



HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2014

Domiciled in Malaysia.
Registered Office :
2, Leboh Ampang,
50100 Kuala Lumpur

HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 March 2014 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting for Islamic Banking Institutions issued by Bank Negara Malaysia in 2013.

SAW SAY PIN
Chief Financial Officer

Date : 23 April 2014

HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

	<i>Note</i>	31 Mar 2014 RM'000	31 Dec 2013 RM'000 Restated
Assets			
Cash and short-term funds	10	3,178,872	3,093,206
Deposits and placements with banks and other financial institutions	11	159,841	163,950
Financial assets held-for-trading	12	39,145	89,659
Financial investments available-for-sale	13	1,680,047	1,341,006
Financing and advances	14	9,329,192	9,175,173
Derivative financial assets	30	88,682	85,464
Other assets	16	28,573	181,011
Statutory deposits with Bank Negara Malaysia	17	395,062	390,562
Equipment		20,681	22,793
Intangible assets		8	9
Deferred tax assets		5,912	7,093
Tax recoverable		3,041	14,472
Total assets		14,929,056	14,564,398
Liabilities			
Deposits from customers	18	11,381,412	11,030,564
Deposits and placements from banks and other financial institutions	19	1,458,744	1,580,469
Bills and acceptances payable		14,286	10,972
Derivative financial liabilities	30	154,357	117,031
Other liabilities	20	202,249	147,980
Multi-Currency Sukuk Programme	21	500,000	500,000
Total liabilities		13,711,048	13,387,016
Equity			
Share capital		50,000	50,000
Reserves		1,168,008	1,127,382
Total equity attributable to owner of the Bank		1,218,008	1,177,382
Total liabilities and equity		14,929,056	14,564,398
Commitments and Contingencies	29	14,392,046	12,007,406

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 5 to 25 attached to the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were approved for issue by the Board of Directors on 23 April 2014.

HSBC AMANAH MALAYSIA BERHAD
(Company No. 807705-X)
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**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	<i>Note</i>	31 Mar 2014	31 Mar 2013
		RM'000	RM'000
			Restated
Income derived from investment of depositors' funds and others	22	154,251	146,226
Income derived from investment of shareholder's funds	23	33,644	33,332
Impairment losses on financing	24	(14,748)	(32,102)
Total distributable income		173,147	147,456
Income attributable to depositors	25	(66,203)	(60,081)
Total net income		106,944	87,375
Personnel expenses	26	(10,395)	(7,981)
Other overheads and expenditures	27	(46,774)	(43,623)
Profit before income tax		49,775	35,771
Income tax expense		(11,778)	(8,889)
Profit for the period		37,997	26,882
Other comprehensive income/ (expenses)			
<i>Items that will subsequently be reclassified to profit or loss when specific conditions are met</i>			
Available-for-sale reserve:			
Change in fair value		3,335	1,333
Income tax expense relating to components of other comprehensive income		(834)	(333)
Other comprehensive income for the period, net of income tax		2,501	1,000
Total comprehensive income for the period		40,498	27,882
Profit attributable to the owner of the Bank		37,997	26,882
Total comprehensive income attributable to the owner of the Bank		40,498	27,882
Basic earnings per RM0.50 ordinary share		38.0 sen	26.9 sen

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HSBC AMANAH MALAYSIA BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	←	<i>Non-distributable</i>			→		<i>Distributable</i>	
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Available-for-sale reserve</i>	<i>Capital contribution reserve</i>	<i>Profit equalisation reserve</i>	<i>Retained profits</i>	<i>Total</i>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014								
Balance at 1 January	50,000	610,000	50,000	(5,960)	1,292	-	472,050	1,177,382
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	37,997	37,997
Other comprehensive income, net of income tax								
Available-for-sale reserve:								
Net change in fair value	-	-	-	2,501	-	-	-	2,501
Total other comprehensive income	-	-	-	2,501	-	-	-	2,501
Total comprehensive income for the period	-	-	-	2,501	-	-	37,997	40,498
Transactions with the owner (the ultimate holding company), recorded directly in equity								
Share based payment transactions	-	-	-	-	128	-	-	128
Balance at 31 March	50,000	610,000	50,000	(3,459)	1,420	-	510,047	1,218,008
2013								
Balance at 1 January	50,000	610,000	50,000	534	1,161	-	328,085	1,039,780
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	26,882	26,882
Other comprehensive income, net of income tax								
Available-for-sale reserve:								
Net change in fair value	-	-	-	1,000	-	-	-	1,000
Total other comprehensive income	-	-	-	1,000	-	-	-	1,000
Total comprehensive income for the period	-	-	-	1,000	-	-	26,882	27,882
Transactions with the owner (the ultimate holding company), recorded directly in equity								
Share based payment transactions	-	-	-	-	128	-	-	128
Balance at 31 March	50,000	610,000	50,000	1,534	1,289	-	354,967	1,067,790

