

Company No: 811810-U



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

CONDENSED UNAUDITED FINANCIAL STATEMENTS
FOR 3-MONTH PERIOD ENDED 31 MARCH 2013
(In Ringgit Malaysia)

Company No: 811810-U

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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BANK PERTANIAN MALAYSIA BERHAD

(Incorporated in Malaysia)

**CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013**

	Note	March 2013 RM'000	March 2012 RM'000
Interest income		32,911	56,055
Interest expense		(11,423)	(25,387)
Net interest income		<u>21,488</u>	<u>30,668</u>
Income from Islamic banking business		<u>114,233</u>	<u>111,192</u>
		135,721	141,860
Non-interest income:			
Fee and other operating income		1,475	3,247
Investment income		550	3,904
Net income		<u>137,746</u>	<u>149,011</u>
Overhead expenses		(83,440)	(73,773)
Operating profit		<u>54,306</u>	<u>75,238</u>
Government grants		2,573	3,975
Net operating profit		<u>56,879</u>	<u>79,213</u>
Writeback/ (allowance for) impairment on loans	1	8,925	(21,883)
Allowance for impairment on investment securities		(3,152)	(2,410)
Profit before tax and zakat		<u>62,652</u>	<u>54,920</u>
Tax expense	2	(15,552)	(15,848)
Net profit for the year		<u>47,100</u>	<u>39,072</u>
Other comprehensive income/(loss)			
Unrealised gains/(losses) on fair value changes on AFS investment securities		(13,327)	15,067
Transfer to profit and loss on disposal of AFS investment securities		7,368	(1,168)
Income tax relating to components of other comprehensive income		1,500	(3,475)
Other comprehensive losses for the year, net of tax		<u>(4,459)</u>	<u>10,424</u>
Total comprehensive income for the year		<u>42,641</u>	<u>49,496</u>

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

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BANK PERTANIAN MALAYSIA BERHAD

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**CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

		Unaudited	Audited
		As at	As at
		31 March	31 December
		2013	2012
	Note	RM'000	RM'000
ASSETS			
Cash and short term funds	3	2,032,194	1,827,012
Deposits with financial institutions	4	55,158	-
Investment securities	5	3,260,240	3,459,062
Loans, financing and advances	6	5,739,007	5,827,907
Other assets		77,971	95,920
Prepaid lease payments		6,303	5,627
Property, plant and equipment		185,561	185,229
Intangible assets		20,796	20,898
		<u>11,377,230</u>	<u>11,421,655</u>
TOTAL ASSETS			
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	7	6,957,083	7,036,217
Other liabilities			
Other payables and accruals		159,724	162,935
Paddy Credit Gratuity Scheme		2,160	2,185
Deferred tax liabilities		23,862	32,321
Loan Scheme Fund	8	1,646,157	1,639,626
Government Grants	9	40,197	41,872
Launching Grants	10	20,701	21,598
Government Grant - Funds	11	16,312	16,508
Total Liabilities		<u>8,866,196</u>	<u>8,953,262</u>
Equity			
Share capital	12	1,000,000	1,000,000
Reserves	13	1,511,034	1,468,393
Total Equity		<u>2,511,034</u>	<u>2,468,393</u>
TOTAL LIABILITIES AND EQUITY			
		<u>11,377,230</u>	<u>11,421,655</u>

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

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BANK PERTANIAN MALAYSIA BERHAD
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CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013

	Non-distributable reserves			Distributable reserves	Total RM'000
	Share capital RM'000	Statutory reserves RM'000	Investment revaluation reserve RM'000	Retained earnings RM'000	
As of 1 January 2013	1,000,000	487,109	321,719	659,565	2,468,393
Net profit for the period	-	-	-	47,100	47,100
Other comprehensive income for the period	-	-	(4,459)	-	(4,459)
Total comprehensive income for the period	-	-	(4,459)	47,100	42,641
As of 31 March 2013	1,000,000	487,109	317,260	706,665	2,511,034

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**CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013 (cont'd)**

	Non-distributable reserves		Distributable reserves		
	Share capital	Statutory reserves	Investment revaluation reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2012	1,000,000	487,109	487,943	250,931	2,225,983
Net profit for the period	-	-	-	431,134	431,134
Other comprehensive income for the period	-	-	(166,224)	-	(166,224)
Total comprehensive income for the period	-	-	(166,224)	431,134	264,910
Dividends paid	-	-	-	(22,500)	(22,500)
As of 31 December 2012	1,000,000	487,109	321,719	659,565	2,468,393

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

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BANK PERTANIAN MALAYSIA BERHAD

