

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Group		Bank			
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		(Restated)	(Restated)		(Restated)	(Restated)
ASSETS						
Cash and balances with banks	22,080,417	18,635,951	18,633,783	12,750,086	11,679,843	10,508,349
Reverse repurchase agreements	9,541,969	8,158,506	9,287,255	8,638,588	7,309,153	8,435,611
Financial assets held-for-trading	15,811,963	16,617,135	10,656,825	13,986,426	13,599,044	10,406,551
Derivative financial assets	365,354	370,465	493,852	350,729	364,344	492,536
Financial investments						
available-for-sale	17,618,512	17,201,120	16,719,433	15,124,867	15,620,244	14,287,941
Financial investments						
held-to-maturity	7,793,551	6,257,771	7,629,233	5,787,800	4,509,314	7,073,857
Loans, advances and financing	219,415,793	196,051,603	175,952,777	182,404,573	162,968,608	143,385,498
Other assets	2,539,699	2,205,998	2,221,635	2,409,310	2,098,972	2,119,787
Statutory deposits with						
Central Banks	6,924,832	5,787,206	5,597,801	5,565,946	4,738,213	4,496,365
Deferred tax assets	70,121	63,227	46,093	-	-	-
Investment in subsidiary						
companies	-	-	-	4,436,050	4,263,581	4,088,581
Investment in associated						
companies	158,885	151,210	155,997	121,325	121,325	121,325
Investment properties	97,391	87,886	70,754	-	-	-
Property and equipment	1,302,997	1,309,533	1,341,940	568,346	607,934	657,124
Intangible assets	2,003,912	1,926,347	1,965,476	695,393	695,393	695,393
TOTAL ASSETS	<u>305,725,396</u>	<u>274,823,958</u>	<u>250,772,854</u>	<u>252,839,439</u>	<u>228,575,968</u>	<u>206,768,918</u>
LIABILITIES						
Deposits from customers	250,873,189	225,042,325	200,370,525	201,871,592	181,688,444	159,384,439
Deposits from banks	16,175,836	12,849,313	15,806,732	16,923,048	14,408,778	16,717,349
Bills and acceptances payable	1,573,443	3,048,821	2,095,335	1,627,515	3,132,692	2,095,076
Recourse obligations on loans						
and financing sold to Cagamas	500,011	501,496	11,789	-	1,493	11,789
Derivative financial liabilities	334,590	233,564	236,724	429,495	210,760	190,325
Debt securities issued and other						
borrowed funds	10,369,825	9,946,853	11,317,833	9,906,434	9,081,942	10,422,749
Other liabilities	4,020,416	3,670,249	3,560,244	2,845,591	2,578,888	2,457,855
Provision for tax expense						
and zakat	585,229	740,283	777,405	362,971	522,088	563,807
Deferred tax liabilities	95,661	72,750	85,793	50,738	55,990	80,841
TOTAL LIABILITIES	<u>284,528,200</u>	<u>256,105,654</u>	<u>234,262,380</u>	<u>234,017,384</u>	<u>211,681,075</u>	<u>191,924,230</u>

The 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 2012.

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(6463 - H)
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	31 December 2013 RM'000	Group 31 December 2012 RM'000 (Restated)	1 January 2012 RM'000 (Restated)	31 December 2013 RM'000	Bank 31 December 2012 RM'000 (Restated)	1 January 2012 RM'000 (Restated)
EQUITY						
Share capital	3,531,926	3,531,926	3,531,926	3,531,926	3,531,926	3,531,926
Reserves	17,107,240	14,702,086	12,496,636	15,505,701	13,578,539	11,528,334
Treasury shares	(215,572)	(215,572)	(215,572)	(215,572)	(215,572)	(215,572)
Equity attributable to equity holders of the Bank	20,423,594	18,018,440	15,812,990	18,822,055	16,894,893	14,844,688
Non-controlling interests	773,602	699,864	697,484	-	-	-
TOTAL EQUITY	21,197,196	18,718,304	16,510,474	18,822,055	16,894,893	14,844,688
TOTAL LIABILITIES AND EQUITY	305,725,396	274,823,958	250,772,854	252,839,439	228,575,968	206,768,918
COMMITMENTS AND CONTINGENCIES	87,986,206	79,457,595	70,847,182	83,587,446	75,691,031	66,266,801
CAPITAL ADEQUACY						
<u>Before deducting interim dividends *</u>						
Common Equity Tier I Capital Ratio	9.276%	N/A	N/A	10.927%	N/A	N/A
Tier I Capital Ratio	11.055%	11.413%	11.235%	13.023%	13.632%	13.549%
Total Capital Ratio	14.288%	14.674%	15.625%	14.086%	14.534%	15.643%
<u>After deducting interim dividends *</u>						
Common Equity Tier I Capital Ratio	8.750%	N/A	N/A	10.300%	N/A	N/A
Tier I Capital Ratio	10.529%	10.828%	10.634%	12.396%	12.931%	12.823%
Total Capital Ratio	13.762%	14.089%	15.024%	13.459%	13.833%	14.917%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	5.83	5.15	4.52	5.37	4.82	4.24

* Refers to interim dividends declared subsequent to the financial year end.

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2013

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Operating revenue	3,918,673	3,630,057	15,264,300	14,058,097
Interest income	2,907,664	2,716,423	11,366,092	10,404,241
Interest expense	(1,494,102)	(1,379,160)	(5,795,554)	(5,149,596)
Net interest income	1,413,562	1,337,263	5,570,538	5,254,645
Net income from Islamic banking business	203,932	206,029	837,136	843,766
	1,617,494	1,543,292	6,407,674	6,098,411
Net fee and commission income	334,343	296,468	1,275,345	1,165,313
Net gains and losses on financial instruments	33,370	41,687	166,983	170,244
Other operating income	75,267	91,989	308,315	312,741
Net income	2,060,474	1,973,436	8,158,317	7,746,709
Other operating expenses	(630,394)	(595,668)	(2,503,636)	(2,417,590)
Operating profit	1,430,080	1,377,768	5,654,681	5,329,119
Allowance for impairment on loans, advances and financing	(90,283)	(84,167)	(351,252)	(279,244)
Writeback of impairment / (impairment) on other assets	1,213	(5,335)	149	(6,626)
	1,341,010	1,288,266	5,303,578	5,043,249
Share of profit after tax of equity accounted associated companies	276	3,063	6,406	3,985
Profit before tax expense and zakat	1,341,286	1,291,329	5,309,984	5,047,234
Tax expense and zakat	(306,215)	(294,678)	(1,204,342)	(1,177,992)
Profit for the period / year	1,035,071	996,651	4,105,642	3,869,242
Profit for the period / year attributable to :				
- Equity holders of the Bank	1,025,617	981,840	4,064,683	3,826,754
- Non-controlling interests	9,454	14,811	40,959	42,488
	1,035,071	996,651	4,105,642	3,869,242
Earnings per RM1.00 share:				
- basic / diluted (sen)	29.3	28.0	116.1	109.3

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2013

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Profit for the period / year	<u>1,035,071</u>	<u>996,651</u>	<u>4,105,642</u>	<u>3,869,242</u>
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<u>172,234</u>	<u>35,376</u>	<u>172,234</u>	<u>35,376</u>
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	<u>21,672</u>	<u>(2,884)</u>	<u>296,193</u>	<u>(134,122)</u>
- Net investment hedge	<u>(16,001)</u>	<u>3,800</u>	<u>(209,365)</u>	<u>109,601</u>
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	<u>20,666</u>	<u>23,099</u>	<u>10,936</u>	<u>50,899</u>
- Share of (loss) / gain of equity accounted associated companies	<u>(183)</u>	<u>54</u>	<u>(449)</u>	<u>159</u>
Hedging reserves:				
- Net change in cash flow hedges	<u>(29,841)</u>	<u>18,203</u>	<u>(12,256)</u>	<u>(11,764)</u>
	<u>(3,687)</u>	<u>42,272</u>	<u>85,059</u>	<u>14,773</u>
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	<u>(43,058)</u>	<u>(8,844)</u>	<u>(43,058)</u>	<u>(8,844)</u>
- Revaluation reserves	<u>(5,404)</u>	<u>(3,665)</u>	<u>(3,078)</u>	<u>(8,406)</u>
- Hedging reserves	<u>6,195</u>	<u>(4,551)</u>	<u>3,063</u>	<u>2,941</u>
	<u>(42,267)</u>	<u>(17,060)</u>	<u>(43,073)</u>	<u>(14,309)</u>
Other comprehensive income for the period / year, net of tax	<u>126,280</u>	<u>60,588</u>	<u>214,220</u>	<u>35,840</u>
Total comprehensive income for the period / year	<u>1,161,351</u>	<u>1,057,239</u>	<u>4,319,862</u>	<u>3,905,082</u>
Total comprehensive income for the period / year attributable to:				
- Equity holders of the Bank	<u>1,148,374</u>	<u>1,042,817</u>	<u>4,226,259</u>	<u>3,886,470</u>
- Non-controlling interests	<u>12,977</u>	<u>14,422</u>	<u>93,603</u>	<u>18,612</u>
	<u>1,161,351</u>	<u>1,057,239</u>	<u>4,319,862</u>	<u>3,905,082</u>

The 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 2012.

PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2013

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Operating revenue	2,960,778	2,765,023	11,503,573	10,630,272
Interest income	2,659,227	2,480,276	10,368,420	9,465,598
Interest expense	(1,436,222)	(1,322,470)	(5,568,826)	(4,917,078)
Net interest income	1,223,005	1,157,806	4,799,594	4,548,520
Net fee and commission income	137,870	125,431	520,243	490,025
Net gains and losses on financial instruments	36,894	40,649	162,861	168,210
Other operating income	283,379	282,730	975,058	1,155,109
Net income	1,681,148	1,606,616	6,457,756	6,361,864
Other operating expenses	(415,541)	(402,781)	(1,710,684)	(1,651,270)
Operating profit	1,265,607	1,203,835	4,747,072	4,710,594
Allowance for impairment on loans, advances and financing	(31,192)	(33,432)	(100,605)	(77,007)
Writeback of impairment / (impairment) on other assets	1,204	(5,471)	165	(6,601)
Profit before tax expense and zakat	1,235,619	1,164,932	4,646,632	4,626,986
Tax expense and zakat	(244,741)	(235,643)	(941,517)	(919,487)
Profit for the period / year	990,878	929,289	3,705,115	3,707,499

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INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2013

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Profit for the period / year	<u>990,878</u>	<u>929,289</u>	<u>3,705,115</u>	<u>3,707,499</u>
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<u>167,547</u>	<u>34,163</u>	<u>167,547</u>	<u>34,163</u>
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	<u>19,503</u>	<u>14,413</u>	<u>11,226</u>	<u>31,000</u>
Hedging reserves:				
- Net change in cash flow hedges	<u>(83,624)</u>	<u>4,803</u>	<u>(121,237)</u>	<u>(33,528)</u>
	<u>(64,121)</u>	<u>19,216</u>	<u>(110,011)</u>	<u>(2,528)</u>
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	<u>(41,887)</u>	<u>(8,541)</u>	<u>(41,887)</u>	<u>(8,541)</u>
- Revaluation reserves	<u>(4,875)</u>	<u>(3,603)</u>	<u>(2,806)</u>	<u>(7,750)</u>
- Hedging reserves	<u>19,641</u>	<u>(1,201)</u>	<u>30,309</u>	<u>8,382</u>
	<u>(27,121)</u>	<u>(13,345)</u>	<u>(14,384)</u>	<u>(7,909)</u>
Other comprehensive income for the period / year, net of tax	<u>76,305</u>	<u>40,034</u>	<u>43,152</u>	<u>23,726</u>
Total comprehensive income for the period / year	<u>1,067,183</u>	<u>969,323</u>	<u>3,748,267</u>	<u>3,731,225</u>

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

<----- Attributable to Equity Holders of the Bank ----->

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000				
At 1 January 2013								
- as previously stated	3,531,926	1,073,310	4,100,612	9,453,647	(215,572)	17,943,923	699,864	18,643,787
- effects of adoption of MFRS 119	-	-	253,255	(178,738)	-	74,517	-	74,517
At 1 January 2013, as restated	3,531,926	1,073,310	4,353,867	9,274,909	(215,572)	18,018,440	699,864	18,718,304
Profit for the year	-	-	-	4,064,683	-	4,064,683	40,959	4,105,642
Other comprehensive income for the year	-	-	161,576	-	-	161,576	52,644 *	214,220
Total comprehensive income for the year	-	-	161,576	4,064,683	-	4,226,259	93,603	4,319,862
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	10,081	(10,081)	-	-	-	-
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(503)	503	-	-	-	-
Transfer to regulatory reserves	-	-	241	(241)	-	-	-	-
Transfer to general reserves	-	-	1,103	(1,103)	-	-	-	-
Dividends paid	-	-	-	(1,821,105)	-	(1,821,105)	(19,865)	(1,840,970)
	-	-	10,922	(1,832,027)	-	(1,821,105)	(19,865)	(1,840,970)
At 31 December 2013	3,531,926	1,073,310	4,526,365	11,507,565	(215,572)	20,423,594	773,602	21,197,196

* Represent non-controlling interests' share of currency translation differences in respect of foreign operations.

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INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

<----- Attributable to Equity Holders of the Bank ----->

<u>Group</u>	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000				
At 1 January 2012								
- as previously stated	3,531,926	1,073,310	4,056,014	7,276,808	(215,572)	15,722,486	697,484	16,419,970
- effects of adoption of MFRS 119	-	-	226,723	(136,219)	-	90,504	-	90,504
At 1 January 2012, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>4,282,737</u>	<u>7,140,589</u>	<u>(215,572)</u>	<u>15,812,990</u>	<u>697,484</u>	<u>16,510,474</u>
Profit for the year	-	-	-	3,826,754	-	3,826,754	42,488	3,869,242
Other comprehensive income / (loss) for the year	-	-	59,716	-	-	59,716	(23,876) *	35,840
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>59,716</u>	<u>3,826,754</u>	<u>-</u>	<u>3,886,470</u>	<u>18,612</u>	<u>3,905,082</u>
Transactions with owners / other equity movements:								
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	503	(503)	-	-	-	-
Transfer to statutory reserves	-	-	9,741	(9,741)	-	-	-	-
Transfer to regulatory reserves	-	-	252	(252)	-	-	-	-
Transfer to general reserves	-	-	918	(918)	-	-	-	-
Dividends paid	-	-	-	(1,681,020)	-	(1,681,020)	(16,232)	(1,697,252)
	<u>-</u>	<u>-</u>	<u>11,414</u>	<u>(1,692,434)</u>	<u>-</u>	<u>(1,681,020)</u>	<u>(16,232)</u>	<u>(1,697,252)</u>
At 31 December 2012	<u><u>3,531,926</u></u>	<u><u>1,073,310</u></u>	<u><u>4,353,867</u></u>	<u><u>9,274,909</u></u>	<u><u>(215,572)</u></u>	<u><u>18,018,440</u></u>	<u><u>699,864</u></u>	<u><u>18,718,304</u></u>

* Represent non-controlling interests' share of currency translation differences in respect of foreign operations.

