769	11,549

7. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group and Bank	Freehold Land and Building RM'000	Motor Vehicle RM'000	Office Equipment and Machinery RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 December 2013						
Cost						
At 1 January 2013	388	616	6,245	21,619	19,285	48,153
Additions	-	-	208	3,035	2,690	5,933
Write-off	-	-	(2,994)	(12,182)	(6,865)	(22,041)
At 31 December 2013	388	616	3,459	12,472	15,110	32,045
Accumulated Depreciation						
At 1 January 2013	-	222	5,602	12,961	16,026	34,811
Depreciation charge for the year	-	123	576	1,771	1,283	3,753
Write-off	-	-	(2,913)	(8,388)	(6,729)	(18,030)
At 31 December 2013	-	345	3,265	6,344	10,580	20,534
Accumulated Impairment Loss						
At 1 January 2013	-	-	-	3,002	-	3,002
Impairment loss for the year	-	-	-	(3,002)	-	(3,002)
At 31 December 2013	-	-	-	-	-	-
Net Book Value	388	271	194	6,128	4,530	11,511

8. INTANGIBLE ASSETS

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	3,831	3,640
Additions	-	540
Write off	-	(349)
At 31 March/31 December	<u>3,831</u>	<u>3,831</u>
Accumulated Amortisation		
At 1 January	2,916	3,075
Amortisation for the period/year	79	190
Write-off	-	(349)
At 31 March/31 December	<u>2,995</u>	<u>2,916</u>
Net Book Value	<u>836</u>	<u>915</u>

9. DEPOSITS FROM CUSTOMERS

Type	Group		Bank	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
Demand deposits	796,279	910,938	796,299	910,958
Saving deposits	1,498	1,763	1,498	1,763
Fixed deposits	219,265	287,070	219,265	287,070
Negotiable instruments of deposits	3,190	3,161	3,190	3,161
	<u>1,020,232</u>	<u>1,202,932</u>	<u>1,020,252</u>	<u>1,202,952</u>

(i) Maturity structure of fixed deposits and negotiable instruments of deposits is as follows:

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
Due within six months	214,652	282,496
Six months to one year	5,189	1,960
One year to three years	2,614	5,775
	<u>222,455</u>	<u>290,231</u>

(ii) The deposits are sourced from the following types of customers:

	Group		Bank	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	34,371	29,381	34,371	29,381
Business enterprises	861,631	898,577	861,631	898,577
Individuals	15,780	16,238	15,780	16,238
Others	108,450	258,736	108,470	258,756
	<u>1,020,232</u>	<u>1,202,932</u>	<u>1,020,252</u>	<u>1,202,952</u>

10. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
Licensed banks	17,351	11,308
Other financial institutions	166,510	230,602
	<u>183,861</u>	<u>241,910</u>

11. OTHER LIABILITIES

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
Other liabilities	41,057	43,794
Internal settlement cost	126,190	123,852
	<u>167,247</u>	<u>167,646</u>

12. SHARE CAPITAL

	Group/Bank	
	31-Mar-14	31-Dec-13
	RM'000	RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000	500,000
Issued and fully paid:		
Balance as at 1 January/31 March/31 December	203,000	203,000

13. RESERVES

	Group		Bank	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	76,182	76,182	76,182	76,182
Statutory reserves	163,742	163,742	163,742	163,742
Unrealised reserves	(334)	(809)	(334)	(809)
Distributable:				
Retained earnings	146,646	144,067	146,516	144,015
	<u>386,236</u>	<u>383,182</u>	<u>386,106</u>	<u>383,130</u>

14. INTEREST INCOME

	Group/Bank	
	1st Quarter Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Loans, advances and financing	3,954	2,770
Money at call and deposit placements with financial institutions	4,401	1,306
Securities - Available-for-sale	6,420	7,685
Securities - Held-for-trading	-	943
	<u>14,775</u>	<u>12,704</u>
Amortisation of premium less accretion of discount	(1,348)	(1,563)
Total Interest Income	<u>13,427</u>	<u>11,141</u>
Of which:		
Interest income earned on impaired loans, advances and financing	<u>150</u>	<u>22</u>

15. INTEREST EXPENSE

	Group/Bank	
	1st Quarter Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,289	2,007
Deposits from other customers	2,431	3,903
Subordinated debt capital	2,540	2,457
Others	-	79
	<u>6,260</u>	<u>8,446</u>

16. OTHER OPERATING INCOME

	Group/Bank	
	1st Quarter Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Fee income:		
Commission	441	302
Service charges and fees	487	373
Guarantee fees	1,167	1,046
Other fee income	290	420
	<u>2,385</u>	<u>2,141</u>
Net (loss)/ gain arising from sale of securities:		
Securities held-for-trading	-	(40)
Securities available for sale	(20)	101
	<u>(20)</u>	<u>61</u>
Unrealised gain on revaluation of securities:		
Securities held-for-trading	-	56
	<u>-</u>	<u>56</u>
Other income:		
Foreign exchange gain/(loss)		
Unrealised	40,742	(20,693)
Realised	(23,955)	29,455
(Loss)/Gain on derivatives trading		
Unrealised	(39,181)	(1,403)
Realised	27,406	(2,138)
Others	(56)	-
	<u>4,956</u>	<u>5,221</u>
	<u>7,321</u>	<u>7,479</u>