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013**

	March 2013 RM'000	December 2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and zakat	62,652	439,788
Adjustments for:		
Allowance for impairment on loans	21,862	105,480
Bad debts and financing written off	5,414	261
Depreciation of property, plant and equipment	6,815	26,924
Amortisation of computer software	2,681	13,628
Interest expense/profit charged on loans/financing from Government and OECF	1,363	5,757
Write off of property, plant and equipment	919	396
Amortisation of prepaid lease payments	19	75
Write off of computer software	-	93
Gain on disposal of investment securities	(6,099)	(244,067)
Dividends from investment securities	-	(10,908)
Amortisation of:		
Government Grant	(1,675)	(12,788)
Launching Grant	(889)	(3,316)
Operating profit before working capital changes	93,062	321,323
Change in loans, financing and advances	61,543	(528,610)
Change in other assets	17,949	20,320
Change in deposits with financial institutions	(55,158)	20,000
Change in deposits from customers	(79,134)	(686,852)
Change in other payables	(25,358)	9,112
Change in Paddy Credit Gratuity Fund	(25)	(64)
Change in deferred tax liabilities	(1,500)	(54,560)
Cash (used in)/generated from operations	11,379	(899,331)
Tax paid	(19)	(74)
Zakat paid	(345)	(2,854)
Net cash (used in)/generated from operating activities	11,015	(902,259)

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013 (cont'd)**

	March 2013 RM'000	December 2012 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in investment securities	(334,771)	(1,807,079)
Purchase of property, plant and equipment	(8,761)	(21,321)
Purchase of computer software	(2,579)	(11,063)
Proceeds from disposal of investment securities	535,233	1,310,801
Dividends received from investment securities	-	10,908
	<hr/>	<hr/>
Net cash used in investing activities	189,122	(517,754)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid on government loans and OECF	(2)	(4,909)
Proceeds from:		
Fund For Food ("3F")	6,991	652
Food Production Credit Scheme ("SKPM")	-	250
Micro Enterprise Funds	4,553	14,493
Special Fund For Terengganu Fishery ("DKSP")	(115)	(661)
Repayments of Loan Scheme Funds	(4,847)	(147,968)
Foreign exchange differences	(1,527)	(4,053)
Launching grant utilised	(8)	(1,102)
Government grants utilised	-	(217)
Dividends paid	-	(22,500)
	<hr/>	<hr/>
Net cash used in financing activities	5,045	(166,015)

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**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013 (cont'd)**

	March 2013 RM'000	December 2012 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	205,182	(1,586,028)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,827,012</u>	<u>3,413,040</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>2,032,194</u></u>	<u><u>1,827,012</u></u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds	<u>2,032,194</u>	<u>1,827,012</u>
	<u><u>2,032,194</u></u>	<u><u>1,827,012</u></u>

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

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1. WRITEBACK OF/ (ALLOWANCE FOR) IMPAIRMENT ON LOANS

	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Loans, financing and advances :		
Allowance for the year	21,862	17,633
Amount written back upon recoveries and reversal of allowance	(12,416)	(17,915)
Individual impairment loss - net	9,446	(282)
Collective impairment loss - net	23,146	32,560
Bad debts and financing :		
Written off	(5,414)	-
Recovered	(36,103)	(10,395)
	<u>(8,925)</u>	<u>21,883</u>

2. TAX EXPENSE

	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Deferred tax assets recognized for the period	(6,959)	15,668
Income tax charged for the period	22,511	180
	<u>15,552</u>	<u>15,848</u>

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3. CASH AND SHORT TERM FUNDS

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Cash in hand	62,078	76,757
Cash at banks	108,191	79,730
Short term deposits maturing within three months:		
Licensed banks	1,126,575	936,050
Other financial institutions	735,350	734,475
	<u>2,032,194</u>	<u>1,827,012</u>

4. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Other financial institutions	<u>55,158</u>	<u>-</u>
Maturity structure of deposits and financial institutions is as follows:		
Three months to six months	<u>55,158</u>	<u>-</u>

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5. INVESTMENT SECURITIES

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
<u>Debt Securities</u>		
AFS - at fair value		
Corporate Bonds	1,666,328	1,763,986
Malaysian Government Securities	<u>1,103,444</u>	<u>1,212,144</u>
	<u>2,769,772</u>	<u>2,976,130</u>
HTM - at amortised cost		
Corporate Bonds	42,516	42,368
Commercial Papers	19,975	9,955
Malaysian Government Securities	<u>161,639</u>	<u>161,756</u>
	<u>224,130</u>	<u>214,079</u>
	<u>2,993,902</u>	<u>3,190,209</u>
<u>Equity Securities</u>		
AFS - at fair value		
Quoted Shares in Malaysia	<u>271,262</u>	<u>271,532</u>
	<u>271,262</u>	<u>271,532</u>
Total before allowances	<u>3,265,164</u>	<u>3,461,741</u>
Allowance for impairment losses		
Quoted Shares in Malaysia	(1,240)	(1,320)
Corporate Bonds	(3,684)	(1,359)
	<u>(4,924)</u>	<u>(2,679)</u>
Net	<u><u>3,260,240</u></u>	<u><u>3,459,062</u></u>

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5. INVESTMENT SECURITIES (cont'd)

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Maturity structure for HTM investments is as follows:		
Maturity within six months	29,975	19,955
Between six months to one year	10,048	-
Between one year to three years	15,047	25,119
Between three years to five years	169,060	169,005
	224,130	214,079