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PUBLIC BANK BERHAD
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(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	<----- Attributable to Equity Holders of the Bank ----->					
	Non-distributable		Distributable			
	Share	Share	<u>Reserves</u>	<u>Reserves</u>	Treasury	
Bank	Capital	Premium	Other	Retained	Shares	Total
	RM'000	RM'000	Reserves	Profits	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013						
- as previously stated	3,531,926	1,073,310	3,514,328	8,918,940	(215,572)	16,822,932
- effects of adoption of MFRS 119	-	-	244,569	(172,608)	-	71,961
At 1 January 2013, as restated	3,531,926	1,073,310	3,758,897	8,746,332	(215,572)	16,894,893
Profit for the year	-	-	-	3,705,115	-	3,705,115
Other comprehensive income for the year	-	-	43,152	-	-	43,152
Total comprehensive income for the year	-	-	43,152	3,705,115	-	3,748,267
Transactions with owners / other equity movements:						
Transfer to general reserves	-	-	1,103	(1,103)	-	-
Dividends paid	-	-	-	(1,821,105)	-	(1,821,105)
	-	-	1,103	(1,822,208)	-	(1,821,105)
At 31 December 2013	3,531,926	1,073,310	3,803,152	10,629,239	(215,572)	18,822,055

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AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

<----- Attributable to Equity Holders of the Bank ----->

Bank	Non-distributable		Distributable		Treasury	Total
	Share	Share	Other	Retained		
	Capital	Premium	Reserves	Profits	Shares	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012						
- as previously stated	3,531,926	1,073,310	3,515,306	6,852,318	(215,572)	14,757,288
- effects of adoption of MFRS 119	-	-	218,947	(131,547)	-	87,400
At 1 January 2012, as restated	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,734,253</u>	<u>6,720,771</u>	<u>(215,572)</u>	<u>14,844,688</u>
Profit for the year	-	-	-	3,707,499	-	3,707,499
Other comprehensive income for the year	-	-	23,726	-	-	23,726
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>23,726</u>	<u>3,707,499</u>	<u>-</u>	<u>3,731,225</u>
Transactions with owners / other equity movements:						
Transfer to general reserves	-	-	918	(918)	-	-
Dividends paid	-	-	-	(1,681,020)	-	(1,681,020)
	<u>-</u>	<u>-</u>	<u>918</u>	<u>(1,681,938)</u>	<u>-</u>	<u>(1,681,020)</u>
At 31 December 2012	<u><u>3,531,926</u></u>	<u><u>1,073,310</u></u>	<u><u>3,758,897</u></u>	<u><u>8,746,332</u></u>	<u><u>(215,572)</u></u>	<u><u>16,894,893</u></u>

The 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 2012.

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AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Cash Flows from Operating Activities				
Profit before tax expense and zakat	5,309,984	5,047,234	4,646,632	4,626,986
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(6,406)	(3,985)	-	-
Allowance for impaired loans and financing	566,036	474,064	228,830	184,249
Depreciation of property and equipment	161,188	167,253	127,694	135,515
Net gain on financial instruments	(11,172)	(6,611)	(11,812)	(9,737)
Dividends received	(145,960)	(151,033)	(900,848)	(1,004,150)
Transfer to profit equalisation reserve	497	265	-	-
Impairment (writeback) / loss	(149)	6,626	(165)	6,601
Other non-cash items	73,871	22,411	72,706	44,545
Operating profit before working capital changes	5,947,889	5,556,224	4,163,037	3,984,009
Changes in working capital:				
Increase in operating assets	(25,998,148)	(25,374,709)	(22,321,011)	(21,124,338)
Increase in operating liabilities	27,777,664	23,520,996	21,480,598	21,228,048
Cash generated from operations	7,727,405	3,702,511	3,322,624	4,087,719
Tax expense and zakat paid	(1,386,021)	(1,259,558)	(1,120,157)	(993,966)
Net cash generated from operating activities	6,341,384	2,442,953	2,202,467	3,093,753
Cash Flows from Investing Activities				
Purchase of property and equipment	(128,912)	(147,688)	(88,150)	(89,277)
Proceeds from disposal of properties	39,512	47,347	38,291	46,378
Net (purchase) / sale of financial investments	(2,006,250)	896,641	(817,631)	1,223,794
Additional investment in a subsidiary company	-	-	(175,000)	(175,000)
Dividends received	152,307	155,816	860,919	971,740
Net cash (used in) / generated from investing activities	(1,943,343)	952,116	(181,571)	1,977,635

The 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 2012.

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	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Cash Flows from Financing Activities				
Dividends paid	(1,840,970)	(1,697,252)	(1,821,105)	(1,681,020)
Net repayment of borrowings	(401,520)	(30,173)	-	-
Net proceeds from issuance of debt securities	2,347,915	-	2,347,915	-
Redemption of debt securities	(1,400,000)	(1,263,400)	(1,400,000)	(1,263,400)
Net cash used in financing activities	(1,294,575)	(2,990,825)	(873,190)	(2,944,420)
Net change in cash and cash equivalents	3,103,466	404,244	1,147,706	2,126,968
Cash and cash equivalents at beginning of the year	16,835,772	16,570,679	10,238,710	8,111,742
Exchange differences on translation of opening balances	243,985	(139,151)	-	-
Cash and cash equivalents at end of the year	<u>20,183,223</u>	<u>16,835,772</u>	<u>11,386,416</u>	<u>10,238,710</u>
Note:				
Cash and balances with banks	22,080,417	18,635,951	12,750,086	11,679,843
Less: Balances with banks with maturity more than one month	(1,897,194)	(1,800,179)	(1,363,670)	(1,441,133)
Cash and cash equivalents at end of the year	<u>20,183,223</u>	<u>16,835,772</u>	<u>11,386,416</u>	<u>10,238,710</u>

The 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 2012.

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**Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and
Policy Document on Financial Reporting Issued by Bank Negara Malaysia**

A1. Basis of Preparation

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2013 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2012. 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 2012.

The audited interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2012, except for the adoption and early adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial year:

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Government Loans (Amendments to MFRS 1)	
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)	

Effective for annual periods commencing on or after 1 January 2014 (Early adoption)

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)	
Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)	
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)	
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS 139)	
IC Interpretation 21 Levies	

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A1. Basis of Preparation (continued)

The adoption of MFRS 119 has affected the way in which the Group and the Bank account for employee benefits, in particular with respect to post-employment benefits under its defined benefit plan. The financial effects of the adoption of MFRS 119 are discussed in Note A32 Changes in Accounting Policies.

MFRS 13 establishes a single source of guidance under MFRSs for measuring fair value, and the disclosure requirements about fair value. MFRS 13 defines fair value as an exit price and emphasises the principle that fair value is a market-based measurement, not an entity-specific measurement. The adoption of this standard resulted in additional disclosures in the financial statements but did not have any financial impact on the Group and the Bank.

Amendments to MFRS 7 require more quantitative information to be disclosed about rights to set-off and related arrangements so as to provide users with information to evaluate the effect of netting arrangements on an entity's financial position. The adoption of these amendments only affected disclosures but did not have any financial impact on the Group and the Bank.

IC Interpretation 20 and IC Interpretation 21 are not applicable to the Group and the Bank as they are not relevant to the business of the Group and the Bank. Government Loans (Amendments to MFRS 1) has no financial impact to the Group and the Bank as the Group and the Bank do not hold any government grants or receive any government assistance.

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

With effect from 1 January 2013, the Group and the Bank adopted the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) ("the Framework") issued on 28 November 2012. This Framework outlines the general requirements on regulatory capital adequacy ratios, the components of eligible regulatory capital as well as the levels of those ratios at which banking institutions are required to operate. The Framework has been developed based on internationally agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision. Under the Framework, the minimum capital adequacy ratios are progressively increased from 1 January 2013 to 1 January 2019, and includes a phased introduction of a new capital conservation buffer of 2.5%. Additional capital requirements, including a new counter-cyclical buffer ranging from 0% to 2.5% will be detailed out at a later stage.

On 28 June 2013, Bank Negara Malaysia issued policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions ("Policy Documents") to replace the Guidelines on Financial Reporting for Banking Institutions and Guidelines on Financial Reporting for Islamic Banking Institutions (BNM/GP8-i) respectively. The Policy Documents set minimum expectations for the application of the MFRSs and aim to ensure adequate disclosures in the financial statements of banking institutions. The Bank and the domestic banking subsidiaries of the Group have adopted the Policy Documents with effect from 30 June 2013. Since the adoption of the Policy Documents only affect disclosures in the financial statements, there is no impact on the financial results of the Group and the Bank.

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

Effective for annual periods commencing on or after 1 January 2015

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)	

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A1. Basis of Preparation (continued)

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of this standard and its proposed changes, the financial effects of its adoption are still being assessed by the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and financial year ended 31 December 2013.

A4. 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 4th quarter and financial year ended 31 December 2013.

A5. Changes in Estimates

Other than as disclosed in Note A32 Changes in Accounting Policies, there were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and financial year ended 31 December 2013.

A6. Debt and Equity Securities

Save as disclosed below, there were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank:

a) **RM5.0 Billion Senior Medium Term Notes Programme**

On 5 April 2013, the Bank obtained the approval from the Securities Commission for the establishment of a Senior Medium Term Notes Programme for the issuance of Senior Medium Term Notes ("Senior MTNs") of up to RM5.0 billion in Nominal Value.

During the year, the Bank issued RM400 million in nominal value of Senior MTNs with a tenor of 5 years with interest ranging from 3.65% to 3.67% per annum.

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A6. Debt and Equity Securities (continued)

Save as disclosed below, there were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank (continued):

b) Subordinated Notes

i) RM5.0 Billion Subordinated Medium Term Note Programme

On 16 May 2013, the Bank had redeemed the RM1,400 million 4.73% Subordinated Notes together with accrued interest.

ii) RM10.0 Billion Basel III - Compliant Tier II Subordinated Medium Term Notes Programme ("the Programme")

The Bank obtained approvals from Bank Negara Malaysia and the Securities Commission vide their letters dated 14 June 2013 and 10 July 2013 respectively for the establishment of a Basel III - Compliant Tier II Subordinated Medium Term Notes Programme of up to RM10.0 billion in nominal value.

- a) On 25 September 2013, the Bank issued the first tranche of RM1,000 million in aggregate nominal amount under the Programme. The Notes bear interest at 4.80% per annum which will be due on 25 September 2023 and are callable on 25 September 2018.
- b) On 28 October 2013, the Bank issued the second tranche of RM450 million in aggregate nominal amount under the Programme. The Notes bear interest at 4.77% per annum which will be due on 27 October 2023 and are callable on 29 October 2018.
- c) On 15 November 2013, the Bank issued the third tranche of RM500 million in aggregate nominal amount under the Programme. The Notes bear interest at 4.73% per annum which will be due on 15 November 2023 and are callable on 15 November 2018.

A7. Dividends Paid and Distributed

During the financial year ended 31 December 2013:-

- a) A second interim single tier dividend of 30% in respect of the financial year ended 31 December 2012, amounting to RM1,050,637,539 was paid on 5 March 2013.
- b) A first interim single tier dividend of 22% in respect of the financial year ended 31 December 2013, amounting to RM770,467,529 was paid on 20 August 2013.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	68,286	-	68,286
Malaysian Government Securities	223,523	141,362	223,523	141,362
Malaysian Government Investment Certificates	1,310,771	193,352	1,106,521	193,352
Bank Negara Malaysia Monetary Notes	49,346	3,424,343	49,346	1,906,237
Bank Negara Malaysia Bills	-	149,736	-	-
	<u>1,583,640</u>	<u>3,977,079</u>	<u>1,379,390</u>	<u>2,309,237</u>
Money market instruments:				
Negotiable instruments of deposit	<u>13,822,929</u>	11,836,221	<u>12,274,547</u>	10,715,460
Non-money market instruments:				
Equity securities:				
- Quoted shares in Malaysia	-	879	-	879
Debt securities:				
- Unquoted private debt securities	405,394	802,956	332,489	573,468
	<u>405,394</u>	<u>803,835</u>	<u>332,489</u>	<u>574,347</u>
Total financial assets held-for-trading	<u>15,811,963</u>	<u>16,617,135</u>	<u>13,986,426</u>	<u>13,599,044</u>

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A9. Financial Investments Available-for-sale

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	1,386,790	845,916	1,386,790	845,916
Malaysian Government Securities	975,356	491,355	975,356	491,355
Malaysian Government Investment Certificates	3,140,471	1,389,493	1,703,562	836,162
Bank Negara Malaysia Monetary Notes	4,604,017	7,341,239	4,604,017	7,341,239
	<u>10,106,634</u>	<u>10,068,003</u>	<u>8,669,725</u>	<u>9,514,672</u>
Money market instruments:				
Negotiable instruments of deposit	<u>198,844</u>	-	<u>198,844</u>	-
Non-money market instruments:				
Equity securities #:				
- Quoted shares and convertible loan stocks in Malaysia	4,785	36,210	4,785	36,210
- Quoted shares and convertible loan stocks outside Malaysia	11,897	10,984	-	-
- Unquoted shares	110,249	108,383	106,285	104,614
Debt securities:				
- Unquoted private debt securities	2,078,879	2,014,665	1,607,095	1,554,903
Unit trust funds	5,107,224	4,962,875	4,538,133	4,409,845
	<u>7,313,034</u>	<u>7,133,117</u>	<u>6,256,298</u>	<u>6,105,572</u>
Total financial investments available-for-sale	<u>17,618,512</u>	<u>17,201,120</u>	<u>15,124,867</u>	<u>15,620,244</u>