17. OTHER OPERATING EXPENSES

	Group/Bank	
	1st Quarter Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Personnel costs (Note a)	4,941	5,041
Establishment costs (Note b)	5,286	6,884
Marketing expenses (Note c)	309	321
Administration and general expenses (Note d)	1,578	2,149
	<u>12,114</u>	<u>14,395</u>
(a) Personnel costs		
Salaries, bonuses and allowances	3,791	3,379
Social security costs	168	14
EPF - defined contribution plan	589	651
Rental of accomodation	-	49
Other staff related expenses	393	948
	<u>4,941</u>	<u>5,041</u>
(b) Establishment costs		
Share of Group costs - current year	3,108	3,483
- prior years	281	600
Depreciation of property, plant and equipment	888	934
Amortisation of intangible assets	79	57
Rental of premises	365	982
Others	565	828
	<u>5,286</u>	<u>6,884</u>
(c) Marketing Expenses		
Advertising	125	189
Others	184	132
	<u>309</u>	<u>321</u>
(d) Administration and general expenses		
Legal and professional fees	78	319
Communication	166	906
Transportation	171	152
Property maintenance	166	93
Others	997	679
	<u>1,578</u>	<u>2,149</u>

18. WRITE BACK FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group/Bank	
	1st Quarter Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Allowance/(Write back) for impaired loans, advances and financing:		
Individual assessment allowance:		
- Made in the financial period	45	190
- Written back in the financial period	(220)	(78)
Collective assesment allowance:		
- Written back in the financial period	(786)	(160)
	<u>(961)</u>	<u>(48)</u>

19. CAPITAL ADEQUACY

The components of Common Equity Tier-I ("CET I"), Tier I and Tier II capital are as follows:

	Group		Bank	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
CET I/Tier-I capital				
Paid-up share capital	203,000	203,000	203,000	203,000
Share premium	76,182	76,182	76,182	76,182
Statutory reserves	163,742	163,742	163,742	163,742
Retained earnings	146,646	144,067	146,516	144,015
Unrealised reserve	(334)	(809)	(334)	(809)
	<u>589,236</u>	<u>586,182</u>	<u>589,106</u>	<u>586,130</u>
Less :				
- Deferred tax assets	(27,976)	(28,135)	(27,976)	(28,135)
Total CET I/Tier-I capital	<u>561,260</u>	<u>558,047</u>	<u>561,130</u>	<u>557,995</u>

19. CAPITAL ADEQUACY (CONTD.)

	Group		Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000	31-Mar-14 RM'000	31-Dec-13 RM'000
Tier-II Capital				
Collective assessment allowance	4,762	5,548	4,762	5,548
Subordinated debt capital	130,000	140,000	130,000	140,000
Total Tier-II capital	134,762	145,548	134,762	145,548
Total capital funds	696,022	703,595	695,892	703,543
Less: Investment in subsidiary companies	-	-	(20)	(20)
Capital base	696,022	703,595	695,872	703,523
Capital Ratios				
CET I capital ratio	14.76%	14.29%	14.76%	14.29%
Tier 1 capital ratio	14.76%	14.29%	14.76%	14.29%
Total capital ratio	18.31%	18.02%	18.30%	18.01%

The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000	31-Mar-14 RM'000	31-Dec-13 RM'000
Credit Risk	2,286,461	2,445,283	2,286,266	2,445,205
Market Risk	1,383,717	1,311,955	1,383,717	1,311,955
Operational Risk	131,435	148,191	131,749	148,506
Total risk-weighted assets	3,801,613	3,905,429	3,801,732	3,905,666

The capital adequacy ratios of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement remain at 8% for total capital ratio.

20. COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies and their related counterparty credit risk of the group and the Bank are as follows:

	31-Mar-2014			31-Dec-2013		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk-weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>						
Direct credit substitutes	24,013	24,013	24,013	48,273	48,273	48,273
Transaction-related contingent items	666,359	333,180	318,662	593,503	296,752	275,703
Short-term self-liquidating trade-related contingencies	5,905	1,181	1,141	106,869	21,374	21,350
Irrevocable commitments to extend credit:						
- maturity less than one year	1,430,126	286,025	272,292	1,697,114	339,423	303,432
- maturity more than one year	323	162	121	323	162	121
<u>Derivative Financial Contracts</u>						
Foreign exchange related contracts:						
- less than one year	6,018,723	141,737	78,250	6,698,183	195,930	111,200
- one year to less than five years	338,333	21,963	7,959	345,033	24,245	9,651
- five years and above	24,483	2,448	1,224	26,997	2,700	1,350
Interest rate related contracts:						
- less than one year	5,532,189	102,988	71,259	4,306,665	34,339	15,645
- one year to less than five years	16,125,751	883,191	431,216	18,465,077	975,251	469,615
- five years and above	5,265,868	642,199	397,784	5,778,572	812,742	520,178
Equity related contracts:						
- less than one year	68,607	7,735	5,498	-	-	-
- one year to less than five years	6,090	487	364	75,569	8,990	6,355
	<u>35,506,770</u>	<u>2,447,309</u>	<u>1,609,783</u>	<u>38,142,178</u>	<u>2,760,181</u>	<u>1,782,873</u>

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