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 5 to 25 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	31 Mar 2014	31 Mar 2013
	RM'000	RM'000
Profit before income tax	49,775	35,771
Adjustments for non-operating and non-cash items	2,309	2,700
Operating profit before working capital changes	52,084	38,471
Changes in working capital:		
Net changes in operating assets	45,324	(287,778)
Net changes in operating liabilities	324,032	782,178
Taxation paid	-	(8,334)
Net cash generated from operating activities	421,440	524,537
Net cash (used in)/ generated from investing activities	(335,774)	58,846
Net changes in cash and cash equivalents	85,666	583,383
Cash and cash equivalents at beginning of the period	3,093,206	1,650,386
Cash and cash equivalents at end of the period	3,178,872	2,233,769
Analysis of cash and cash equivalents		
Cash and short-term funds	3,178,872	2,333,769

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 5 to 25 attached to the unaudited condensed interim financial statements.

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HSBC AMANAH MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS

1 General Information

HSBC Amanah Malaysia Berhad ('the Bank') was incorporated on 26 February 2008 and is a licensed Islamic Bank under the Islamic Financial Services Act, 2013. The registered office of the Bank is at No. 2, Leboh Ampang, 50100 Kuala Lumpur.

The principal activities of the Bank are Islamic banking and related financial services. There were no significant changes in these activities during the financial period.

2 Basis of Preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2014 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial instruments held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements for the financial period ended 31 March 2014 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ('MFRS') 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and Bank Negara Malaysia requirements on Shariah related disclosures.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2013. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2013.

All significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2013, except for the adoption of the following amendments to MFRSs and Issues Committee ('IC') Interpretations.

- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)
- Amendments to MFRS 136, Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS136)
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (Amendments to MFRS139)
- IC Interpretation 21, Levies

The adoption of the above amendments and interpretations did not have any material impact on the financial results of the Bank.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2 Basis of Preparation

The following are amendments to MFRSs that have been issued by the MASB but have not been adopted by the Bank as they are either not applicable or not yet effective:-

Effective for annual periods commencing on or after 1 July 2014

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

The Bank plans to apply the abovementioned amendments from the annual period beginning 1 July 2014.

MFRSs and Amendments effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- MFRS 9, Financial Instruments (2013)
- Amendments to MFRS 7 – Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures.

The initial application of a standard that will be applied prospectively or which requires extended disclosures is not expected to have any financial impacts to the current and prior period's financial statement upon their first adoption.

The initial application of the above accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Bank upon their first adoption, except as mentioned

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139: Financial Instruments, Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

3 Auditors' Report On Preceding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

4 Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6 Changes in Estimates

The preparation of financial information requires the use of estimates. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from those reported. Management believes that critical accounting policies where judgement is necessarily applied are those which relate to impairment allowances for financing and advances, the valuation of financial instruments and the impairment allowance of available-for-sale financial investments.

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial period ended 31 March 2014.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt or equity securities during the financial period ended 31 March 2014.

8 Dividend

No dividend was declared nor paid during the financial period ended 31 March 2014.

9 Significant and Subsequent Events

The Bank's Board of Directors have approved the proposal to obtain a Basel III compliant Tier 2 subordinated Commodity Murabahah financing-i of USD equivalent of RM250 million from the Bank's immediate holding company, HSBC Bank Malaysia Berhad. The tenor of the facility is 10 years (prepayable after 5 years) with the profit payable quarterly in arrears from the utilisation date. The proposal is now currently pending Bank Negara Malaysia approval.