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	19,961	-	-	-
Malaysian Government Securities	1,235,500	1,139,827	1,205,514	1,089,201
Malaysian Government Investment Certificates	2,190,194	1,739,184	2,119,819	1,739,184
Foreign Government Treasury Bills	756,069	727,307	111,725	58,285
Other foreign government securities	197,872	-	-	-
	<u>4,399,596</u>	<u>3,606,318</u>	<u>3,437,058</u>	<u>2,886,670</u>
Money market instruments:				
Negotiable instruments of deposit	1,890,742	1,717,161	1,528,777	1,472,807
Bankers' acceptances and Islamic accepted bills	279,895	299,437	89,092	-
	<u>2,170,637</u>	<u>2,016,598</u>	<u>1,617,869</u>	<u>1,472,807</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	130,287	5,059	90,436	5,059
- Unquoted private debt securities	1,093,138	629,951	642,544	144,933
	<u>1,223,425</u>	<u>635,010</u>	<u>732,980</u>	<u>149,992</u>
Accumulated impairment losses	(107)	(155)	(107)	(155)
Total financial investments held-to-maturity	<u>7,793,551</u>	<u>6,257,771</u>	<u>5,787,800</u>	<u>4,509,314</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost				
Overdrafts	9,694,121	9,528,841	8,319,983	8,291,756
Term loans				
- Housing loans / financing	69,371,088	59,867,383	60,472,169	52,536,395
- Syndicated term loans / financing	1,782,419	1,974,334	1,071,646	881,720
- Hire purchase receivables	44,923,671	42,021,461	31,906,568	30,138,506
- Other term loans / financing	83,603,166	73,633,407	70,256,580	61,665,524
Credit card receivables	1,623,283	1,604,211	1,613,033	1,594,106
Bills receivables	132,233	130,609	112,310	97,980
Trust receipts	318,642	324,142	262,301	278,177
Claims on customers under acceptance credits	4,146,270	4,020,397	4,013,598	4,007,132
Revolving credits	4,247,740	3,464,140	4,273,079	3,505,412
Staff loans *	1,333,170	1,214,239	1,254,160	1,141,458
Gross loans, advances and financing	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,592,085)	(1,529,566)	(1,071,089)	(1,059,484)
- individual assessment allowance	(167,925)	(201,995)	(79,765)	(110,074)
Net loans, advances and financing	<u>219,415,793</u>	<u>196,051,603</u>	<u>182,404,573</u>	<u>162,968,608</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,499,000 (2012: RM3,785,000) and RM3,092,000 (2012 - RM3,313,000) respectively.

A11a. By class

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Retail loans / financing *				
- Housing loans / financing	69,371,088	59,867,383	60,472,169	52,536,395
- Hire purchase	44,923,671	42,021,461	31,906,568	30,138,506
- Credit cards	1,623,283	1,604,211	1,613,033	1,594,106
- Other loans / financing ^	74,634,000	66,421,547	64,745,015	57,307,670
	<u>190,552,042</u>	<u>169,914,602</u>	<u>158,736,785</u>	<u>141,576,677</u>
Corporate loans / financing	30,623,761	27,868,562	24,818,642	22,561,489
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

* Included in retail loans / financing are loans / financing granted to individual borrowers and mid-market commercial enterprises.

^ Included in other loans / financing are term loans, trade financing, overdrafts and revolving credits.

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A11. Loans, Advances and Financing (continued)

A11b. By type of customer

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Banking institutions	219,841	572,034	32,806	397,658
Non-bank financial institutions				
- Stock-broking companies	10,415	14,202	10,415	14,202
- Others	5,867,394	5,676,475	5,796,575	5,434,225
Business enterprises				
- Small and medium enterprises	46,466,558	38,966,081	41,907,628	35,195,448
- Others	24,774,604	24,147,664	19,839,602	19,727,188
Government and statutory bodies	328,984	341,178	9,205	19,300
Individuals	141,050,941	126,071,304	113,628,081	101,473,775
Other entities	43,708	42,618	41,090	39,740
Foreign entities	2,413,358	1,951,608	2,290,025	1,836,630
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Fixed rate				
- Housing loans / financing	760,224	1,200,815	100,506	461,400
- Hire purchase receivables	43,231,795	40,487,636	31,896,405	30,128,935
- Other fixed rate loans / financing	15,294,702	15,447,863	8,200,180	8,170,545
Variable rate				
- Base lending rate plus	131,488,842	113,302,637	123,273,711	107,615,616
- Cost plus	20,029,781	17,881,772	19,323,512	17,123,260
- Other variable rates	10,370,459	9,462,441	761,113	638,410
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

A11d. By residual contractual maturity

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Maturity within one year	29,512,905	26,478,852	24,665,072	22,175,219
More than one year to three years	21,787,337	22,671,399	17,348,887	18,602,463
More than three years to five years	21,614,004	18,899,528	16,869,100	14,547,090
More than five years	148,261,557	129,733,385	124,672,368	108,813,394
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	206,634,918	184,541,775	183,018,237	163,752,137
Hong Kong SAR and the People's Republic of China	11,573,237	10,778,263	-	-
Cambodia	2,430,458	2,077,097	-	-
Other countries	537,190	386,029	537,190	386,029
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Purchase of securities	4,023,503	4,126,999	3,861,298	4,050,091
Purchase of transport vehicles	45,158,466	42,238,571	32,139,612	30,344,330
Purchase of landed properties	126,004,256	108,286,165	111,871,882	96,520,395
(of which: - residential	70,928,295	61,130,701	62,005,417	53,826,198
- non-residential)	55,075,961	47,155,464	49,866,465	42,694,197
Purchase of fixed assets (excluding landed properties)	242,072	298,551	212,738	258,721
Personal use	9,090,491	9,318,142	4,527,048	4,270,035
Credit card	1,623,283	1,604,211	1,613,033	1,594,106
Purchase of consumer durables	16,855	16,746	13,619	13,103
Construction	2,903,437	2,493,576	2,268,033	1,911,728
Mergers and acquisitions	208,454	220,006	208,454	220,006
Working capital	28,219,556	25,325,719	23,401,960	21,365,295
Other purpose	3,685,430	3,854,478	3,437,750	3,590,356
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Agriculture, hunting, forestry and fishing	2,847,443	2,690,193	2,471,313	2,422,271
Mining and quarrying	199,457	158,556	167,811	138,374
Manufacturing	8,891,271	8,149,499	7,885,681	7,316,331
Electricity, gas and water	54,698	38,083	21,429	14,898
Construction	6,597,972	6,039,106	5,580,719	5,174,150
Wholesale & retail trade and restaurants & hotels	19,372,207	17,304,919	17,702,488	15,819,202
Transport, storage and communication	3,395,952	3,182,098	2,577,828	2,434,007
Finance, insurance and business services	12,214,958	11,325,402	10,838,160	10,077,315
Real estate	21,064,548	17,850,585	17,867,116	14,926,521
Community, social and personal services	4,319,749	3,947,054	3,886,443	3,542,013
Households	141,214,063	126,342,848	114,444,907	102,115,314
Others	1,003,485	754,821	111,532	157,770
	<u>221,175,803</u>	<u>197,783,164</u>	<u>183,555,427</u>	<u>164,138,166</u>

A11h. Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Bankers' acceptances rediscounted	<u>974,991</u>	<u>2,306,869</u>	<u>974,121</u>	<u>2,305,913</u>

A11i. Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At 1 January	1,374,086	1,529,657	1,014,660	1,150,234
Impaired during the year	2,939,301	2,575,901	2,125,565	1,881,155
Reclassified as non-impaired	(1,976,588)	(1,924,842)	(1,576,211)	(1,571,125)
Recoveries	(299,343)	(299,087)	(169,777)	(234,953)
Amount written off	(555,058)	(475,296)	(247,931)	(185,974)
Loans converted to foreclosed properties / investments	(10,981)	(24,759)	(10,721)	(24,502)
Exchange differences	13,362	(7,488)	152	(175)
Closing balance	<u>1,484,779</u>	<u>1,374,086</u>	<u>1,135,737</u>	<u>1,014,660</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.67%</u>	<u>0.69%</u>	<u>0.62%</u>	<u>0.62%</u>

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Malaysia	1,364,302	1,212,622	1,133,697	1,012,355
Hong Kong SAR and the People's Republic of China	74,329	96,054	-	-
Cambodia	44,108	63,105	-	-
Other countries	2,040	2,305	2,040	2,305
	<u>1,484,779</u>	<u>1,374,086</u>	<u>1,135,737</u>	<u>1,014,660</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Purchase of securities	3,466	5,852	3,462	5,848
Purchase of transport vehicles	357,474	263,313	256,600	189,226
Purchase of landed properties	676,066	591,758	608,140	497,871
(of which: - residential	526,930	420,286	468,751	371,040
- non-residential)	149,136	171,472	139,389	126,831
Purchase of fixed assets (excluding landed properties)	6,003	6,168	5,977	6,049
Personal use	169,312	165,205	48,542	47,086
Credit card	23,161	23,421	23,084	23,309
Purchase of consumer durables	82	377	4	309
Construction	11,469	14,109	8,855	13,369
Working capital	223,163	283,886	166,649	211,641
Other purpose	14,583	19,997	14,424	19,952
	<u>1,484,779</u>	<u>1,374,086</u>	<u>1,135,737</u>	<u>1,014,660</u>

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A11. Loans, Advances and Financing (continued)

A11l. Impaired loans, advances and financing by sectors

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Agriculture, hunting, forestry and fishing	16,692	11,772	2,559	4,422
Mining and quarrying	1,483	132	437	97
Manufacturing	110,739	130,029	98,646	117,907
Electricity, gas and water	1,551	1,205	-	-
Construction	41,188	68,336	37,600	66,813
Wholesale & retail trade and restaurants & hotels	130,908	117,113	106,597	86,462
Transport, storage and communication	61,167	54,959	59,778	47,954
Finance, insurance and business services	24,219	44,217	19,331	21,186
Real estate	23,715	61,688	21,458	30,388
Community, social and personal services	20,427	16,091	20,118	15,980
Households	1,050,632	867,416	768,342	622,571
Others	2,058	1,128	871	880
	<u>1,484,779</u>	<u>1,374,086</u>	<u>1,135,737</u>	<u>1,014,660</u>

A11m. Movements in the allowance for impaired loans, advances and financing are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,529,566	1,496,044	1,059,484	1,038,212
Allowance made during the year	340,289	279,199	219,966	187,119
Amount written off	(280,604)	(243,996)	(208,758)	(165,574)
Exchange differences	2,834	(1,681)	397	(273)
Closing balance	<u>1,592,085</u>	<u>1,529,566</u>	<u>1,071,089</u>	<u>1,059,484</u>

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	201,995	245,196	110,074	134,748
Allowance made during the year	242,911	246,919	18,342	27,173
Amount written back in respect of recoveries	(17,164)	(52,054)	(9,478)	(30,043)
Amount written off	(274,454)	(231,300)	(39,173)	(20,400)
Amount transferred to allowance for impairment loss on foreclosed properties	-	(1,404)	-	(1,404)
Exchange differences	14,637	(5,362)	-	-
Closing balance	<u>167,925</u>	<u>201,995</u>	<u>79,765</u>	<u>110,074</u>

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A12. Other Assets

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Deferred handling fees	242,734	236,571	175,656	173,995
Interest / Income receivable	69,650	32,942	45,374	20,560
Other receivables, deposits and prepayments	1,410,075	1,283,277	1,338,651	1,156,749
Manager's stocks	87,984	67,652	-	-
Employee benefits	294,339	199,079	286,306	192,251
Amount due from trust funds	111,536	97,891	-	-
Foreclosed properties	57,280	82,673	55,982	80,522
Taxi licenses	1,130	1,056	-	-
Outstanding contracts on clients' accounts	264,971	204,857	-	-
Amount due from subsidiary companies	-	-	37,879	45,248
Dividend receivable from subsidiary companies	-	-	469,462	429,647
	<u>2,539,699</u>	<u>2,205,998</u>	<u>2,409,310</u>	<u>2,098,972</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	38,202,745	32,632,541	33,382,002	28,643,745
- Savings deposits	25,824,590	23,726,493	18,349,316	16,843,952
- Fixed deposits	137,230,286	120,675,603	107,341,341	93,931,585
	<u>201,257,621</u>	<u>177,034,637</u>	<u>159,072,659</u>	<u>139,419,282</u>
Wholesale deposits:				
- Negotiable instruments of deposit	1,620,398	1,223,620	651,420	90,112
- Money market deposits	47,881,370	46,593,137	42,036,700	41,991,233
	<u>49,501,768</u>	<u>47,816,757</u>	<u>42,688,120</u>	<u>42,081,345</u>
Other deposits	113,800	190,931	110,813	187,817
	<u>250,873,189</u>	<u>225,042,325</u>	<u>201,871,592</u>	<u>181,688,444</u>

b) By type of customer

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Federal and state governments	1,451,465	1,617,446	234,600	162,506
Local government and statutory authorities	2,695,427	3,154,490	1,610,984	2,041,839
Business enterprises	77,616,935	64,959,217	62,433,119	52,239,124
Individuals	111,921,512	102,008,645	97,008,165	88,167,268
Foreign customers	6,655,412	4,444,181	5,914,089	3,840,822
Others	50,532,438	48,858,346	34,670,635	35,236,885
	<u>250,873,189</u>	<u>225,042,325</u>	<u>201,871,592</u>	<u>181,688,444</u>

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A13. Deposits from Customers (continued)

- c) The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Due within six months	162,340,586	151,771,362	128,981,442	121,861,534
More than six months to one year	24,080,964	16,345,923	20,876,847	14,023,613
More than one year to three years	306,626	367,778	167,761	122,377
More than three years to five years	3,878	7,297	3,411	5,406
	<u>186,732,054</u>	<u>168,492,360</u>	<u>150,029,461</u>	<u>136,012,930</u>

A14. Deposits from Banks

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
At amortised cost				
Licensed banks	4,234,141	3,080,562	2,893,468	2,168,377
Licensed Islamic banks	1,063,881	1,428,121	713,881	808,850
Licensed investment banks	3,473,912	3,573,682	3,494,590	3,435,195
Bank Negara Malaysia	1,980,255	2,602,861	1,977,865	2,602,861
Other financial institutions	5,423,647	2,164,087	7,843,244	5,393,495
	<u>16,175,836</u>	<u>12,849,313</u>	<u>16,923,048</u>	<u>14,408,778</u>