Market values of HTM investments are as follows:

Market Value		
Corporate Bonds	42,791	42,627
Commercial Papers	19,945	9,943
Malaysian Government Securities	161,915	162,014
	224,651	214,584

6. LOANS, FINANCING AND ADVANCES

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
At amortised cost:		
Islamic financing and advances (Note 17(f))	5,375,537	5,364,882
Wawasan Tani Loans	248,076	269,100
Project and Equipment Loans	279,197	318,432
Capital Entrepreneur Tani ("MUST")	91,612	103,714
Agribusiness Loans	119,196	122,096
Fund For Food ("3F")	30,861	32,381
Insani Education Loans	50,642	55,302
Paddy Credit Scheme	3,808	17,110
MAP and MPPB Loans	3,751	4,716
Fund for Small and Medium Size Industries ("TIKS")	1,113	1,203
Contract Tani Loans	2,225	2,953
Agriculture Special Credit Scheme ("SPKP")	3	3
Special Advances on Fixed Deposit	487	521
Tobacco Scheme	556	609
Asean-Japan Development Fund ("AJDF")	107	154
Banking Facilities	-	19
Other Loans	1,950	2,031
	6,209,121	6,295,226
Loans, financing and advances to employees	69,383	70,990
	6,278,504	6,366,216
Less:		
Individual impairment loss	(212,690)	(207,777)
Collective impairment loss	(326,807)	(330,532)
Net	5,739,007	5,827,907

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
(i) Maturity structure of loans, financing and advances is as follows:		
Maturity within six months	731,021	819,291
Between six months to one year	71,271	89,898
Between one year to three years	513,163	542,565
Between three years to five years	800,333	777,486
More than five years	4,162,716	4,136,976
	<u>6,278,504</u>	<u>6,366,216</u>

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Sector:		
Support	2,817,122	2,818,188
Crops	2,228,294	2,286,218
Livestock	673,039	687,978
Fishery	405,182	402,747
Forestry	25,754	38,120
Other Agricultural based processing	129,113	132,965
	<u>6,278,504</u>	<u>6,366,216</u>

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

Neither past due nor impaired	5,136,233	5,084,323
Past due but not impaired	452,752	562,041
Impaired	689,519	719,852
	<u>6,278,504</u>	<u>6,366,216</u>

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

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

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

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
At the beginning of the year	719,852	834,707
Additions during the year	97,501	485,802
Reclassified as non impaired during the year	(100,848)	(344,152)
Amount written off	(26,986)	(256,505)
	<u>689,519</u>	<u>719,852</u>
	<u>10.98%</u>	<u>11.31%</u>
Gross impaired loans as a percentage of gross loans, financing and advances		

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

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Sector:		
Support	235,376	255,507
Crops	223,096	222,852
Livestock	111,139	112,381
Fishery	83,852	78,958
Forestry	20,960	33,220
Other Agricultural based processing	15,096	16,934
	<u>689,519</u>	<u>719,852</u>

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

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Individual impairment allowance		
At the beginning of the year	207,777	268,380
Allowance for the year	16,468	105,480
Amount written back upon recoveries and reversal of allowance	(11,518)	(85,051)
Net allowance for the year	4,950	20,429
Amount written off	(37)	(81,032)
At the end of year	212,690	207,777
Collective impairment allowance		
At the beginning of the year	330,532	369,169
Allowance for the year	23,617	178,376
Amount written back	(471)	(41,070)
Net allowance for the year	23,146	137,306
Amount written off	(26,952)	(176,255)
Allowance adjusted to:		
Fund for Ministry of Youth and Sports ("DKBS")	73	532
Entrepreneur Scheme for Graduates ("SUTKS")	(8)	(225)
Special Fund for Terengganu Fishery ("DKSP")	16	5
At the end of year	326,807	330,532
Collective impairment allowance as a percentage of gross loans, financing and advances less individual impairment allowance	5.39%	5.37%

The total amount of collective impairment allowance includes collective allowances for non impaired loans of RM140,844,210 (2012: RM136,578,158).

7. DEPOSITS FROM CUSTOMERS

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
At amortised cost:		
Fixed/Money market deposits	3,806,182	3,779,419
Savings deposits	1,610,093	1,640,654
Agro Perdana	1,540,808	1,616,144
	<u>6,957,083</u>	<u>7,036,217</u>
Maturity structure of fixed/money market deposits from customers is as follows:		
Within six months	2,934,431	2,843,736
Between six months to one year	792,396	857,159
Between one year to three years	28,169	29,688
Between three years to five years	51,186	48,836
	<u>3,806,182</u>	<u>3,779,419</u>

The deposits are sourced from the following types of customers :

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Government	2,819,425	2,665,134
Individuals	2,575,357	2,760,759
Domestic Business Enterprises	335,074	601,653
Domestic Other Entities	1,111,876	965,618
Domestic Non-Banking Institutions	115,351	43,053
	<u>6,957,083</u>	<u>7,036,217</u>

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8. LOAN SCHEME FUND

Summary of loan scheme fund is as follows :

		Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
	Note		
Loan from OECF	(a)	19,317	20,638
Fund for Food ("3F")	(b)	974,194	970,463
MPPB Funds	(c)	70,529	70,486
Oil Palm Replanting Scheme ("TASKS")	(d)	14,000	14,000
Paddy Credit Scheme	(e)	105,780	105,715
Food Production Credit Scheme ("SKPM")	(f)	100,806	100,744
Fishery Boat Financing Scheme ("SPBP")	(g)	140,000	140,000
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	(h)	8,015	8,010
Loan for Small and Medium Size Industries ("PKS")	(i)	100,792	100,730
Non-Food Production Credit Scheme ("SKPBM")	(j)	25,088	25,073
Micro Enterprise Fund	(k)	87,636	83,767
		<u>1,646,157</u>	<u>1,639,626</u>

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8. LOAN SCHEME FUND (cont'd)

(a) Loan from OECF

	Principal RM'000	Interest RM'000	Total RM'000
As of 1 January 2012	46,499	-	46,499
Interest charged	-	1,322	1,322
Repayment	(21,784)	(1,346)	(23,130)
Foreign exchange differences	(4,652)	599	(4,053)
	20,063	575	20,638
As of 31 December 2012	-	206	206
Interest charged	(1,527)	-	(1,527)
Foreign exchange differences	18,536	781	19,317
As of 31 March 2013			

March 2013 RM'000	December 2012 RM'000
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**Maturity structure of loan from
OECF is as follows:**

Within one year	19,317	20,638
	19,317	20,638

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

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

	Principal	Interest/ Profit	Total
	RM'000	RM'000	RM'000
As of 1 January 2012	1,072,050	4,491	1,076,541
Additions	652	-	652
Interest charged	-	2,322	2,322
Repayments	<u>(106,826)</u>	<u>(2,226)</u>	<u>(109,052)</u>
As of 31 December 2012	965,876	4,587	970,463
Additions	6,991	-	6,991
Profit charged	-	587	587
Repayments	<u>(3,846)</u>	<u>(1)</u>	<u>(3,847)</u>
As of 31 March 2013	<u>969,021</u>	<u>5,173</u>	<u>974,194</u>

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

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

	Principal	Interest/ Profit	Total
	RM'000	RM'000	RM'000
As of 1 January 2012	70,000	311	70,311
Interest charged	<u>-</u>	<u>175</u>	<u>175</u>
As of 31 December 2012	70,000	486	70,486
Profit charged	<u>-</u>	<u>43</u>	<u>43</u>
As of 31 March 2013	<u>70,000</u>	<u>529</u>	<u>70,529</u>

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

8. LOAN SCHEME FUND (cont'd)

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

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	15,000	-	15,000
Repayments	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
As of 31 December 2012	<u>14,000</u>	<u>-</u>	<u>14,000</u>
As of 31 March 2013	<u>14,000</u>	<u>-</u>	<u>14,000</u>

This fund is channeled through the Ministry of Plantation Industries and Commodities to finance the replantation of oil palm plantations.

(e) Paddy Credit Scheme

	Principal RM'000	Interest/ Profit RM'000	Total RM'000
As of 1 January 2012	105,000	453	105,453
Interest charged	<u>-</u>	<u>262</u>	<u>262</u>
As of 31 December 2012	<u>105,000</u>	<u>715</u>	<u>105,715</u>
Profit charged	<u>-</u>	<u>65</u>	<u>65</u>
As of 31 March 2013	<u>105,000</u>	<u>780</u>	<u>105,780</u>

The Ministry of Agriculture provided RM105.00 million to the Bank to encourage the country's paddy industry. The loan tenure is 10 years (3 years grace period) at an interest rate of 1.5% per annum.

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8. LOAN SCHEME FUND (cont'd)

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

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	100,000	494	100,494
Profit charged	<u>-</u>	<u>250</u>	<u>250</u>
As of 31 December 2012	100,000	744	100,744
Profit charged	<u>-</u>	<u>62</u>	<u>62</u>
As of 31 March 2013	<u>100,000</u>	<u>806</u>	<u>100,806</u>

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

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

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

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

8. LOAN SCHEME FUND (cont'd)

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

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	10,000	-	10,000
Profit charged	-	25	25
Repayments	(1,990)	(25)	(2,015)
As of 31 December 2012	8,010	-	8,010
Profit charged	-	5	5
As of 31 March 2013	8,010	-	8,015

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

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

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 March 2012	100,000	480	100,480
Profit charged	-	250	250
As of 31 December 2012	100,000	730	100,730
Profit charged	-	62	62
As of 31 March 2013	100,000	792	100,792

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

8. LOAN SCHEME FUND (cont'd)

(j) Non-Food Production Credit Scheme ("SKPBM")

	Principal RM'000	Profit RM'000	Total RM'000
As of 1 January 2012	27,534	12	27,546
Profit charged	69	68	137
Repayments	<u>(2,541)</u>	<u>(69)</u>	<u>(2,610)</u>
As of 31 December 2012	25,062	11	25,073
Profit charged	<u>-</u>	<u>15</u>	<u>15</u>
As of 31 March 2013	<u>25,062</u>	<u>26</u>	<u>25,088</u>