Other than the event disclosed above, there were no other material events subsequent to the date of the statement of financial position that requires disclosure or adjustments to the unaudited condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10 Cash and Short-Term Funds

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Cash and balances with banks and other financial institutions	178,872	143,206
Money at call and interbank placements maturing within one month	3,000,000	2,950,000
	<u>3,178,872</u>	<u>3,093,206</u>

11 Deposits and Placements with Banks and Other Financial Institutions

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Other financial institutions	<u>159,841</u>	<u>163,950</u>

12 Financial Assets Held-for-Trading

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Islamic bonds	<u>39,145</u>	<u>89,659</u>

13 Financial Investments Available-for-Sale

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
At fair value		
Money market instruments:		
Malaysian Government Islamic bonds	1,655,049	1,316,015
Negotiable instruments of deposit	24,998	24,991
	<u>1,680,047</u>	<u>1,341,006</u>

The maturity structure of money market instruments held as financial investments available-for-sale is as follows:

Maturing within one year	553,262	573,850
More than one year to three years	416,165	304,708
More than three years to five years	493,555	442,664
Over five years	217,065	19,784
	<u>1,680,047</u>	<u>1,341,006</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14 Financing and Advances

(i) By type and Shariah contracts

	Commodity Murabahah RM'000	Sale-based contracts			Lease-based contracts		Equity-based contracts	Ujrah RM'000	Total RM'000
		Bai Bithaman Ajil RM'000	Bai Al-Inah RM'000	Bai Al-Dayn RM'000	Ijarah RM'000	Ijarah Thumma Al-Bai RM'000	Diminishing Musharakah RM'000		
31 Mar 2014									
Cash line-i	-	-	99,203	-	-	-	-	-	99,203
Term financing:									
House financing	-	4,922	61	-	-	-	2,713,209	-	2,718,192
Hire purchase receivables	-	-	-	-	-	242,411	-	-	242,411
Lease receivables	-	-	-	-	3,149	-	-	-	3,149
Other term financing	2,927,142	247,675	346,321	-	-	-	1,444,595	-	4,965,733
Trust receipts	58,271	-	-	-	-	-	-	-	58,271
Claims on customers under acceptance credits	511,517	-	-	100,307	-	-	-	19,307	631,131
Staff financing-i	700	-	2,101	-	-	-	50,486	-	53,287
Credit cards-i	-	-	-	-	-	-	-	445,626	445,626
Revolving credit	273,459	-	-	-	-	-	-	-	273,459
Gross financing and advances	3,771,089	252,597	447,686	100,307	3,149	242,411	4,208,290	464,933	9,490,462
Less: Allowance for impaired financing									
Collective allowances for impairment									(116,182)
Individual allowances for impairment									(45,088)
Total net financing and advances									9,329,192

	Commodity Murabahah RM'000	Sale-based contracts			Lease-based contracts		Equity-based contracts	Ujrah RM'000	Total RM'000
		Bai Bithaman Ajil RM'000	Bai Al-Inah RM'000	Bai Al-Dayn RM'000	Ijarah RM'000	Ijarah Thumma Al-Bai RM'000	Diminishing Musharakah RM'000		
31 Dec 2013									
Cash line-i	-	-	90,276	-	-	-	-	-	90,276
Term financing:									
House financing	-	5,486	63	-	-	-	2,654,446	-	2,659,995
Hire purchase receivables	-	-	-	-	-	252,560	-	-	252,560
Lease receivables	-	-	-	-	2,442	-	-	-	2,442
Other term financing	2,845,521	206,467	405,450	1,413	-	-	1,400,056	-	4,858,907
Trust receipts	55,039	-	-	-	-	-	-	-	55,039
Claims on customers under acceptance credits	466,918	-	-	184,052	-	-	-	9,713	660,683
Staff financing-i	278	-	2,305	-	-	-	43,932	-	46,515
Credit cards-i	-	-	-	-	-	-	-	470,834	470,834
Revolving credit	238,349	-	-	-	-	-	-	-	238,349
Gross financing and advances	3,606,105	211,953	498,094	185,465	2,442	252,560	4,098,434	480,547	9,335,600
Less: Allowance for impaired financing									
Collective allowances for impairment									(119,290)
Individual allowances for impairment									(41,137)
Total net financing and advances									9,175,173