A15. Other Liabilities

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Interest / Income payable	1,186,739	1,102,170	1,009,164	935,099
Other payables and accruals	2,351,233	2,120,839	1,803,877	1,565,466
Amount due to trust funds	66,534	46,656	-	-
Unprocessed sales and / or redemptions	118,778	127,505	-	-
Profit Equalisation Reserve of the investment account holder	-	265	-	-
Finance lease liabilities	26,484	60,723	26,484	60,723
Outstanding contracts on clients' accounts	255,125	199,195	-	-
Dividend payable to shareholders	15,523	12,896	1,866	2,461
Amount due to subsidiary companies	-	-	4,200	15,139
	<u>4,020,416</u>	<u>3,670,249</u>	<u>2,845,591</u>	<u>2,578,888</u>

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A16. Interest Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Group				
Loans and advances	2,478,232	2,301,781	9,596,439	8,856,696
Balances with banks	146,956	119,735	704,391	426,060
Financial investments available-for-sale	73,122	83,638	291,585	334,649
Financial investments held-to-maturity	70,101	58,323	249,862	262,287
Others	41,147	36,438	138,024	112,680
	<u>2,809,558</u>	<u>2,599,915</u>	<u>10,980,301</u>	<u>9,992,372</u>
Financial assets held-for-trading	98,106	116,508	385,791	411,869
	<u>2,907,664</u>	<u>2,716,423</u>	<u>11,366,092</u>	<u>10,404,241</u>

Of which:

Interest income earned on impaired loans
and advances

13,189	12,466	53,248	52,143
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	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Bank				
Loans and advances	2,269,191	2,100,030	8,757,158	8,061,363
Balances with banks	137,432	113,766	660,613	401,149
Financial investments available-for-sale	71,383	81,785	284,662	322,696
Financial investments held-to-maturity	49,430	41,766	174,990	187,645
Others	41,138	36,436	138,008	112,660
	<u>2,568,574</u>	<u>2,373,783</u>	<u>10,015,431</u>	<u>9,085,513</u>
Financial assets held-for-trading	90,653	106,493	352,989	380,085
	<u>2,659,227</u>	<u>2,480,276</u>	<u>10,368,420</u>	<u>9,465,598</u>

Of which:

Interest income earned on impaired loans
and advances

12,391	11,992	49,829	49,523
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A17. Interest Expense

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	84,468	67,763	340,789	238,319
Deposits from customers	1,302,171	1,212,764	5,067,506	4,508,322
Loans sold to Cagamas	-	42	23	360
Debt securities issued and other borrowed funds	106,505	96,092	381,161	392,429
Others	958	2,499	6,075	10,166
	<u>1,494,102</u>	<u>1,379,160</u>	<u>5,795,554</u>	<u>5,149,596</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	79,009	60,639	312,498	211,251
Deposits from customers	1,252,056	1,166,374	4,881,538	4,316,230
Loans sold to Cagamas	-	42	23	360
Debt securities issued and other borrowed funds	104,260	92,973	368,931	379,336
Others	897	2,442	5,836	9,901
	<u>1,436,222</u>	<u>1,322,470</u>	<u>5,568,826</u>	<u>4,917,078</u>

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A18. Net Fee and Commission Income

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Group				
Fee and commission income:				
Commissions	108,585	93,051	389,199	352,019
Service charges and fees	69,325	70,057	271,588	270,639
Guarantee fees	9,231	9,259	33,517	32,599
Processing fees	3,259	3,452	15,400	14,868
Commitment fees	15,251	15,404	61,445	60,443
Unit trust management fees	189,411	161,443	704,511	609,936
Fee on sale of trust units	82,353	63,684	313,801	260,302
Net brokerage and commissions from stockbroking activities	19,509	14,840	80,053	75,509
Other fee and commission income	9,490	9,316	38,896	49,342
	<u>506,414</u>	<u>440,506</u>	<u>1,908,410</u>	<u>1,725,657</u>
Fee and commission expense:				
Loan related fee	(67,028)	(59,761)	(253,359)	(227,974)
Unit trust agency fee	(100,847)	(80,041)	(362,290)	(313,112)
Other fee and commission expense	(4,196)	(4,236)	(17,416)	(19,258)
	<u>(172,071)</u>	<u>(144,038)</u>	<u>(633,065)</u>	<u>(560,344)</u>
Net fee and commission income	<u>334,343</u>	<u>296,468</u>	<u>1,275,345</u>	<u>1,165,313</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Bank				
Fee and commission income:				
Commissions	121,821	102,767	451,183	391,719
Service charges and fees	53,211	53,023	205,653	203,307
Guarantee fees	8,494	8,512	30,507	29,574
Processing fees	1,279	802	4,451	3,325
Commitment fees	14,354	14,794	58,384	57,700
Other fee and commission income	7,181	6,972	30,253	39,743
	<u>206,340</u>	<u>186,870</u>	<u>780,431</u>	<u>725,368</u>
Fee and commission expense:				
Loan related fee	(66,068)	(58,821)	(249,255)	(224,074)
Other fee and commission expense	(2,402)	(2,618)	(10,933)	(11,269)
	<u>(68,470)</u>	<u>(61,439)</u>	<u>(260,188)</u>	<u>(235,343)</u>
Net fee and commission income	<u>137,870</u>	<u>125,431</u>	<u>520,243</u>	<u>490,025</u>

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A19. Net Gains and Losses on Financial Instruments

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Group				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	3,653	3,213	9,839	12,562
- gross dividend income	2	16	12	38
- unrealised revaluation (loss) / gain	<u>(5,458)</u>	<u>1,443</u>	<u>(9,238)</u>	<u>(3,330)</u>
	<u>(1,803)</u>	<u>4,672</u>	<u>613</u>	<u>9,270</u>
Net gain / (loss) arising on trading derivatives				
- net gain / (loss) on disposal	262	148	(5,864)	772
- unrealised revaluation (loss) / gain	<u>(2,618)</u>	<u>(776)</u>	<u>11,569</u>	<u>3,222</u>
	<u>(2,356)</u>	<u>(628)</u>	<u>5,705</u>	<u>3,994</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	4,885	614	12,002	7,629
- gross dividend income	<u>31,766</u>	<u>37,114</u>	<u>145,960</u>	<u>151,033</u>
	<u>36,651</u>	<u>37,728</u>	<u>157,962</u>	<u>158,662</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	602	(113)	2,131	(1,726)
- cash flow hedge	<u>276</u>	<u>28</u>	<u>572</u>	<u>44</u>
	<u>878</u>	<u>(85)</u>	<u>2,703</u>	<u>(1,682)</u>
Net gains and losses on financial instruments	<u>33,370</u>	<u>41,687</u>	<u>166,983</u>	<u>170,244</u>
	4th Quarter Ended	31 December	31 December	Financial Year Ended
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Bank				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	3,633	3,210	10,235	12,148
- gross dividend income	2	16	12	38
- unrealised revaluation (loss) / gain	<u>(5,463)</u>	<u>1,431</u>	<u>(9,243)</u>	<u>(3,312)</u>
	<u>(1,828)</u>	<u>4,657</u>	<u>1,004</u>	<u>8,874</u>
Net gain / (loss) arising on trading derivatives				
- net gain / (loss) on disposal	262	148	(5,864)	772
- unrealised revaluation gain / (loss)	<u>1,900</u>	<u>(469)</u>	<u>12,239</u>	<u>5,733</u>
	<u>2,162</u>	<u>(321)</u>	<u>6,375</u>	<u>6,505</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	4,885	614	12,002	7,629
- gross dividend income	<u>30,764</u>	<u>35,993</u>	<u>140,802</u>	<u>146,287</u>
	<u>35,649</u>	<u>36,607</u>	<u>152,804</u>	<u>153,916</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	635	(322)	2,106	(1,129)
- cash flow hedge	<u>276</u>	<u>28</u>	<u>572</u>	<u>44</u>
	<u>911</u>	<u>(294)</u>	<u>2,678</u>	<u>(1,085)</u>
Net gains and losses on financial instruments	<u>36,894</u>	<u>40,649</u>	<u>162,861</u>	<u>168,210</u>

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A20. Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	58,352	53,051	232,844	225,445
Rental income from:				
- investment properties	1,590	1,413	6,068	5,490
- other properties	3,935	3,499	14,981	14,392
Net gain / (loss) on disposal of property and equipment	70	134	500	(446)
Net gain on disposal of foreclosed properties	325	8,607	2,657	7,938
Net gain on revaluation of investment properties	411	16,880	2,547	23,877
Others	10,584	8,405	48,718	36,045
Total other operating income	<u>75,267</u>	<u>91,989</u>	<u>308,315</u>	<u>312,741</u>
	4th Quarter Ended	31 December	Financial Year Ended	31 December
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Bank</u>				
Gross dividend income from:				
- associated companies	-	-	6,460	4,783
- subsidiary companies				
- quoted outside Malaysia	37,362	28,547	53,881	45,043
- unquoted in Malaysia	186,800	183,451	699,705	808,037
	<u>224,162</u>	<u>211,998</u>	<u>760,046</u>	<u>857,863</u>
Other income:				
Foreign exchange profit	46,910	53,234	163,852	252,661
Rental income from other properties	3,016	2,678	11,559	11,307
Net gain / (loss) on disposal of property and equipment	80	133	579	(425)
Net gain on disposal of foreclosed properties	325	8,607	2,657	7,938
Others	8,886	6,080	36,365	25,765
	<u>59,217</u>	<u>70,732</u>	<u>215,012</u>	<u>297,246</u>
Total other operating income	<u>283,379</u>	<u>282,730</u>	<u>975,058</u>	<u>1,155,109</u>

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A21. Other Operating Expenses

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Personnel costs				
- Salaries, allowances and bonuses	353,987	347,543	1,388,845	1,347,450
- Pension costs	62,341	48,465	232,668	201,843
- Others	31,258	29,279	123,095	118,761
	<u>447,586</u>	<u>425,287</u>	<u>1,744,608</u>	<u>1,668,054</u>
Establishment costs				
- Depreciation	39,015	41,724	161,188	167,253
- Rental	25,536	22,092	93,803	84,962
- Insurance	4,738	4,033	21,806	20,293
- Water and electricity	11,010	11,199	44,530	43,674
- General repairs and maintenance	19,935	16,187	72,558	74,044
- Information technology expenses	7,001	5,923	27,896	26,475
- Others	12,005	10,173	44,875	37,233
	<u>119,240</u>	<u>111,331</u>	<u>466,656</u>	<u>453,934</u>
Marketing expenses				
- Advertisement and publicity	12,147	16,780	63,289	74,352
- Others	21,824	16,439	84,109	77,645
	<u>33,971</u>	<u>33,219</u>	<u>147,398</u>	<u>151,997</u>
Administration and general expenses				
- Communication expenses	9,572	10,014	38,899	38,724
- Legal and professional fees	11,967	10,073	43,399	43,654
- Others	8,058	5,744	62,676	61,227
	<u>29,597</u>	<u>25,831</u>	<u>144,974</u>	<u>143,605</u>
Total other operating expenses	<u>630,394</u>	<u>595,668</u>	<u>2,503,636</u>	<u>2,417,590</u>

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A21. Other Operating Expenses (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Personnel costs				
- Salaries, allowances and bonuses	267,274	261,633	1,088,897	1,052,631
- Pension costs	48,081	43,352	208,398	180,811
- Others	26,913	25,157	107,639	103,969
	342,268	330,142	1,404,934	1,337,411
Establishment costs				
- Depreciation	29,442	33,711	127,694	135,515
- Rental	23,770	21,004	87,416	81,657
- Insurance	3,667	3,176	16,641	15,833
- Water and electricity	8,321	8,185	33,359	32,166
- General repairs and maintenance	17,387	14,082	63,842	66,073
- Information technology expenses	3,763	3,154	14,905	14,521
- Others	8,555	7,346	33,486	27,143
	94,905	90,658	377,343	372,908
Marketing expenses				
- Advertisement and publicity	5,356	5,689	24,550	25,153
- Others	8,185	8,285	39,893	43,148
	13,541	13,974	64,443	68,301
Administration and general expenses				
- Communication expenses	7,319	8,836	34,129	30,328
- Legal and professional fees	8,789	7,396	32,336	33,936
- Others	9,860	7,849	38,673	30,074
	25,968	24,081	105,138	94,338
Shared service cost charged to Public Islamic Bank Berhad	(61,141)	(56,074)	(241,174)	(221,688)
Total other operating expenses	415,541	402,781	1,710,684	1,651,270

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A22. Allowance for Impairment on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	99,762	76,158	340,289	279,199
Individual assessment allowance	56,336	52,677	225,747	194,865
Allowance / (writeback of allowance) for bad debts from stockbroking activities	127	(10)	(2)	(39)
Impaired loans and financing written off	20	236	644	871
Impaired loans and financing recovered	(65,962)	(44,894)	(215,426)	(195,652)
	90,283	84,167	351,252	279,244
	90,283	84,167	351,252	279,244
	4th Quarter Ended	31 December	31 December	Financial Year Ended
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
<u>Bank</u>				
Allowance for impaired loans:				
Collective assessment allowance	73,408	56,350	219,966	187,119
Individual assessment allowance	2,948	657	8,864	(2,870)
Impaired loans written off	25	190	554	692
Impaired loans recovered	(45,189)	(23,765)	(128,779)	(107,934)
	31,192	33,432	100,605	77,007
	31,192	33,432	100,605	77,007