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

(k) Micro Enterprise Fund

	Principal RM'000	Interest/ Profit RM'000	Total RM'000
As of 1 January 2012	80,823	-	80,823
Additions	14,493	-	14,493
Profit charged	23	1,224	1,247
Repayments	<u>(11,569)</u>	<u>(1,227)</u>	<u>(12,796)</u>
As of 31 December 2012	83,770	(3)	83,767
Additions	4,553	-	4,553
Profit charged	-	318	318
Repayments	<u>(1,001)</u>	<u>(1)</u>	<u>(1,002)</u>
As of 31 March 2013	<u>87,322</u>	<u>314</u>	<u>87,636</u>

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

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9. GOVERNMENT GRANTS

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As of 1 January 2012	54,583	294	54,877
Amortised during the year	(12,788)	-	(12,788)
Utilised during the year	-	(217)	(217)
	41,795	77	41,872
As of 31 December 2012	(1,675)	-	(1,675)
	40,120	77	40,197
As of 31 March 2013	40,120	77	40,197

10. LAUNCHING GRANTS

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As of 1 January 2012	9,594	16,422	26,016
Reclassification	8,023	(8,023)	-
Utilised during the year:			
Development expenditure	-	(1,102)	(1,102)
Amortised during the year	(3,316)	-	(3,316)
	14,301	7,297	21,598
As of 31 December 2012	(710)	710	-
Reclassification	-	(8)	(8)
Utilised during the year:			
Development expenditure	-	(8)	(8)
Amortised during the year	(889)	-	(889)
	12,702	7,999	20,701
As of 31 March 2013	12,702	7,999	20,701

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

11. GOVERNMENT GRANT - FUNDS

Summary of government grant funds as follows :

	Note	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Development Programme for Hardcore Poor ("PPRT")	(a)	2,560	2,560
Entrepreneur Scheme for Graduates ("SUTKS")	(b)	793	785
Special Fund For Terengganu Fishery ("DKSP")	(c)	1,260	1,391
Fund for Ministry of Youth and Sports ("DKBS")	(d)	11,699	11,772
		16,312	16,508

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

	RM'000
As of 31 December 2012 and 31 March 2013	2,560

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

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
At beginning of the period	785	560
Collective impairment allowance	8	225
At the end of period	793	785

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

11. GOVERNMENT GRANT - FUNDS (cont'd)

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
At beginning of the period	1,391	2,057
Amortisation	(115)	(661)
Collective impairment allowance	<u>(16)</u>	<u>(5)</u>
At the end of period	<u>1,260</u>	<u>1,391</u>

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

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

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
At beginning of the period	11,772	12,304
Collective impairment allowance	<u>(73)</u>	<u>(532)</u>
At the end of period	<u>11,699</u>	<u>11,772</u>

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

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12. SHARE CAPITAL

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

13. RESERVES

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Non-distributable reserve:		
Statutory reserves	487,109	487,109
Investment revaluation reserve	317,260	321,719
Distributable reserve:		
Retained earnings	<u>706,665</u>	<u>659,565</u>
	<u>1,511,034</u>	<u>1,468,393</u>

(a) Statutory reserves

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

(b) Investment revaluation reserve

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

14. COMMITMENTS AND CONTINGENCIES

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Guarantee:		
Guarantee letters issued on behalf of customers of the Bank	<u>20,012</u>	<u>15,535</u>
Capital Commitment		
Approved and contracted for:		
Capital expenditure	6,425	5,205
Commitment on loans, financing and advances	<u>181,088</u>	<u>396,520</u>
	<u>187,513</u>	<u>401,725</u>
Approved but not contracted for:		
Capital expenditure	3,116	811
Commitment on loans, financing and advances	<u>170,147</u>	<u>76,952</u>
	<u>173,263</u>	<u>77,763</u>
	<u>360,776</u>	<u>479,488</u>
Contingent Liabilities		
Certain legal actions taken against the Bank with compensation claims	385,635	363,932
	<u>766,423</u>	<u>858,955</u>

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

15. RELATED PARTY DISCLOSURES

a) Parents Entity

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

b) Key Management personnel compensation

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

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

Key Management Personnel	Short Term RM'000	Post Employment Benefit RM'000
Executive Director	150	25
Non-Executive Directors	263	-
Senior Management	643	71
	1,056	96

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16. CAPITAL ADEQUACY

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

	Unaudited As at 31 March 2013 %	Audited As at 31 December 2012 %
Core capital ratio	28.70	28.30
Risk-weighted capital ratio	<u>31.62</u>	<u>31.15</u>