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14 Financing and Advances (Cont'd)

(ii) By type of customer

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Domestic non-bank financial institutions	387,734	329,023
Domestic business enterprises:		
Small medium enterprises	1,776,813	1,713,220
Others	2,211,765	2,267,570
Government and statutory bodies	18,369	19,190
Individuals	4,537,264	4,500,134
Other domestic entities	1,682	1,722
Foreign entities	556,835	504,741
	<u>9,490,462</u>	<u>9,335,600</u>

(iii) By profit rate sensitivity

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Fixed rate:		
House financing	8,544	8,988
Hire purchase receivables	242,411	252,560
Other financing	1,776,044	1,807,208
Variable rate:		
House financing	3,376,548	3,266,668
Other financing	4,086,915	4,000,176
	<u>9,490,462</u>	<u>9,335,600</u>

(iv) By residual contractual maturity

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Maturing within one year	3,824,384	3,821,794
More than one year to three years	498,211	571,348
More than three years to five years	660,592	666,145
Over five years	4,507,275	4,276,313
	<u>9,490,462</u>	<u>9,335,600</u>

(v) By sector

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	344,632	367,359
Mining and quarrying	100,187	103,688
Manufacturing	1,063,598	1,118,514
Electricity, gas and water	88,340	90,568
Construction	737,558	664,984
Real estate	257,017	254,476
Wholesale & retail trade, restaurants & hotels	664,811	657,827
Transport, storage and communication	248,573	274,259
Finance, takaful and business services	672,150	576,063
Household - Retail	5,061,175	4,999,671
Others	252,421	228,191
	<u>9,490,462</u>	<u>9,335,600</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14 Financing and Advances (Cont'd)

(vi) By purpose

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Purchase of landed property:		
- Residential	2,597,450	2,509,261
- Non-residential	287,767	290,467
Purchase of transport vehicles	2,050	1,534
Purchase of fixed assets excluding land & building	29,516	20,199
Consumption credit	2,242,883	2,271,120
Construction	737,558	664,984
Working capital	3,540,263	3,551,919
Other purpose	52,975	26,116
	9,490,462	9,335,600

(vii) By geographical distribution

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Northern Region	1,319,577	1,403,353
Southern Region	1,432,758	1,413,876
Central Region	6,193,494	5,996,088
Eastern Region	544,633	522,283
	9,490,462	9,335,600

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Pahang, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Malacca and Negeri Sembilan.

The Central region consists of the states of Selangor and the Federal Territory of Kuala Lumpur.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

Concentration by location for financing of customers is based on the location of the customer.

(viii) Assets under Management

The details of assets under management in respect of the Restricted Profit Sharing Investment account financing are as below. The exposures and the corresponding risk weighted amount are reported in HSBC Bank Malaysia Berhad's financial statements.

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Term financing	389,487	629,757
Less: Individual allowance for impaired financing	-	-
Total net financing and advances	389,487	629,757
	Principal	Risk
	RM'000	weighted
		RM'000
Total RWA for Credit Risk		
- at 31 Mar 2014	389,487	389,487
- at 31 Dec 2013	629,757	629,757

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15 Impaired Financing

(i) Movements in impaired financing and advances

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
At beginning of period/year	166,906	129,418
Classified as impaired during the period/year	64,006	261,752
Reclassified as performing	(37,317)	(85,345)
Amount recovered	(14,511)	(47,315)
Amount written off	(24,439)	(119,997)
Other movements	8,520	28,393
At end of period/year	163,165	166,906
Less: Individual allowance for impairment	(45,088)	(41,137)
Collective allowance for impairment (impaired portion)	(44,158)	(43,641)
Net impaired financing and advances	73,919	82,128