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A23. Segment Information

	----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter-segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
4th Quarter Ended 31 December 2013												
External revenue	588,837	1,928,217	271,998	425,099	51,615	271,970	1,353	109,872	3,648,961	269,712	-	3,918,673
Revenue from other segments	-	303,324	6,114	239,269	2,126	3,160	7,388	384,788	946,169	949	(947,118)	-
	<u>588,837</u>	<u>2,231,541</u>	<u>278,112</u>	<u>664,368</u>	<u>53,741</u>	<u>275,130</u>	<u>8,741</u>	<u>494,660</u>	<u>4,595,130</u>	<u>270,661</u>	<u>(947,118)</u>	<u>3,918,673</u>
Net interest income and												
Islamic banking income	214,797	1,067,356	72,756	36,037	4,099	3,366	(1,983)	36,312	1,432,740	184,754	-	1,617,494
Other income	448	136,248	11,963	56,297	18,063	155,108	8,775	43,478	430,380	29,272	(16,672)	442,980
Net income	<u>215,245</u>	<u>1,203,604</u>	<u>84,719</u>	<u>92,334</u>	<u>22,162</u>	<u>158,474</u>	<u>6,792</u>	<u>79,790</u>	<u>1,863,120</u>	<u>214,026</u>	<u>(16,672)</u>	<u>2,060,474</u>
Other operating expenses	(52,773)	(333,067)	(2,747)	(5,715)	(9,237)	(45,446)	(3,410)	(99,000)	(551,395)	(95,671)	16,672	(630,394)
(Allowance) / writeback of allowance for impairment on loans, advances and financing	(52,065)	(19,409)	15,528	-	(113)	-	-	-	(56,059)	(34,224)	-	(90,283)
Writeback of allowance for impairment on other assets	-	1,213	-	-	-	-	-	-	1,213	-	-	1,213
Profit / (loss) by segments	<u>110,407</u>	<u>852,341</u>	<u>97,500</u>	<u>86,619</u>	<u>12,812</u>	<u>113,028</u>	<u>3,382</u>	<u>(19,210)</u>	<u>1,256,879</u>	<u>84,131</u>	<u>-</u>	<u>1,341,010</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit / (loss) after tax of equity accounted associated companies									888	(612)		276
Profit before tax expense and zakat									<u>1,257,767</u>	<u>83,519</u>		<u>1,341,286</u>

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A23. Segment Information (continued)

4th Quarter Ended 31 December 2012 (Restated)	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	573,613	1,757,073	254,641	429,116	44,113	225,317	1,254	90,323	3,375,450	254,607	-	3,630,057
Revenue from other segments	-	253,756	2,958	192,399	1,884	2,663	7,285	355,432	816,377	938	(817,315)	-
	<u>573,613</u>	<u>2,010,829</u>	<u>257,599</u>	<u>621,515</u>	<u>45,997</u>	<u>227,980</u>	<u>8,539</u>	<u>445,755</u>	<u>4,191,827</u>	<u>255,545</u>	<u>(817,315)</u>	<u>3,630,057</u>
Net interest income and Islamic banking income	248,001	991,000	71,375	39,447	3,709	2,853	(1,946)	20,830	1,375,269	168,023	-	1,543,292
Other income	1,640	130,844	9,365	52,988	11,902	132,891	8,484	50,125	398,239	48,461	(16,556)	430,144
Net income	<u>249,641</u>	<u>1,121,844</u>	<u>80,740</u>	<u>92,435</u>	<u>15,611</u>	<u>135,744</u>	<u>6,538</u>	<u>70,955</u>	<u>1,773,508</u>	<u>216,484</u>	<u>(16,556)</u>	<u>1,973,436</u>
Other operating expenses (Allowance) / writeback of allowance for impairment on loans, advances and financing (Impairment) / writeback of impairment on other assets	(52,785)	(328,154)	(2,422)	(4,908)	(7,692)	(38,939)	(3,624)	(82,680)	(521,204)	(91,020)	16,556	(595,668)
	(43,944)	(13,683)	11,050	-	(395)	-	-	-	(46,972)	(37,195)	-	(84,167)
	-	(5,471)	-	-	-	-	-	-	(5,471)	136	-	(5,335)
Profit / (loss) by segments	<u>152,912</u>	<u>774,536</u>	<u>89,368</u>	<u>87,527</u>	<u>7,524</u>	<u>96,805</u>	<u>2,914</u>	<u>(11,725)</u>	<u>1,199,861</u>	<u>88,405</u>	<u>-</u>	<u>1,288,266</u>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									322	2,741		3,063
Profit before tax expense and zakat									<u>1,200,183</u>	<u>91,146</u>		<u>1,291,329</u>

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A23. Segment Information

Financial Year Ended 31 December 2013	----- Operating Segments -----							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	2,333,254	7,366,038	1,063,171	1,820,583	205,780	1,019,141	5,156	371,384	14,184,507	1,079,793	-	15,264,300
Revenue from other segments	-	1,191,443	14,756	815,875	13,492	12,322	29,500	1,313,690	3,391,078	3,850	(3,394,928)	-
	<u>2,333,254</u>	<u>8,557,481</u>	<u>1,077,927</u>	<u>2,636,458</u>	<u>219,272</u>	<u>1,031,463</u>	<u>34,656</u>	<u>1,685,074</u>	<u>17,575,585</u>	<u>1,083,643</u>	<u>(3,394,928)</u>	<u>15,264,300</u>
Net interest income and												
Islamic banking income	913,258	4,100,595	286,077	150,590	16,619	13,151	(7,741)	201,174	5,673,723	733,951	-	6,407,674
Other income	1,913	523,016	42,718	245,599	64,025	585,594	34,513	180,694	1,678,072	138,853	(66,282)	1,750,643
Net income	<u>915,171</u>	<u>4,623,611</u>	<u>328,795</u>	<u>396,189</u>	<u>80,644</u>	<u>598,745</u>	<u>26,772</u>	<u>381,868</u>	<u>7,351,795</u>	<u>872,804</u>	<u>(66,282)</u>	<u>8,158,317</u>
Other operating expenses (Allowance) / writeback of	(214,785)	(1,320,109)	(10,803)	(21,877)	(31,731)	(172,517)	(14,212)	(408,162)	(2,194,196)	(375,722)	66,282	(2,503,636)
allowance for impairment on loans, advances and financing	(205,015)	(16,972)	21,331	-	(309)	-	-	-	(200,965)	(150,287)	-	(351,252)
Writeback of allowance for impairment on other assets	-	149	-	-	-	-	-	-	149	-	-	149
Profit / (loss) by segments	<u>495,371</u>	<u>3,286,679</u>	<u>339,323</u>	<u>374,312</u>	<u>48,604</u>	<u>426,228</u>	<u>12,560</u>	<u>(26,294)</u>	<u>4,956,783</u>	<u>346,795</u>	<u>-</u>	<u>5,303,578</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									258	6,148		6,406
Profit before tax expense and zakat									<u>4,957,041</u>	<u>352,943</u>		<u>5,309,984</u>
Cost income ratio	23.5%	28.6%	3.3%	5.5%	39.3%	28.8%	53.1%	106.9%	29.8%	43.0%		30.7%
Gross loans, advances and financing	43,178,908	137,467,748	25,566,913	-	365,248	53,890	2,211	-	206,634,918	14,540,885		221,175,803
Loan growth	6.8%	14.1%	9.7%	-	16.5%	4.5%	13.2%	-	12.0%	9.8%		11.8%
Impaired loans, advances and financing	330,288	943,701	90,313	-	-	-	-	-	1,364,302	120,477		1,484,779
Impaired loan ratio	0.8%	0.7%	0.4%	-	-	-	-	-	0.7%	0.8%		0.7%
Deposits from customers	-	176,321,803	305,470	55,663,669	2,850,770	-	-	-	235,141,712	15,731,477		250,873,189
Deposit growth	-	14.7%	-4.9%	3.7%	-4.9%	-	-	-	11.6%	9.5%		11.5%
Segment assets	<u>42,899,484</u>	<u>184,423,380</u>	<u>25,495,712</u>	<u>73,670,860</u>	<u>4,259,476</u>	<u>344,470</u>	<u>319,936</u>	<u>21,079,419</u>	<u>352,492,737</u>	<u>21,072,333</u>	<u>(71,040,117)</u>	<u>302,524,953</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									37,158	121,727		158,885
Unallocated assets									1,037,646	-		1,037,646
Intangible assets									769,251	1,234,661		2,003,912
Total assets									<u>354,336,792</u>	<u>22,428,721</u>		<u>305,725,396</u>

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A23. Segment Information (continued)

Financial Year Ended 31 December 2012 (Restated)	-----<----- Operating Segments ----->-----							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	2,257,989	6,747,976	965,969	1,671,370	184,373	870,984	4,818	346,443	13,049,922	1,008,175	-	14,058,097
Revenue from other segments	-	1,007,641	12,595	732,202	24,566	11,786	29,318	1,456,958	3,275,066	3,486	(3,278,552)	-
	<u>2,257,989</u>	<u>7,755,617</u>	<u>978,564</u>	<u>2,403,572</u>	<u>208,939</u>	<u>882,770</u>	<u>34,136</u>	<u>1,803,401</u>	<u>16,324,988</u>	<u>1,011,661</u>	<u>(3,278,552)</u>	<u>14,058,097</u>
Net interest income and												
Islamic banking income	1,001,343	3,886,380	269,420	145,129	14,096	12,532	(7,703)	122,792	5,443,989	654,422	-	6,098,411
Other income	6,339	484,802	44,965	226,963	60,050	509,526	33,906	199,032	1,565,583	149,029	(66,314)	1,648,298
Net income	<u>1,007,682</u>	<u>4,371,182</u>	<u>314,385</u>	<u>372,092</u>	<u>74,146</u>	<u>522,058</u>	<u>26,203</u>	<u>321,824</u>	<u>7,009,572</u>	<u>803,451</u>	<u>(66,314)</u>	<u>7,746,709</u>
Other operating expenses (Allowance) / writeback of	(211,028)	(1,342,137)	(9,811)	(19,445)	(29,608)	(149,897)	(14,479)	(353,397)	(2,129,802)	(354,102)	66,314	(2,417,590)
allowance for impairment on												
loans, advances and financing	(128,319)	(36,195)	17,726	-	(415)	-	-	-	(147,203)	(132,041)	-	(279,244)
Impairment on other assets	-	(6,626)	-	-	-	-	-	-	(6,626)	-	-	(6,626)
Profit / (loss) by segments	<u>668,335</u>	<u>2,986,224</u>	<u>322,300</u>	<u>352,647</u>	<u>44,123</u>	<u>372,161</u>	<u>11,724</u>	<u>(31,573)</u>	<u>4,725,941</u>	<u>317,308</u>	<u>-</u>	<u>5,043,249</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(3,687)	7,672		3,985
Profit before tax expense and zakat									<u>4,722,254</u>	<u>324,980</u>		<u>5,047,234</u>
Cost income ratio	20.9%	30.7%	3.1%	5.2%	39.9%	28.7%	55.3%	109.8%	30.4%	44.1%		31.2%
Gross loans, advances and financing	40,434,621	120,440,651	23,299,542	-	313,440	51,567	1,954	-	184,541,775	13,241,389		197,783,164
Loan growth	9.0%	14.8%	7.2%	-	22.5%	6.7%	-7.6%	-	12.5%	-2.7%		11.3%
Impaired loans, advances and financing	241,137	860,301	111,184	-	-	-	-	-	1,212,622	161,464		1,374,086
Impaired loan ratio	0.6%	0.7%	0.5%	-	-	-	-	-	0.7%	1.2%		0.7%
Deposits from customers	-	153,661,620	321,327	53,699,558	2,997,848	-	-	-	210,680,353	14,361,972		225,042,325
Deposit growth	-	14.8%	2.1%	10.0%	-12.2%	-	-	-	13.0%	3.1%		12.3%
Segment assets	<u>40,253,867</u>	<u>162,341,853</u>	<u>23,210,411</u>	<u>68,221,866</u>	<u>4,238,004</u>	<u>309,428</u>	<u>305,059</u>	<u>18,205,449</u>	<u>317,085,937</u>	<u>19,133,281</u>	<u>(64,647,889)</u>	<u>271,571,329</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									37,319	113,891		151,210
Unallocated assets									1,175,072	-		1,175,072
Intangible assets									769,251	1,157,096		1,926,347
Total assets									<u>319,067,579</u>	<u>20,404,268</u>		<u>274,823,958</u>

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A23. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

Certain comparative figures have been reclassified to conform with current year's presentation.

A24. Subsequent Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the audited interim financial statements.

A25. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the 4th quarter and financial year ended 31 December 2013.

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A26. Commitments 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 its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The notional amounts of the commitments and contingencies of the Group and the Bank are as follows:

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Contingent liabilities				
Direct credit substitutes	1,521,770	1,549,134	1,196,990	1,175,058
Transaction-related contingent items	1,173,514	1,031,792	1,041,919	908,204
Short term self-liquidating trade-related contingencies	467,641	525,150	295,684	341,952
	3,162,925	3,106,076	2,534,593	2,425,214
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	29,229,501	24,158,799	26,897,981	22,211,606
- not exceeding one year	21,886,823	20,955,923	19,688,146	19,422,068
Unutilised credit card lines	3,823,553	3,693,110	3,713,960	3,587,921
Forward asset purchases	4,176	30,386	-	-
	54,944,053	48,838,218	50,300,087	45,221,595
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	16,836,631	11,879,221	16,652,983	11,822,972
- one year to less than five years	2,151,746	1,376,100	2,151,746	1,376,100
Interest rate related contracts:				
- less than one year	1,953,625	1,552,000	1,838,821	1,552,000
- one year to less than five years	6,176,844	9,929,440	6,247,237	9,408,350
- five years and above	2,706,403	2,649,740	3,808,000	3,758,000
Commodity related contracts:				
- less than one year	1,890	206	1,890	206
Equity related contracts:				
- less than one year	52,089	73,589	52,089	73,589
- one year to less than five years	-	53,005	-	53,005
	29,879,228	27,513,301	30,752,766	28,044,222
	87,986,206	79,457,595	83,587,446	75,691,031

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A27. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 31 December 2013 and 31 December 2012 are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts:

Group As at 31 December 2013	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,025,029	19,681	-	1,044,710	10,725	-	-	10,725	7,207	699	-	7,906
- Swaps	15,803,116	-	-	15,803,116	156,182	-	-	156,182	65,266	-	-	65,266
- Options	8,486	-	-	8,486	11	-	-	11	11	-	-	11
Interest rate related contracts												
- Swaps	450,000	-	-	450,000	48	-	-	48	208	-	-	208
Equity related contracts												
- Options purchased	52,089	-	-	52,089	16,616	-	-	16,616	-	-	-	-
Precious metal contracts												
- Forwards	1,890	-	-	1,890	1	-	-	1	1	-	-	1
	17,340,610	19,681	-	17,360,291	183,583	-	-	183,583	72,693	699	-	73,392
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,276,625	2,126,844	4,806,403	8,209,872	1,482	92,086	49,652	143,220	21,496	38,768	8,758	69,022
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	2,132,065	2,132,065	-	-	-	-	-	-	191,322	191,322
Interest rate related contracts												
- Swaps	227,000	-	1,950,000	2,177,000	52	-	38,499	38,551	11	-	843	854
	1,503,625	2,126,844	8,888,468	12,518,937	1,534	92,086	88,151	181,771	21,507	38,768	200,923	261,198
Total	18,844,235	2,146,525	8,888,468	29,879,228	185,117	92,086	88,151	365,354	94,200	39,467	200,923	334,590