The capital adequacy ratio of the Bank as of 31 March 2013 has incorporated the market risk pursuant to BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Components of Tier I and Tier II Capital		
Tier I capital		
Share capital	1,000,000	1,000,000
Statutory reserves	487,109	487,109
Retained earnings	<u>659,566</u>	<u>659,566</u>
Total Tier I Capital	<u>2,146,675</u>	<u>2,146,675</u>
Tier II capital		
Collective impairment allowance	140,844	136,579
Government Grants	40,197	41,872
Launching Grants	20,701	21,598
Government Grant - Funds	16,312	16,508
Total Tier II capital	<u>218,054</u>	<u>216,557</u>
Total Capital Base	<u><u>2,364,729</u></u>	<u><u>2,363,232</u></u>

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16. CAPITAL ADEQUACY (cont'd)

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

	Notional RM'000	Risk- weighted RM'000
0%	2,248,352	-
10%	-	-
20%	2,266,581	453,316
50%	53,467	26,734
100%	6,808,830	6,808,830
Off balance sheet risk-weighted assets	-	190,154
Total risk-weighted assets as of 31 March 2013	11,377,230	7,479,034
0%	2,410,682	-
10%	-	-
20%	1,970,173	394,035
50%	54,449	27,224
100%	6,986,351	6,986,351
Off balance sheet risk-weighted assets	-	178,604
Total risk-weighted assets as of 31 December 2012	11,421,655	7,586,214

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17. ISLAMIC BANKING

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

CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013

	Note	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Income from Islamic Banking	a	114,233	111,192
Financing impairment charges	b	<u>(18,578)</u>	<u>(20,042)</u>
Net income		95,655	91,150
Overhead expenses		<u>(61,213)</u>	<u>(38,235)</u>
Profit before zakat		34,442	52,915
Zakat		<u>-</u>	<u>-</u>
Profit after zakat		<u>34,442</u>	<u>52,915</u>
Other comprehensive income			
Unrealised gains on fair value changes on AFS investment securities		3,456	2,575
Transfer to profit and loss on disposal of AFS investment securities		<u>(7,491)</u>	<u>(826)</u>
Other comprehensive (loss)/income for the year		<u>(4,035)</u>	<u>1,749</u>
Total comprehensive income for the year		<u>30,407</u>	<u>54,664</u>

17. ISLAMIC BANKING (cont'd)**CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2013**

		Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
ASSETS	Note		
Cash and short term funds	c	876,717	1,095,975
Deposits with financial institutions	d	55,158	-
Investment securities	e	2,560,158	2,562,041
Financing and advances	f	5,040,833	5,037,463
Property, plant and equipment		192,626	191,721
Other assets		62,775	51,355
		<u>8,788,267</u>	<u>8,938,555</u>
TOTAL ASSETS		8,788,267	8,938,555
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	g	5,461,607	5,643,765
Profit payable and others		123,293	122,958
Government borrowings and financing scheme funds	h	1,626,840	1,618,988
Government Grant		60,900	63,470
Government Grant - Funds	i	16,312	16,508
		<u>7,288,952</u>	<u>7,465,689</u>
Total Liabilities		7,288,952	7,465,689
Equity			
Islamic Banking Fund	j	1,499,315	1,472,866
		<u>1,499,315</u>	<u>1,472,866</u>
Total Equity		1,499,315	1,472,866
TOTAL LIABILITIES AND EQUITY		8,788,267	8,938,555

17. ISLAMIC BANKING (cont'd)

**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013**

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before zakat	34,442	79,948
Adjustments for:		
Financing impairment charges	11,360	138,572
Profit expense on Government borrowings and financing scheme funds	1,157	4,435
Depreciation of property, plant and equipment	9,519	8,431
Write off of property, plant and equipment	919	170
Amortisation of:		
Government Grant	(1,675)	-
Launching Grant	(889)	-
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	54,833	231,556
Change in financing and advances	(14,811)	(901,642)
Change in other assets	(11,420)	(5,405)
Change in deposits with financial institutions	(55,158)	20,000
Change in deposits from customers	(182,158)	622,864
Change in profit payables and others	680	8,163
Reimbursement to conventional system	(3,958)	1,148,649
	<hr/>	<hr/>
Cash Generated From Operations	(211,992)	1,124,185
Zakat paid	(345)	(2,854)
	<hr/>	<hr/>
Net Cash From Operating Activities	(212,337)	1,121,331
	<hr/>	<hr/>

17. ISLAMIC BANKING (cont'd)

**CONDENSED UNAUDITED STATEMENT OF CASH FLOW
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2013 (cont'd)**

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in investment securities	(2,152)	(1,460,341)
Purchase of property, plant and equipment	(11,341)	(25,938)
Net Cash Used In Investment Activities	(13,493)	(1,486,279)
CASH FLOW FROM FINANCING ACTIVITIES		
Profit paid on Government borrowings and financing scheme funds	(2)	(2,299)
Proceeds from:		
Fund For Food ("3F")	6,991	652
Special Fund For Terengganu Fishery ("DKSP")	(115)	(661)
Food Production Credit Scheme ("SKPM")		250
Micro Enterprise Funds	4,553	14,493
Repayments of Government borrowings and financing scheme funds	(4,847)	(116,053)
Launching grant utilised	(8)	-
Net Cash Used In Financing Activities	6,572	(103,618)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(219,258)	(468,566)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,095,975	1,564,541
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	876,717	1,095,975
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds	876,717	1,095,975
	876,717	1,095,975