(ii) Movements in allowance for impaired financing

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Collective allowance for impairment		
At beginning of period/year	119,290	144,853
Made during the period/year	30,366	157,960
Amount released	(10,309)	(66,909)
Amount written off	(22,623)	(115,853)
Discount unwind	(542)	(761)
At end of period/year	116,182	119,290

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Individual allowance for impairment		
At beginning of period/year	41,137	30,379
Made during the period/year	13,745	42,424
Amount recovered	(11,572)	(36,823)
Amount written off	(1,795)	(4,705)
Other movement	3,667	10,291
Discount unwind	(94)	(429)
At end of period/year	45,088	41,137

(iii) By contract

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	86	106
Bai Al-Dayn (<i>sale of debt</i>)	887	1,330
Ijarah Thumma Al-Bai (AITAB) (<i>hire purchase</i>)	6,864	7,670
Murabahah (<i>cost-plus</i>)	50,006	39,663
Musharakah (<i>profit and loss sharing</i>)	57,619	66,335
Bai Al-Inah (<i>sell and buy back</i>)	33,368	37,611
Ujrah (<i>fee-based</i>)	14,335	14,191
	163,165	166,906

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15 Impaired Financing (Cont'd)

(iv) By sector

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Manufacturing	10,059	6,435
Construction	1,860	2,455
Wholesale & retail trade, restaurants & hotels	2,943	2,901
Transport, storage and communication	980	960
Finance, takaful and business services	420	420
Household - Retail	146,712	153,544
Others	191	191
	163,165	166,906

(v) By purpose

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Purchase of landed property:		
- Residential	59,501	65,700
- Non-residential	102	102
Purchase of transport vehicles	121	69
Consumption credit	87,090	87,775
Construction	1,860	2,455
Working capital	13,805	10,092
Other purpose	686	713
	163,165	166,906

(vi) By geographical distribution

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Northern Region	36,049	38,608
Southern Region	21,099	26,209
Central Region	101,147	96,782
Eastern Region	4,870	5,307
	163,165	166,906

Refer Note 14(vii) for definition of each region.

16 Other Assets

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Income receivable	15,754	18,548
Amount due from holding company/ related companies	1,384	151,497
Other receivables, deposits and prepayments	11,435	10,966
	28,573	181,011

17 Statutory deposits with Bank Negara Malaysia

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)c and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18 Deposits From Customers

(i) By type of deposit

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
		Restated
Non-Mudharabah Fund		
Demand deposits		
- Wadiah	1,378,064	1,152,713
- Wakalah	101,772	98,682
Savings deposits		
- Wadiah	633,722	611,078
- Wakalah	663,646	617,472
Fixed return investment deposits		
- Murabahah	6,563,200	6,552,310
Islamic repurchase agreements		
- Bai Al-Inah	123,500	152,660
Negotiable instruments of deposits		
- Wakalah	-	10,703
- Wakalah with Commodity Wa'ad	560,250	526,705
Others		
- Wakalah with Commodity Wa'ad	1,220,216	1,138,431
- Wakalah with Murabahah	137,042	169,810
	11,381,412	11,030,564

The maturity structure of fixed return investment deposits and negotiable instruments of deposits is as follows:

	RM'000	RM'000
Due within six months	5,617,695	5,726,792
More than six months to one year	1,041,456	909,369
More than one year to three years	99,438	92,019
More than three years to five years	364,861	361,538
	7,123,450	7,089,718

(ii) By type of customer

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Government and statutory bodies	42,612	87,211
Business enterprises	2,185,651	1,930,020
Individuals	7,329,567	7,038,482
Others	1,823,582	1,974,851
	11,381,412	11,030,564

19 Deposits and Placements from Banks and Other Financial Institutions

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
		Restated
Non-Mudharabah		
Licensed banks	623,007	793,520
Bank Negara Malaysia	44,347	26,815
Other financial institutions	-	134
Mudharabah		
Licensed banks	740,000	760,000
Other financial institutions	51,390	-
	1,458,744	1,580,469

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20 Other Liabilities

	Note	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Profit payable		47,747	52,383
Amounts due to holding company/ related companies		76,829	9,137
Profit equalisation reserve	(a)	1,253	1,290
Other creditors and accruals	(b)	76,420	85,170
		202,249	147,980

(a) Movement in profit equalisation reserve is as follows:

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
At beginning of period/year	1,290	1,340
Contribution to non-profit organisations	(37)	(50)
At end of period/year	1,253	1,290

(b) Other creditors and accruals

Included in other creditors and accruals is excess compensation balance and profit earned from inadvertent financing of Shariah non-compliant activities.