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 2013 and 31 December 2012 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Group As at 31 December 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,033,464	-	-	1,033,464	3,876	-	-	3,876	6,225	-	-	6,225
- Swaps	10,845,757	-	-	10,845,757	11,659	-	-	11,659	57,565	-	-	57,565
Equity related contracts												
- Options purchased	73,589	53,005	-	126,594	-	12,154	-	12,154	-	-	-	-
Precious metal contracts												
- Forwards	206	-	-	206	1	-	-	1	-	-	-	-
	<u>11,953,016</u>	<u>53,005</u>	<u>-</u>	<u>12,006,021</u>	<u>15,536</u>	<u>12,154</u>	<u>-</u>	<u>27,690</u>	<u>63,790</u>	<u>-</u>	<u>-</u>	<u>63,790</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,400,000	2,390,840	7,161,340	10,952,180	4,973	5,159	311,562	321,694	-	119,516	14,477	133,993
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,376,100	1,376,100	-	-	-	-	-	-	35,669	35,669
Interest rate related contracts												
- Swaps	152,000	227,000	2,800,000	3,179,000	1,083	215	19,783	21,081	-	112	-	112
	<u>1,552,000</u>	<u>2,617,840</u>	<u>11,337,440</u>	<u>15,507,280</u>	<u>6,056</u>	<u>5,374</u>	<u>331,345</u>	<u>342,775</u>	<u>-</u>	<u>119,628</u>	<u>50,146</u>	<u>169,774</u>
Total	<u>13,505,016</u>	<u>2,670,845</u>	<u>11,337,440</u>	<u>27,513,301</u>	<u>21,592</u>	<u>17,528</u>	<u>331,345</u>	<u>370,465</u>	<u>63,790</u>	<u>119,628</u>	<u>50,146</u>	<u>233,564</u>

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 2013 and 31 December 2012 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank As at 31 December 2013	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	986,040	19,681	-	1,005,721	10,687	-	-	10,687	7,174	699	-	7,873
- Swaps	15,658,457	-	-	15,658,457	155,895	-	-	155,895	65,041	-	-	65,041
- Options	8,486	-	-	8,486	11	-	-	11	11	-	-	11
Interest rate related contracts												
- Swaps	469,681	-	-	469,681	48	-	-	48	832	-	-	832
Equity related contracts												
- Options purchased	52,089	-	-	52,089	16,616	-	-	16,616	-	-	-	-
Precious metal contracts												
- Forwards	1,890	-	-	1,890	1	-	-	1	1	-	-	1
	17,176,643	19,681	-	17,196,324	183,258	-	-	183,258	73,059	699	-	73,758
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,142,140	1,897,237	4,708,000	7,747,377	1,482	92,086	49,652	143,220	18,268	28,816	-	47,084
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	2,132,065	2,132,065	-	-	-	-	-	-	191,322	191,322
Interest rate related contracts												
- Swaps	227,000	-	3,450,000	3,677,000	52	-	24,199	24,251	11	-	117,320	117,331
	1,369,140	1,897,237	10,290,065	13,556,442	1,534	92,086	73,851	167,471	18,279	28,816	308,642	355,737
Total	18,545,783	1,916,918	10,290,065	30,752,766	184,792	92,086	73,851	350,729	91,338	29,515	308,642	429,495

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 2013 and 31 December 2012 are as follows (continued):

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued):

Bank As at 31 December 2012	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	990,285	-	-	990,285	3,814	-	-	3,814	6,175	-	-	6,175
- Swaps	10,832,687	-	-	10,832,687	11,595	-	-	11,595	57,562	-	-	57,562
Interest rate related contracts												
- Swaps	-	18,348	-	18,348	-	-	-	-	-	1,360	-	1,360
Equity related contracts												
- Options purchased	73,589	53,005	-	126,594	-	12,154	-	12,154	-	-	-	-
Precious metal contracts												
- Forwards	206	-	-	206	1	-	-	1	-	-	-	-
	<u>11,896,767</u>	<u>71,353</u>	<u>-</u>	<u>11,968,120</u>	<u>15,410</u>	<u>12,154</u>	<u>-</u>	<u>27,564</u>	<u>63,737</u>	<u>1,360</u>	<u>-</u>	<u>65,097</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,400,000	2,051,402	7,069,600	10,521,002	4,973	5,159	311,562	321,694	-	94,038	-	94,038
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	1,376,100	1,376,100	-	-	-	-	-	-	35,669	35,669
Interest rate related contracts												
- Swaps	152,000	227,000	3,800,000	4,179,000	1,083	215	13,788	15,086	-	112	15,844	15,956
	<u>1,552,000</u>	<u>2,278,402</u>	<u>12,245,700</u>	<u>16,076,102</u>	<u>6,056</u>	<u>5,374</u>	<u>325,350</u>	<u>336,780</u>	<u>-</u>	<u>94,150</u>	<u>51,513</u>	<u>145,663</u>
Total	<u>13,448,767</u>	<u>2,349,755</u>	<u>12,245,700</u>	<u>28,044,222</u>	<u>21,466</u>	<u>17,528</u>	<u>325,350</u>	<u>364,344</u>	<u>63,737</u>	<u>95,510</u>	<u>51,513</u>	<u>210,760</u>

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A27. Derivative Financial Instruments (continued)

- ii) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2013, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM365,354,000 (2012: RM370,465,000) and RM350,729,000 (2012: RM364,344,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2013, the Group and the Bank had posted cash collateral of RM16,182,000 (2012: RM21,376,000) on their derivative contracts.

- iv) There have been no changes since the end of the previous financial year in respect of the following:
- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
 - c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2012 and Pillar 3 Disclosures section of the 2012 Annual Report.

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A28. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

The Group and the Bank classify its financial instruments and non-financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - Valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the valuation of the financial instruments and non-financial assets.

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
31 December 2013	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,583,640	-	1,583,640
- Money market instruments	-	13,822,929	-	13,822,929
- Non-money market instruments	-	405,394	-	405,394
	-	15,811,963	-	15,811,963
Financial investments available-for-sale				
- Government securities and treasury bills	-	10,106,634	-	10,106,634
- Money market instruments	-	198,844	-	198,844
- Non-money market instruments #	3,351,529	3,851,256	-	7,202,785
	3,351,529	14,156,734	-	17,508,263
Derivative financial assets	-	348,738	16,616	365,354
Total financial assets measured at fair value	3,351,529	30,317,435	16,616	33,685,580
Non-financial assets				
Investment properties	-	-	97,391	97,391
Financial liabilities				
Derivative financial liabilities	-	334,590	-	334,590
Total financial liabilities measured at fair value	-	334,590	-	334,590

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Group	Level 1	Level 2	Level 3	Total
31 December 2012	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	3,977,079	-	3,977,079
- Money market instruments	-	11,836,221	-	11,836,221
- Non-money market instruments	879	802,956	-	803,835
	879	16,616,256	-	16,617,135
Financial investments available-for-sale				
- Government securities and treasury bills	-	10,068,003	-	10,068,003
- Non-money market instruments #	3,288,512	3,736,222	-	7,024,734
	3,288,512	13,804,225	-	17,092,737
Derivative financial assets	-	358,311	12,154	370,465
Total financial assets measured at fair value	3,289,391	30,778,792	12,154	34,080,337
Non-financial assets				
Investment properties	-	-	87,886	87,886
Financial liabilities				
Derivative financial liabilities	-	233,564	-	233,564
Total financial liabilities measured at fair value	-	233,564	-	233,564

Excluding the carrying amount of equity securities - unquoted shares of the Group of RM110,249,000 (2012: RM108,383,000) which are not carried at fair value.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Bank	Level 1	Level 2	Level 3	Total
31 December 2013	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,379,390	-	1,379,390
- Money market instruments	-	12,274,547	-	12,274,547
- Non-money market instruments	-	332,489	-	332,489
	-	<u>13,986,426</u>	-	<u>13,986,426</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	8,669,725	-	8,669,725
- Money market instruments	-	198,844	-	198,844
- Non-money market instruments #	2,885,269	3,264,744	-	6,150,013
	<u>2,885,269</u>	<u>12,133,313</u>	-	<u>15,018,582</u>
Derivative financial assets	-	334,113	16,616	350,729
Total financial assets measured at fair value	<u>2,885,269</u>	<u>26,453,852</u>	<u>16,616</u>	<u>29,355,737</u>
Financial liabilities				
Derivative financial liabilities	-	429,495	-	429,495
Total financial liabilities measured at fair value	-	<u>429,495</u>	-	<u>429,495</u>

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Bank	Level 1	Level 2	Level 3	Total
31 December 2012	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,309,237	-	2,309,237
- Money market instruments	-	10,715,460	-	10,715,460
- Non-money market instruments	879	573,468	-	574,347
	<u>879</u>	<u>13,598,165</u>	<u>-</u>	<u>13,599,044</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	9,514,672	-	9,514,672
- Non-money market instruments #	2,835,936	3,165,022	-	6,000,958
	<u>2,835,936</u>	<u>12,679,694</u>	<u>-</u>	<u>15,515,630</u>
Derivative financial assets	-	352,190	12,154	364,344
Total financial assets measured at fair value	<u>2,836,815</u>	<u>26,630,049</u>	<u>12,154</u>	<u>29,479,018</u>
Financial liabilities				
Derivative financial liabilities	-	210,760	-	210,760
Total financial liabilities measured at fair value	<u>-</u>	<u>210,760</u>	<u>-</u>	<u>210,760</u>

Excluding the carrying amount of equity securities - unquoted shares of the Bank of RM106,285,000 (2012: RM104,614,000) which are not carried at fair value.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments:

	Group and Bank	
	31 December	31 December
	2013	2012
	RM'000	RM'000
Derivative Financial Assets		
At 1 January	12,154	11,244
Recognised in the statement of profit or loss		
- Realised gains	771	1,015
- Unrealised gains	5,027	2,628
Sales	(1,336)	(2,733)
Closing balance	16,616	12,154

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes from Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

The Group's exposure to financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The fair value of investment properties located in Malaysia is determined using comparison method by reference to the recent sales price of comparable properties, adjustments are made where dissimilarities exist. The fair value of investment properties located in Hong Kong is determined using comparison method by reference to recent sales price of comparable properties on a price per square meter basis. A significant change in the price per square meter will result in a significant change in the fair value of the investment properties in Hong Kong.

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A29. Capital Adequacy

- a) The capital adequacy ratios of the Group and the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia ("BNM")'s Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	9.276%	N/A	10.927%	N/A
Tier I capital ratio	11.055%	11.413%	13.023%	13.632%
Total capital ratio	<u>14.288%</u>	<u>14.674%</u>	<u>14.086%</u>	<u>14.534%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	8.750%	N/A	10.300%	N/A
Tier I capital ratio	10.529%	10.828%	12.396%	12.931%
Total capital ratio	<u>13.762%</u>	<u>14.089%</u>	<u>13.459%</u>	<u>13.833%</u>

* Refers to interim dividends declared subsequent to the financial year end.

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,073,310	1,073,310	1,073,310	1,073,310
Other reserves	4,402,843	4,218,576	3,924,896	3,750,880
Retained profits	11,507,565	9,274,909	10,892,504	9,104,376
Treasury shares	(215,572)	(215,572)	(215,572)	(215,572)
Qualifying non-controlling interests	522,093	699,864	-	-
Less: Goodwill	(2,003,912)	(1,899,875)	(695,393)	(695,393)
Less: Deferred tax assets, net	(70,121)	(64,900)	-	-
Less: Defined benefit pension fund assets	<u>(220,922)</u>	-	<u>(215,372)</u>	-
Total CET I capital	<u>18,527,210</u>	16,618,238	<u>18,296,299</u>	16,549,527
Innovative Tier I capital securities	1,630,440	1,810,317	1,630,440	1,810,317
Non-innovative Tier I stapled securities	1,879,200	2,083,146	1,879,200	2,083,146
Qualifying CET I and additional Tier I capital instruments held by third parties	<u>42,031</u>	-	-	-
Total Tier I capital	<u>22,078,881</u>	<u>20,511,701</u>	<u>21,805,939</u>	<u>20,442,990</u>

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A29. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and the Bank (continued):

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	1,123,706	1,038,369	625,010	691,258
Subordinated notes				
- meeting all relevant criteria	1,949,116	-	1,949,116	-
- subject to gradual phase-out treatment	3,471,121	4,870,351	3,471,121	4,870,351
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	56,042	-	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies	(142,255)	(960)	(4,264,787)	(4,162,284)
Less: Holdings of other financial institutions' capital instruments	-	(46,834)	-	(46,834)
Total Tier II capital	<u>6,457,730</u>	<u>5,860,926</u>	<u>1,780,460</u>	<u>1,352,491</u>
Total capital	<u>28,536,611</u>	<u>26,372,627</u>	<u>23,586,399</u>	<u>21,795,481</u>

Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM600,816,000 (2012: RM491,197,000) and RM446,948,000 (2012: RM369,214,000) respectively.

Includes the Group's qualifying regulatory reserves for non-impaired loans which pertain to Public Bank (Hong Kong) Limited and Public Finance Limited amounting to RM132,437,000 (2012: N/A).

The capital adequacy ratios of the Group consist of capital base and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd.

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A29. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and the Bank (continued):

The total risk-weighted assets of the Group and the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit Risk;
- (ii) Standardised Approach for Market Risk;
- (iii) Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basell II - Risk-weighted Assets) issued on 28 November 2012, which is effective from 1 January 2013. The minimum regulatory capital adequacy ratios, as required under BNM's Capital Adequacy Framework (Capital Components) which includes transitional arrangements for year 2013 and 2014, are set out as follows:

Calendar Year	CET I Capital Ratio %	Tier I Capital Ratio %	Total Capital Ratio %
2013	3.5	4.5	8.0
2014	4.0	5.5	8.0
2015 onwards *	4.5	6.0	8.0

* Before including capital conservation buffer of 2.5%, counter-cyclical buffer and any other buffers to be introduced by BNM.

The comparative capital adequacy ratios and total capital have been computed with the then prevailing BNM's revised Risk Weighted Capital Adequacy Framework (Basel II) and have been restated for effects of the adoption of MFRS 119 Employee Benefits. Please refer to Note A32 Changes in Accounting Policies for a summary of the changes.