17. ISLAMIC BANKING (cont'd)

(a) Income from financing	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Income from Islamic Banking business		
Financing	81,923	67,151
Income from financial institutions		
Profits from deposits with financial institutions	6,206	15,101
Profits from investment securities:		
HTM	1,723	1,676
AFS	21,872	9,206
Gain on disposal of investment securities:		
AFS	5,549	1,233
Fee Income		
Financing processing fees	790	4,294
Banking service fees	3,563	1,897
Ar-Rahnu fee	18,306	36,664
	<u>139,932</u>	<u>137,222</u>
Less : Profit attributable to customers		
Al-Mudharabah deposits	13,843	18,313
Al-Mudharabah savings	852	936
Agro Perdana-i	1,892	2,264
Agro-i deposits	3,160	3,211
Al-Wadiah savings	136	141
Agro Muda-i	943	894
Agro Tetangga-i	55	56
Basic Saving Account	1	-
	<u>20,882</u>	<u>25,815</u>
Fund For Food ("3F")	588	664
Food Production Credit Scheme ("SKPM")	62	62
Loan for Small and Medium Size Industries ("PKS")	62	62
Fund For Small and Medium-Sized Industries ("TIKS")	-	8
Non-Food Production Credit Scheme ("SKPBM")	15	17
Others	4,547	6
	<u>26,156</u>	<u>26,634</u>

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17. ISLAMIC BANKING (cont'd)

(a) Income from financing (cont'd)

	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Special Fund for Terengganu Fishery ("DKSP")	115	164
Staff financing	272	267
Reimbursement of Special Relief Grant for Flood ("SRGF")	28	47
Other income	42	126
	<u>114,233</u>	<u>111,192</u>
Income from Islamic Banking		
Of which:		
Profit income earned on impaired financing and advances	<u>1,529</u>	<u>5,690</u>

(b) Financing impairment charges

	Unaudited 3-Month ended 2013 RM'000	Unaudited 3-Month ended 2012 RM'000
Financing and advances :		
Allowance for the year	11,360	8,030
Amount written back upon recoveries and reversal of allowance	(8,367)	(9,892)
Individual impairment loss - net	2,993	(1,862)
Collective impairment loss	17,362	22,650
Bad debts and financing :		
Written off	-	82
Recovered	(1,777)	(828)
	<u>18,578</u>	<u>20,042</u>

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17. ISLAMIC BANKING (cont'd)

(c) Cash and short term funds

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Cash and bank balances	137,692	120,450
Short term deposits maturing within three months:		
Licensed finance companies	383,675	568,050
Other financial institutions	355,350	407,475
	<u>876,717</u>	<u>1,095,975</u>

(d) Deposits with financial institutions

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Other financial institutions	<u>55,158</u>	<u>-</u>

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17. ISLAMIC BANKING (cont'd)

(e) Investment securities

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
<u>Debt Securities</u>		
AFS - at fair value		
Corporate Bonds	1,387,391	1,341,087
Malaysian Government Securities	963,685	1,021,934
	<u>2,351,076</u>	<u>2,363,021</u>
HTM - at amortised cost		
Corporate Bonds	27,468	27,311
Commercial Papers	19,975	9,955
Malaysian Government Securities	161,639	161,754
	<u>209,082</u>	<u>199,020</u>
Net	<u><u>2,560,158</u></u>	<u><u>2,562,041</u></u>
Maturity structure for investments		
HTM is as follows:		
Maturity within six months	29,975	19,955
Between six months to one year	10,048	-
Between one year to three years	-	10,062
Between three years to five years	169,059	169,003
	<u>209,082</u>	<u>199,020</u>

17. ISLAMIC BANKING (cont'd)

(f) Financing and advances

	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Bai-Al-Inah	4,746,256	4,708,421
BBA Project and Vehicle	1,692,607	1,536,586
Fund For Food ("3F")	908,196	906,598
Ar-Rahnu	450,182	556,528
Fishery Boat Financing Scheme ("SPBP")	79,376	81,363
MUST-i	187,767	173,838
Oil Palm Replanting Scheme ("TASK")	28,600	31,363
MAP and MPPB Financing	96,514	98,971
Loan for Small and Medium Size Industries ("PKS")	63,917	66,294
Non-Food Production Credit Scheme ("SKPBM")	87,979	92,664
Food Production Credit Scheme ("SKPM")	11,968	13,038
Belia Tani Scheme	10,450	11,018
Entrepreneur Scheme for Graduates ("SUTKS - Financing")	4,841	5,549
Special Fund For Terengganu Fishery ("DKSP")	1,265	1,352
Fund For Small and Medium Size Industries ("TIKS")	2,297	2,357
Modal Pusingan-i	60,034	41,907
Paddy Credit Scheme	17,822	3,806
	8,450,071	8,331,653
Less: Unearned profit	(3,074,534)	(2,966,771)
	5,375,537	5,364,882
Less:		
Individual impairment loss	(142,271)	(138,896)
Collective impairment loss	(229,663)	(226,612)
	5,003,603	4,999,374
Staff financing and advances	37,230	38,089
Net	5,040,833	5,037,463