Source and use of charity funds	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Source of charity funds		
At beginning of period/year	3	32
Income from inadvertent Shariah non-compliant activities	23	72
Use of charity funds		
Contribution to non-profit organisations	-	(101)
At end of period/year	26	3

21 Multi-Currency Sukuk Programme ("MCSP")

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Multi-Currency Sukuk Programme	500,000	500,000

This is a 5-year medium term note (Sukuk) under the Bank's RM3 billion Multi-Currency Sukuk Programme. The Sukuk's maturity date is 28 September 2017 and bears a distribution rate of 3.75% per annum payable semi-annually in arrears. The Sukuk issued under the MCSP is carried at amortised cost, with profit payable recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Income Derived from Investment of Depositors' Funds and Others

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Income derived from investment of:		
(i) general investment deposits	115,410	108,605
(ii) specific investment deposits	6,503	13,038
(iii) other deposits	32,338	24,583
	<u>154,251</u>	<u>146,226</u>

(i) Income derived from investment of general investment deposits

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	91,055	94,657
- Recoveries from impaired financing	2,447	40
Financial investments available-for-sale	8,844	4,749
Money at call and deposit with financial institutions	14,515	9,159
	<u>116,861</u>	<u>108,605</u>

Other operating income

Net gains from dealing in foreign currency	3,543	-
Net gains from sale of financial assets held-for-trading and other financial instruments	3,832	-
Net unrealised gains from revaluation of financial assets held-for-trading	1,129	-
Net profit paid for financial assets held-for-trading and other financial instruments	(10,469)	-
Net gain from trading in derivatives	560	-
Other loss	(46)	-
	<u>(1,451)</u>	<u>-</u>
	<u>115,410</u>	<u>108,605</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22 Income Derived from Investment of Depositors' Funds and Others (Cont'd)

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
(ii) Income derived from investment of specific investment deposits		
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	4,866	4,382
Financial investments available-for-sale	-	3,807
	<u>4,866</u>	<u>8,189</u>
<u>Other operating income</u>		
Fees and commission	850	1,277
Net gains from dealing in foreign currency	787	4,385
Net gain from sale of financial assets held-for-trading and other financial instruments	-	6,248
Net gains from trading in derivatives	-	162
Net profit paid from financial assets held-for-trading and other financial instruments	-	(6,792)
Net unrealised loss from revaluation of financial assets held-for-trading	-	(431)
	<u>1,637</u>	<u>4,849</u>
	<u>6,503</u>	<u>13,038</u>
The above fees and commissions were derived from the following major contributors:		
Guarantee fees	259	262
Service charges and fees	590	44
Credit facilities	1	479
	<u>850</u>	<u>785</u>
	<u>31 Mar 2014</u>	<u>31 Mar 2013</u>
	<u>RM'000</u>	<u>RM'000</u>
(iii) Income derived from investment of other deposits		
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	25,513	21,426
- Recoveries from impaired financing	686	9
Financial investments available-for-sale	2,478	1,075
Money at call and deposit with financial institutions	4,067	2,073
	<u>32,744</u>	<u>24,583</u>
<u>Other operating income</u>		
Net gains from dealing in foreign currency	993	-
Net gains from sale of financial assets held-for-trading and other financial instruments	1,074	-
Net gain from trading in derivatives	157	-
Net unrealised gains from revaluation of financial assets held-for-trading	316	-
Net profit paid from financial assets held-for-trading and other financial instruments	(2,933)	-
Other losses	(13)	-
	<u>(406)</u>	<u>-</u>
	<u>32,338</u>	<u>24,583</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23 Income Derived from Investment of Shareholder's Funds