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A29. Capital Adequacy (continued)

b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵
31 December 2013						
<u>Before deducting interim dividends:</u> *						
CET I capital ratio	12.133%	27.252%	N/A	13.916%	27.468%	N/A
Tier I capital ratio	12.133%	27.252%	25.625%	13.916%	27.468%	N/A
Total capital ratio	12.751%	27.448%	25.671%	15.089%	28.409%	19.685%
<u>After deducting interim dividends:</u> *						
CET I capital ratio	11.743%	26.139%	N/A	13.916%	25.257%	N/A
Tier I capital ratio	11.743%	26.139%	25.625%	13.916%	25.257%	N/A
Total capital ratio	12.360%	26.336%	25.671%	15.089%	26.199%	19.685%
31 December 2012 (Restated)						
<u>Before deducting interim dividends:</u> *						
CET I capital ratio	N/A	N/A	N/A	N/A	N/A	N/A
Tier I capital ratio	12.296% #	27.454% #	21.791%	16.423%	28.962%	N/A
Total capital ratio	13.013% #	27.622% #	21.842%	16.423%	30.119%	21.566%
<u>After deducting interim dividends:</u> *						
CET I capital ratio	N/A	N/A	N/A	N/A	N/A	N/A
Tier I capital ratio	11.354% #	26.426% #	21.791%	16.423%	26.509%	N/A
Total capital ratio	12.071% #	26.595% #	21.842%	16.423%	27.666%	21.566%

* Refers to interim dividends declared subsequent to the financial year end.

Restated for effects of the adoption of MFRS 119.

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A29. Capital Adequacy (continued)

b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

- ¹ The risk-weighted assets of Public Islamic Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) issued on 28 November 2012, which is effective from 1 January 2013. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 3.5%, 4.5% and 8.0% respectively for year 2013. The comparative capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with the then prevailing BNM's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord.
- ² The risk-weighted assets of Public Investment Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012, which is effective on 1 January 2013. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 3.5%, 4.5% and 8.0% respectively for year 2013. The comparative capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with the then prevailing BNM's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- ⁴ These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios of these two subsidiaries are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules. The comparative capital adequacy ratios of these two subsidiary companies are based on the Basel II capital accord.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Credit risk	183,113,937	164,279,544	154,360,722	137,471,265
Market risk	2,111,436	1,713,076	2,850,579	2,579,721
Operational risk	14,497,356	13,733,324	10,228,677	9,915,430
	<u>199,722,729</u>	<u>179,725,944</u>	<u>167,439,978</u>	<u>149,966,416</u>

A30. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Outstanding credit exposures with connected parties (RM'000)	<u>1,756,651</u>	2,031,542	<u>2,522,959</u>	2,692,235
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.76%</u>	0.99%	<u>1.24%</u>	1.46%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<u>0.01%</u>	0.02%	<u>0.00%</u>	0.01%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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A31. Operations of Islamic Banking

A31a. Statement of Financial Position As At 31 December 2013

	31 December 2013 RM'000	Group 31 December 2012 RM'000 (Restated)	1 January 2012 RM'000 (Restated)
ASSETS			
Cash and balances with banks	6,744,111	4,709,388	6,257,092
Financial assets held-for-trading	1,752,632	2,638,867	1,249,014
Derivative financial assets	130,777	21,839	-
Financial investments available-for-sale	1,891,272	994,923	1,830,720
Financial investments held-to-maturity	-	-	5,022
Financing and advances	22,904,370	20,168,110	19,224,468
Other assets	88,537	77,402	85,645
Statutory deposits with Bank Negara Malaysia	939,850	671,450	775,700
Investment in an associated company	20,000	20,000	20,000
Property and equipment	1,026	1,327	1,619
Total Assets	34,472,575	29,303,306	29,449,280
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	28,400,736	23,703,338	20,029,935
Deposits from banks	2,789,398	2,644,831	7,179,533
Bills and acceptances payable	3,825	625	334
Recourse obligations on financing sold to Cagamas	500,011	500,003	-
Other liabilities	116,854	108,897	73,120
Provision for zakat and taxation	36,012	50,188	46,512
Deferred tax liabilities	34,293	6,588	1,029
Total Liabilities	31,881,129	27,014,470	27,330,463
Islamic Banking Funds	2,591,446	2,288,836	2,118,817
Total Liabilities and Islamic Banking Funds	34,472,575	29,303,306	29,449,280
COMMITMENTS AND CONTINGENCIES	5,650,699	4,642,159	1,910,159

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A31b. Statement of Profit or Loss for the 4th Quarter and Financial Year Ended 31 December 2013

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
<u>Group</u>				
Income derived from investment of depositors' funds and others	366,715	340,492	1,423,221	1,386,046
Income derived from investment of Islamic Banking Funds	30,937	29,867	119,799	111,916
Allowance for impairment on financing and advances	(24,563)	(11,720)	(100,756)	(49,706)
Impairment on other assets	9	-	(16)	(25)
Profit Equalisation Reserve	-	(466)	(497)	(2,180)
Total distributable income	373,098	358,173	1,441,751	1,446,051
Income attributable to the depositors and others	(193,720)	(163,864)	(705,387)	(652,016)
Total net income	179,378	194,309	736,364	794,035
Other overheads and expenditures	(67,979)	(61,526)	(263,125)	(250,471)
Profit before zakat and taxation	111,399	132,783	473,239	543,564
Zakat	(66)	(82)	(264)	(330)
Taxation	(27,523)	(32,742)	(115,935)	(133,156)
Profit for the period / year	83,810	99,959	357,040	410,078

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A31c. Statement of Profit or Loss and Other Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2013

	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
<u>Group</u>				
Profit for the period / year	83,810	99,959	357,040	410,078
Other comprehensive income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	2,823	739	2,823	739
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	1,863	1,682	1,020	1,441
Hedging reserves:				
- Net change in cash flow hedges	53,783	13,400	108,981	21,764
Income tax relating to components of other comprehensive income:				
- Defined benefit reserves	(706)	(185)	(706)	(185)
- Revaluation reserves	(466)	(420)	(255)	(360)
- Hedging reserves	(13,446)	(3,350)	(27,246)	(5,441)
	41,028	11,127	81,794	17,219
Other comprehensive income for the period / year, net of tax	43,851	11,866	84,617	17,958
Total comprehensive income for the period / year	127,661	111,825	441,657	428,036

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A31d. Financing and Advances

	Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Bai Bithaman Ajil (deferred payment sale)	8,128,835	7,011,275
Ijarah Thamma Al-Bai' (leasing)	11,168,723	10,189,015
Ijarah Muntahia Bittamlik	-	112,326
Bai-Al-Einah	2,500,022	3,062,356
Musharakah Mutanaqisah	1,386,398	45,276
Murabahah Purchase Order	20,880	2,762
Gross financing and advances	23,204,858	20,423,010
Allowance for impairment on financing and advances:		
- collective assessment allowance	(300,488)	(254,261)
- individual assessment allowance	-	(639)
Net financing and advances	22,904,370	20,168,110

Movements in impaired financing and advances are as follows:

	Group	
	31 December 2013 RM'000	31 December 2012 RM'000
At 1 January	175,167	173,277
Impaired during the year	523,987	442,749
Reclassified as non-impaired	(388,637)	(332,199)
Recoveries	(30,337)	(29,725)
Amount written off	(71,846)	(78,678)
Financing converted to foreclosed properties	(260)	(257)
Closing balance	208,074	175,167
Impaired financing and advances as a percentage of gross financing and advances	0.90%	0.86%

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A31e. Deposits from Customers

By type of deposit	Group	
	31 December 2013 RM'000	31 December 2012 RM'000
Savings deposit		
- Wadiah	4,823,093	4,568,625
- Mudharabah	63,510	66,681
	<u>4,886,603</u>	<u>4,635,306</u>
Demand deposit		
- Wadiah	2,958,752	2,462,377
- Mudharabah	94,753	57,198
	<u>3,053,505</u>	<u>2,519,575</u>
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai-Al-Einah	642,941	522,400
- General investment account		
- Mudharabah	3,205,661	3,075,664
- Wakalah	12,945,906	10,326,345
	<u>16,151,567</u>	<u>13,402,009</u>
- Special investment account		
- Wakalah	3,666,120	2,624,048
	<u>3,666,120</u>	<u>2,624,048</u>
	<u>28,400,736</u>	<u>23,703,338</u>

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A32. Changes in Accounting Policies

Effect of adopting MFRS 119 Employee Benefits (as amended by IASB in June 2011)

The adoption of the revised MFRS 119 affected the accounting treatment of certain items such as the timing of the recognition of certain gains and losses arising from defined benefit plans and the presentation of changes in defined benefit liability or asset. The key changes to the accounting policy and financial impact to the Group and the Bank are as follows:

- Actuarial gains and losses (renamed as 'remeasurements') are recognised immediately in other comprehensive income, and are not subsequently recycled to the statement of profit or loss. The corridor approach for accounting for unrecognised actuarial gains in prior years is discontinued.
- Past service costs, whether unvested or already vested, are recognised immediately in the statement of profit or loss as incurred. Pension costs for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the interest cost and expected return on plan assets.

The revised MFRS 119 has resulted in changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. This change in accounting policy has been accounted for retrospectively and a summary of financial impact to the Group and the Bank on initial adoption are as follows:

	Group		Bank	
	31 December 2012 RM'000	1 January 2012 RM'000	31 December 2012 RM'000	1 January 2012 RM'000
(i) Statements of Financial Position				
<u>Other Assets</u>				
As previously stated	2,006,919	2,008,254	1,906,721	1,913,725
- Reclassification	99,723	92,709	96,303	89,528
- Effects of adoption of MFRS 119	99,356	120,672	95,948	116,534
As restated	<u>2,205,998</u>	<u>2,221,635</u>	<u>2,098,972</u>	<u>2,119,787</u>
<u>Other Assets - Employee Benefits</u>				
As previously stated	-	-	-	-
- Reclassification	99,723	92,709	96,303	89,528
- Effects of adoption of MFRS 119	99,356	120,672	95,948	116,534
As restated	<u>199,079</u>	<u>213,381</u>	<u>192,251</u>	<u>206,062</u>
<u>Other Liabilities</u>				
As previously stated	3,570,526	3,467,535	2,482,585	2,368,327
- Reclassification	99,723	92,709	96,303	89,528
As restated	<u>3,670,249</u>	<u>3,560,244</u>	<u>2,578,888</u>	<u>2,457,855</u>
<u>Other Liabilities - Employee Benefits</u>				
As previously stated	(99,723)	(92,709)	(96,303)	(89,528)
- Reclassification	99,723	92,709	96,303	89,528
As restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Tax Liabilities</u>				
As previously stated	47,911	55,625	32,003	51,708
- Effects of adoption of MFRS 119	24,839	30,168	23,987	29,133
As restated	<u>72,750</u>	<u>85,793</u>	<u>55,990</u>	<u>80,841</u>

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A32. Changes in Accounting Policies (continued)

Effect of adopting MFRS 119 Employee Benefits (as amended by IASB in June 2011) (continued)

	Group		Bank	
	31 December 2012 RM'000	1 January 2012 RM'000	31 December 2012 RM'000	1 January 2012 RM'000
(i) Statements of Financial Position				
<u>Retained Profits</u>				
As previously stated	9,453,647	7,276,808	8,918,940	6,852,318
- Effects of adoption of MFRS 119	(178,738)	(136,219)	(172,608)	(131,547)
As restated	<u>9,274,909</u>	<u>7,140,589</u>	<u>8,746,332</u>	<u>6,720,771</u>
<u>Other Reserves - Defined Benefit Reserves</u>				
As previously stated	-	-	-	-
- Effects of adoption of MFRS 119	253,255	226,723	244,569	218,947
As restated	<u>253,255</u>	<u>226,723</u>	<u>244,569</u>	<u>218,947</u>
	Group		Bank	
	4th Quarter Ended 31 December RM'000	Financial Year Ended 2012 RM'000	4th Quarter Ended 31 December RM'000	Financial Year Ended 2012 RM'000
(ii) Statements of Profit or Loss				
<u>Other Operating Expenses</u>				
As previously stated	581,495	2,360,898	389,094	1,596,522
- Effects of adoption of MFRS 119	14,173	56,692	13,687	54,748
As restated	<u>595,668</u>	<u>2,417,590</u>	<u>402,781</u>	<u>1,651,270</u>
<u>Other Operating Expenses - Personnel Costs</u>				
<u>- Pension Costs</u>				
As previously stated	34,292	145,151	29,665	126,063
- Effects of adoption of MFRS 119	14,173	56,692	13,687	54,748
As restated	<u>48,465</u>	<u>201,843</u>	<u>43,352</u>	<u>180,811</u>
<u>Tax Expense and Zakat</u>				
As previously stated	298,222	1,192,165	239,064	933,174
- Effects of adoption of MFRS 119	(3,544)	(14,173)	(3,421)	(13,687)
As restated	<u>294,678</u>	<u>1,177,992</u>	<u>235,643</u>	<u>919,487</u>

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A32. Changes in Accounting Policies (continued)

Effect of adopting MFRS 119 Employee Benefits (as amended by IASB in June 2011) (continued)

(iii) Capital adequacy

The adjustments to the financial statements of the Group and the Bank as a result of the adoption of MFRS 119, as discussed above, also had consequential effects on the comparative capital adequacy ratios. These are summarised below:

	As at 31 December 2012		As at 1 January 2012	
	As previously stated	As restated	As previously stated	As restated
Group				
Tier 1 capital (RM'000)	20,437,184	20,511,701	18,249,867	18,340,371
Total capital (RM'000)	26,298,110	26,372,627	25,416,082	25,506,586
Risk-weighted assets (RM'000)	179,526,865	179,725,944	163,027,275	163,240,656
<u>Before deducting second interim dividends *</u>				
Tier 1 capital ratio (%)	11.384	11.413	11.194	11.235
Total capital ratio (%)	14.649	14.674	15.590	15.625
<u>After deducting second interim dividends *</u>				
Tier 1 capital ratio (%)	10.799	10.828	10.593	10.634
Total capital ratio (%)	14.063	14.089	14.989	15.024
Bank				
Tier 1 capital (RM'000)	20,371,029	20,442,990	18,216,433	18,303,833
Total capital (RM'000)	21,723,520	21,795,481	21,044,900	21,132,300
Risk-weighted assets (RM'000)	149,774,165	149,966,416	134,887,816	135,093,877
<u>Before deducting second interim dividends *</u>				
Tier 1 capital ratio (%)	13.601	13.632	13.505	13.549
Total capital ratio (%)	14.504	14.534	15.602	15.643
<u>After deducting second interim dividends *</u>				
Tier 1 capital ratio (%)	12.900	12.931	12.778	12.823
Total capital ratio (%)	13.803	13.833	14.875	14.917

* Refers to second interim dividends declared subsequent to the financial year end.