17. ISLAMIC BANKING (cont'd)

(f) Financing and advances (cont'd)

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Maturity structure for financing is as follows:		
Maturity within six months	555,013	629,176
Between six months to one year	39,193	50,395
Between one year to three years	401,470	423,088
Between three years to five years	689,743	677,519
More than five years	3,690,118	3,584,704
	<u>5,375,537</u>	<u>5,364,882</u>

(g) Deposits from customers

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Al-Wadiah savings	68,252	69,971
Al-Mudharabah savings	264,664	277,100
Al-Mudharabah general deposits	1,623,813	2,068,485
Fixed Return Investment Account- i	687,984	319,657
Agro Perdana-i	2,733,508	2,817,969
Deposit securities	82,659	89,814
Basic Saving Account	727	769
	<u>5,461,607</u>	<u>5,643,765</u>

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

Within six months	1,759,399	1,629,070
Between six months to one year	510,875	676,748
Between one year to three years	15,115	16,317
Between three years to five years	26,408	66,007
	<u>2,311,797</u>	<u>2,388,142</u>

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17. ISLAMIC BANKING (cont'd)

(h) Government borrowings and financing scheme funds

	Unaudited	Audited
	As at	As at
	31 March	31 December
	2013	2012
	RM'000	RM'000
Fund For Food ("3F")	974,194	970,462
Oil Palm Replanting Scheme ("TASKS")	14,000	14,000
Food Production Credit Scheme ("SKPM")	100,806	100,744
Fishery Boat Financing Scheme ("SPBP")	140,000	140,000
Entrepreneur Scheme for Graduates ("SUTKS-Financing")	8,015	8,010
Non-Food Production Credit Scheme ("SKPBM")	25,088	25,073
Loan for Small and Medium Size Industries ("PKS")	100,792	100,730
MPPB Funds	70,529	70,486
Paddy Credit Scheme	105,780	105,715
Micro Enterprise Fund	87,636	83,768
	<u>1,626,840</u>	<u>1,618,988</u>

17. ISLAMIC BANKING (cont'd)

(i) Government Grant - Funds	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Entrepreneur Scheme for Graduates ("SUTKS")	793	785
Special Fund for Terengganu Fishery ("DKSP")	1,260	1,391
Fund for Ministry Youth and Sports ("DKBS")	11,699	11,772
Development Programme for Hardcore Poor ("PPRT")	2,560	2,560
	16,312	16,508
(j) Islamic Banking Fund	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Retained earnings	702,297	667,855
General reserve	849,742	849,742
Reimbursement to conventional system	(58,418)	(54,460)
Investment revaluation reserve	5,694	9,729
	1,499,315	1,472,866
Retained earnings		
At beginning of the year	667,855	589,989
Profit after zakat	34,442	77,866
At end of the year	702,297	667,855
Reimbursement to conventional system		
At beginning of the year	(54,460)	(1,032,171)
Net reimbursement to	(3,958)	977,711
At end of the year	(58,418)	(54,460)
Investment revaluation reserve		
At beginning of the year	9,729	10,192
Retained profit AFS	-	593
Other comprehensive loss for the year	(4,035)	(1,056)
At end of the year	5,694	9,729

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17. ISLAMIC BANKING (cont'd)

(k) Capital adequacy	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Core capital ratio	24.09	24.06
Risk-weighted capital ratio	<u>25.93</u>	<u>25.12</u>

Components of Tier I and Tier II Capital	Unaudited As at 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
<u>Tier I Capital</u>		
General reserve	849,742	849,742
Reimbursement to conventional system	(58,418)	(54,460)
Retained earnings	<u>667,855</u>	<u>667,855</u>
<u>Total Tier I Capital</u>	<u>1,459,179</u>	<u>1,463,137</u>
Tier II Capital		
Collective impairment allowance	109,245	62,389
Government grant - funds	<u>2,053</u>	<u>2,176</u>
Total Tier II Capital	<u>111,298</u>	<u>64,565</u>
Total Capital Base	<u>1,570,477</u>	<u>1,527,702</u>

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17. ISLAMIC BANKING (cont'd)

(j) Capital adequacy (cont'd)

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

	Notional RM'000	Risk- weighted RM'000
0%	2,049,043	-
10%	-	-
20%	1,038,107	207,621
50%	27,060	13,530
100%	5,674,057	5,674,057
Off balance sheet risk-weighted assets	-	161,060
Total risk-weighted assets as of 31 March 2013	8,788,267	6,056,268
0%	2,074,056	-
10%	-	-
20%	1,149,237	229,847
50%	27,308	13,654
100%	5,687,954	5,687,954
Off balance sheet risk-weighted assets	-	149,152
Total risk-weighted assets as of 31 December 2012	8,938,555	6,080,607