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<u>Finance income and hibah:</u>		
Financing and advances		
- Profit earned other than recoveries from impaired financing	10,749	11,260
- Recoveries from impaired financing	289	5
Financial investments available-for-sale	1,044	565
Money at call and deposit with financial institutions	1,713	1,089
	<u>13,795</u>	<u>12,919</u>
<u>Other operating income</u>		
Fees and commission	18,446	19,451
Net gains from dealing in foreign currency	418	-
Net gains from sale of financial assets held-for-trading and other financial instruments	452	-
Net gain from trading in derivatives	66	-
Net unrealised gains from revaluation of financial assets held-for-trading	133	-
Net profit paid from financial assets held-for-trading and other financial instruments	(1,236)	-
Shared-service fees from holding company	924	894
Other income	646	68
	<u>19,849</u>	<u>20,413</u>
	<u>33,644</u>	<u>33,332</u>
The above fees and commissions were derived from the following major contributors:		
Service charges and fees	4,723	4,255
Cards	6,727	6,401
Agency fees	4,054	4,621

24 Impairment Losses on Financing

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Impairment charges on financing:		
(a) Individual allowance for impairment		
- Provided	13,745	12,051
- Written back	(11,572)	(9,340)
(b) Collective allowance for impairment		
- Provided	30,366	42,926
- Written back	(10,309)	(6,710)
Impaired financing		
- Recovered	(7,708)	(7,633)
- Written off	226	808
	<u>14,748</u>	<u>32,102</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25 Income Attributable to Depositors

	31 Mar 2014	31 Mar 2013
	RM'000	RM'000
		Restated
Non-Mudharabah Fund		
Deposits from customers	53,003	44,534
Deposits and placements of banks and other financial institutions	3,935	8,030
Others	5,160	4,906
Mudharabah Fund		
Deposits and placements of banks and other financial institutions	4,105	2,611
	66,203	60,081

26 Personnel Expenses

	31 Mar 2014	31 Mar 2013
	RM'000	RM'000
		Restated
Salaries, allowances and bonuses	8,439	6,495
Employees Provident Fund contributions	1,346	781
Other staff related costs	610	705
	10,395	7,981

27 Other Overheads and Expenditures

	31 Mar 2014	31 Mar 2013
	RM'000	RM'000
		Restated
Promotion and marketing related expenses		
Advertising and promotion	4,319	2,762
Marketing	670	1,174
	4,989	3,936
Establishment related expenses		
Depreciation of equipment	2,179	2,471
Amortisation of intangible assets	2	5
Information technology costs	743	259
Hire of equipment	2	17
Rental of premises	2,002	2,031
Equipment written off	-	14
Others	599	531
	5,527	5,328
General administrative expenses		
Intercompany expenses	32,726	30,987
Auditors' remuneration		
<u>Statutory audit fees</u>		
KPMG Malaysia	30	30
<u>Other services</u>		
KPMG Malaysia	68	43
Professional fees	255	308
Others	3,179	2,991
	36,258	34,359
	46,774	43,623

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28 Capital Adequacy

	31 Mar 2014	31 Dec 2013
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	50,000	50,000
Share premium	610,000	610,000
Retained profits	472,050	472,050
Other reserves	46,808	43,345
Regulatory adjustments	(4,767)	(5,116)
Total Common Equity Tier 1 (CET1) and Tier 1 capital	<u>1,174,091</u>	<u>1,170,279</u>
Tier 2 capital		
Collective impairment allowance (unimpaired portion)	<u>72,024</u>	<u>75,649</u>
Total Tier 2 capital	<u>72,024</u>	<u>75,649</u>
Capital base	<u>1,246,115</u>	<u>1,245,928</u>
CET1 and Tier 1 Capital ratio	12.147%	12.300%
Total Capital ratio	12.892%	13.095%

The total capital and capital adequacy ratios have been computed based on the Standardised Approach in accordance with the Capital Adequacy Framework for Islamic Banks (Capital Components).