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

a) Current Year-to date vs. Previous Year-to-date

The Group's pre-tax profit for the financial year ended 31 December 2013 of RM5,310.0 million was RM262.8 million or 5.2% higher than the previous year of RM5,047.2 million. Net profit attributable to equity holders improved by RM237.9 million or 6.2% to RM4,064.7 million. The improved earnings was mainly due to higher net interest income by RM315.9 million (6.0%) and higher net fee and commission income by RM110.0 million (9.4%). These were partially offset by higher loan impairment allowance by RM72.0 million in line with higher loan base and higher other operating expenses by RM86.0 million as a result of higher business volumes. Credit charges remained low and stable at 0.17% for the current year.

The growth in the Group's net interest income was driven by continued healthy loans and customer deposits growth coupled with sustained strong asset quality. Gross loans had grown by 11.8% to RM221.2 billion as at 31 December 2013 as compared to RM197.8 billion as at 31 December 2012 driven by growth in property financing, financing of passenger vehicles and lending to small and medium enterprises ("SMEs"). Total deposits from customers had also grown by 11.5% to RM250.9 billion as at 31 December 2013 with core customer deposit growing at a stronger pace of 13.7%, which partly contributed to the higher net interest income for the current year. The Group's impaired loan ratio remained stable at 0.7% as at the end of December 2013.

The performance of the respective operating business segments for the financial year ended 31 December 2013 as compared to the previous year is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit by RM300.5 million (10.1%) to RM3,286.7 million was mainly due to higher net interest income on higher average loan and deposit balances, higher fee and commission income, lower other operating expenses and lower loan impairment allowance.
- 2) Hire purchase – Pre-tax profit decreased by RM173.0 million (-25.9%) to RM495.4 million mainly due to lower net interest income resulting from decline in net interest margin and higher loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM17.0 million (5.3%) to RM339.3 million mainly due to higher net interest income on higher average loan balances and higher writeback of loan impairment allowance.
- 4) Treasury and capital market operations – The increase in pre-tax profit by RM21.7 million (6.1%) to RM374.3 million was mainly due to higher net interest income on treasury gapping, funding and liquidity management activities and higher foreign exchange income.
- 5) Investment banking – Pre-tax profit increased by RM4.5 million (10.2%) to RM48.6 million mainly due to higher brokerage income from stockbroking activities and higher net interest income from treasury gapping activities.
- 6) Fund management – Pre-tax profit increased by RM54.1 million (14.5%) to RM426.2 million mainly due to higher management fee earned on higher average net asset value of funds under management and higher net fee income on sale of trust units, partially offset by higher other operating expenses.
- 7) Overseas operations – Pre-tax profit increased by RM28.0 million (8.6%) to RM352.9 million mainly due to higher net interest income on improved net interest margin and higher average loan balances partially offset by higher other operating expenses and higher loan impairment allowance.

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B1. Performance Review (continued)

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 4th quarter ended 31 December 2013, the Group registered a pre-tax profit of RM1,341.3 million, an improvement of RM50.0 million or 3.9% as compared to the previous corresponding quarter. Net profit attributable to equity holders grew by 4.5% or RM43.8 million over the same period. The improved earnings was mainly due to higher net interest income and higher net fee and commission income partially offset by higher other operating expenses and lower other operating income.

Performance of the respective operating business segments for the 4th quarter ended 31 December 2013 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit increased by RM77.8 million (10.0%) to RM852.3 million mainly due to higher net interest income and higher fee and commission income.
- 2) Hire purchase – Pre-tax profit decreased by RM42.5 million (-27.8%) to RM110.4 million mainly due to lower net interest income and higher loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM8.1 million (9.1%) to RM97.5 million mainly due to higher writeback of loan impairment allowance and higher fee income.
- 4) Treasury and capital market operations – Pre-tax profit dropped marginally by RM0.9 million (-1.0%) to RM86.6 million mainly due to lower net interest income partially offset by higher foreign exchange income.
- 5) Investment banking – Pre-tax profit increased by RM5.3 million (70.3%) to RM12.8 million, mainly due to higher brokerage income from stockbroking activities and higher corporate advisory fee income.
- 6) Fund management business – Pre-tax profit increased by RM16.2 million (16.8%) to RM113.0 million, mainly due to higher management fee earned on higher average net asset value of funds under management and higher net fee income on sale of trust units partially offset by higher other operating expenses.
- 7) Overseas Operations – The drop in pre-tax profit by RM7.6 million (-8.4%) was mainly due to lower other operating income and higher other operating expenses partially offset by higher net interest income.

B2. Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM1,341.3 million for the 4th quarter ended 31 December 2013 registered a marginal drop of RM16.9 million or 1.2% as compared to the pre-tax profit of RM1,358.2 million for the preceding quarter ended 30 September 2013. Net profit attributable to equity holders decreased by RM21.6 million or 2.1% over the same period. The drop in profit was mainly due to higher other operating expenses and lower net interest income partially offset by lower loan impairment allowance.

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B3. Prospects for 2014

Global economic activity is expected to strengthen moderately in 2014, with economic recovery in major advanced economies likely to gain traction. However, economic outlook across many advanced economies remain constrained by high unemployment and public debts. In the Asian region, economic growth is expected to moderate but remains at healthy levels. However, despite signs of stabilisation in the global economy, there remain downside risks to growth such as policy uncertainty in the US, unresolved balance sheet problems in the euro area and China's rebalancing of its economy.

For Malaysia, economic activity is expected to sustain in 2014, with the Government forecasts real GDP to grow by 5%-5.5%. The growth will be supported by stable private consumption and investment activities as well as an improving external environment. Although headline inflation is expected to edge up due to expectation of further subsidy rationalisation, it is likely to be manageable.

Amidst the positive economic outlook, the Malaysian banking sector is expected to remain strong and supportive of the domestic economy in 2014. Backed by strong capitalisation and ample liquidity, the sector will continue to provide steady access to credit for households and businesses. Macroprudential measures, aimed at households and the property market, are supportive to credit fundamentals of the banking institutions.

The Public Bank Group is expected to sustain its strong market position in the domestic retail operations segment, supported by continuing growth in consumer credit and SMEs lending. The Group continues to see growth opportunities for residential properties arising from continuing household formation, amidst various Government measures to increase home ownership, ensure stable house prices and control excessive speculative activities. The Group will continue to support the Government's efforts to create a sustainable property market by offering competitive market rates as well as flexible and innovative product packages to cater for house buyers.

In the SME segment, the Group will continue to support SMEs and enhance its products and services to sustain its market share in SME financing. In 2014, SMEs will continue to benefit from the continued expansion of the Malaysian economy and ongoing implementation of Economic Transformation Programme. This will be further supported by the Government's SME Masterplan 2012-2020 which sets the path for further growth and development of the SME sector.

The Public Bank Group will continue to grow its vehicle hire purchase business backed by positive economic prospects and aggressive marketing strategies by car dealers in offering competitive packages and new launches of car models.

Meanwhile, as part of its efforts to expand the corporate lending business, the Public Bank Group will actively tap on its existing corporate clients with good track record and extend its geographical reach so as to gain a bigger share of the corporate lending business.

Given the possibility of continued market volatility in 2014, the Public Bank Group will continue to focus on maintaining a healthy level of liquidity by increasing its investments in high grade liquefiable assets. On liability management, the Group will intensify efforts to further grow its core customer deposits to ensure a stable funding base and efficient funding cost.

The Public Bank Group's fund management business will continue to grow in 2014. Although the private unit trust industry is anticipated to be challenging, the Group is expected to sustain its leading position in the private unit trust industry in Malaysia. This is reinforced by the Group's commitment in maintaining excellence in its products and services, new fund launches and a wider range of financial products offerings under the Private Investment Scheme Funds. On bancassurance, the Group's strategic partnership with AIA Bhd will further strengthen its fee-based activity and continue to contribute positively to the Group's long-term fee-based revenue.

The Public Bank Group remains committed to expanding further its regional presence through organic growth. The Group will continue to transfer the best practices from its domestic operations to expedite business growth in its overseas operations.

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B4. Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Bank.

B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2013 are as follows:

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Malaysian income tax	292,659	275,394	1,168,309	1,151,748
Overseas income tax	15,145	13,198	65,424	59,853
	<u>307,804</u>	<u>288,592</u>	<u>1,233,733</u>	<u>1,211,601</u>
Under / (over) provision in prior years				
- Malaysian income tax	82	5,936	(3,337)	7,173
- Overseas income tax	(55)	2,807	420	3,332
	<u>307,831</u>	<u>297,335</u>	<u>1,230,816</u>	<u>1,222,106</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(1,839)	7,251	(30,032)	(34,454)
- Under / (over) provision	157	(9,990)	3,294	(9,990)
Tax expense	<u>306,149</u>	<u>294,596</u>	<u>1,204,078</u>	<u>1,177,662</u>
Zakat	66	82	264	330
	<u><u>306,215</u></u>	<u><u>294,678</u></u>	<u><u>1,204,342</u></u>	<u><u>1,177,992</u></u>

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2013 and 31 December 2012 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

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B5. Tax Expense and Zakat (continued)

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2013 are as follows (continued):

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Malaysian income tax	241,270	225,735	956,324	939,774
Overseas income tax	1,458	6,022	8,983	7,794
	<u>242,728</u>	<u>231,757</u>	<u>965,307</u>	<u>947,568</u>
Under / (over) provision in prior years				
- Malaysian income tax	-	6,090	(4,214)	6,090
- Overseas income tax	-	(1,759)	60	(1,411)
	<u>242,728</u>	<u>236,088</u>	<u>961,153</u>	<u>952,247</u>
Deferred tax expense				
- Relating to origination and reversal of temporary differences	2,014	547	(22,793)	(31,768)
- (Over) / under provision	(1)	(992)	3,157	(992)
	<u>244,741</u>	<u>235,643</u>	<u>941,517</u>	<u>919,487</u>

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2013 and 31 December 2012 were lower than the statutory tax rate due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 December 2013.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuances of Senior Medium Term Notes and Basel III - Compliant Tier II Subordinated Medium Term Notes during the year have been used for working capital, general banking and other corporate purposes, as intended.

The proceeds raised from the issuances of subordinated notes, Innovative Tier I capital securities and Non-innovative Tier I stapled securities in prior years have been used for working capital, general banking and other corporate purposes, as intended.

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B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Group	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	12,306,123	10,300,634
- Unrealised	183,133	150,415
	<u>12,489,256</u>	<u>10,451,049</u>
Total share of retained profits from associated companies:		
- Realised	3,484	4,495
- Unrealised	-	-
	<u>12,492,740</u>	<u>10,455,544</u>
Less: Consolidation adjustments	(985,175)	(1,180,635)
Total Group retained profits as per consolidated accounts	<u><u>11,507,565</u></u>	<u><u>9,274,909</u></u>
	Bank	
	31 December 2013 RM'000	31 December 2012 RM'000 (Restated)
Total retained profits of Public Bank Berhad:		
- Realised	10,573,116	8,713,794
- Unrealised	56,123	32,538
Total Bank retained profits as per accounts	<u><u>10,629,239</u></u>	<u><u>8,746,332</u></u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Bank as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Bank, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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B9. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

	Group		Bank	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	136,925,692	120,388,610	107,176,079	93,813,034
More than one year	304,594	286,993	165,262	118,551
- Negotiable instruments of deposits				
One year or less	1,614,488	1,135,538	645,510	80,880
More than one year	5,910	88,082	5,910	9,232
- Money market deposits				
One year or less	47,881,370	46,593,137	42,036,700	41,991,233
- Savings deposits	25,824,590	23,726,493	18,349,316	16,843,952
- Demand deposits	38,202,745	32,632,541	33,382,002	28,643,745
- Others	113,800	190,931	110,813	187,817
	250,873,189	225,042,325	201,871,592	181,688,444
(b) <u>Deposits from banks</u>				
- One year or less	16,002,695	12,849,313	16,923,048	14,408,778
- More than one year	173,141	-	-	-
	16,175,836	12,849,313	16,923,048	14,408,778
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- One year or less	463,391	550,981	-	-
- More than one year	-	313,930	-	-
	463,391	864,911	-	-
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	399,007	-	399,007	-
Subordinated notes denominated in RM (unsecured)				
- More than one year	5,432,922	4,937,918	5,432,922	4,937,918
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	738,117	719,818	738,117	719,818
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	1,219,727	1,235,947	1,219,727	1,235,947
	1,957,844	1,955,765	1,957,844	1,955,765
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	2,116,661	2,188,259	2,116,661	2,188,259
	10,369,825	9,946,853	9,906,434	9,081,942

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B10. Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank.

B11. Dividends

- (a) (i) The Directors had declared a first interim single tier dividend of 22% in respect of financial year ended 31 December 2013, which was paid on 20 August 2013.
- (ii) A second interim single tier dividend of 30% for the financial year ended 31 December 2013, amounting to RM1,050,637,539 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 31 December 2013, has been declared by the directors;
- (iii) Amount per share : Single tier dividend of 30.0 sen;
- (iv) Entitlement date: 20 February 2014;
- (v) Payment date: 28 February 2014.
- (b) Total dividend paid for the previous financial year ended 31 December 2012:
- First interim single tier dividend of 20.0 sen.
- Second interim single tier dividend of 30.0 sen.

B12. Earnings Per Share

	4th Quarter Ended		Financial Year Ended	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
Net profit attributable to equity holders (RM'000)	<u>1,025,617</u>	<u>981,840</u>	<u>4,064,683</u>	<u>3,826,754</u>
Weighted average number of PBB Shares ('000)	<u>3,502,125</u>	<u>3,502,125</u>	<u>3,502,125</u>	<u>3,502,125</u>
Basic earnings per share (sen)	<u>29.3</u>	<u>28.0</u>	<u>116.1</u>	<u>109.3</u>

Diluted

The Group has no dilution in its earnings per ordinary share in the current year and the preceding year as there are no dilutive potential ordinary shares.