Breakdown of risk-weighted assets ("RWA") in the various categories of risk weights:

	31 Mar 2014		31 Dec 2013	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Total RWA for credit risk	17,099,247	8,708,860	16,569,610	8,580,305
Total RWA for market risk	-	78,188	-	78,252
Total RWA for operational risk	-	878,624	-	856,104
	<u>17,099,247</u>	<u>9,665,672</u>	<u>16,569,610</u>	<u>9,514,661</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29 Commitments and Contingencies

The table below shows the contracts or underlying principal amounts, positive fair value of derivative contracts, credit equivalent amounts and risk weighted amounts of unmatured off-balance sheet transactions as at the statement of financial position date. The underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk.

	Principal amount RM'000	Positive fair value of derivative contracts ^ RM'000	Credit equivalent amount * RM'000	Risk weighted amount * RM'000
31 Mar 2014				
Direct credit substitutes	457,491	-	457,491	448,911
Transaction-related contingent items	898,188	-	449,094	333,204
Short-term self-liquidating trade-related contingencies	26,054	-	5,211	3,935
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	1,982,849	-	396,570	357,078
- Maturity exceeding one year	919,015	-	459,508	442,093
Unutilised credit card lines	1,086,056	-	217,211	162,908
Equity related contracts				
- Less than one year	313,420	5	18,873	3,775
- One year to less than five years	1,189,656	3,650	98,823	20,388
Profit rate related contracts				
- Less than one year	92,800	269	456	91
- One year to less than five years	4,807,676	69,393	209,561	63,414
Foreign exchange related contracts				
- Less than one year	2,520,876	11,033	49,889	14,279
- Over five years	97,965	4,332	14,128	10,210
	14,392,046	88,682	2,376,815	1,860,286
		Note 30		
31 Dec 2013				
Direct credit substitutes	493,365	-	493,365	448,235
Transaction-related contingent items	832,700	-	416,350	293,927
Short-term self-liquidating trade-related contingencies	19,611	-	3,922	3,288
Irrevocable commitments to extend credit				
- Maturity not exceeding one year	1,873,926	-	374,785	333,163
- Maturity exceeding one year	861,017	-	430,508	416,910
Unutilised credit card lines	1,030,840	-	206,168	154,626
Equity related contracts				
- Less than one year	644,322	11	39,062	18,346
- One year to less than five years	752,273	5,095	67,296	31,154
Profit rate related contracts				
- Less than one year	98,500	359	537	269
- One year to less than five years	3,101,025	58,935	154,051	85,717
Foreign exchange related contracts				
- Less than one year	2,201,457	16,424	62,439	37,043
- Over five years	98,370	4,640	14,587	12,127
	12,007,406	85,464	2,263,070	1,834,805
		Note 30		

^ The foreign exchange, equity related and profit rate related contracts are off-balance sheet derivative financial instruments whose values change in response to change in prices or rates (such as foreign exchange rates, profit rates and commodities price) of the underlying instruments. The table above shows the Bank's derivative financial instruments at the statement of financial position date. The underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) fair values at the statement of financial position date are shown above.

* The credit equivalent and risk weighted amounts are computed using credit conversion factors and risk weighting rules as per Bank Negara Malaysia guidelines. The credit conversion factors and risk weighting rules were based on Basel II Capital Adequacy Framework for Islamic Banks, "CAFIB".

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

31 Mar 2014	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	2,429,884	-	-	2,429,884	10,372	-	-	10,372	10,268	-	-	10,268
- Swaps	-	-	94,703	94,703	-	-	4,332	4,332	-	-	3,611	3,611
- Options	94,254	-	-	94,254	661	-	-	661	128	-	-	128
Profit rate related contracts												
- Swaps	93,000	3,778,308	-	3,871,308	269	15,163	-	15,432	-	10,899	-	10,899
- Options	-	749,168	-	749,168	-	53,551	-	53,551	-	64,346	-	64,346
Equity related contracts												
- Options purchased	313,420	1,189,656	-	1,503,076	5	3,650	-	3,655	31,351	33,656	-	65,007
Sub- total	<u>2,930,558</u>	<u>5,717,132</u>	<u>94,703</u>	<u>8,742,393</u>	<u>11,307</u>	<u>72,364</u>	<u>4,332</u>	<u>88,003</u>	<u>41,747</u>	<u>108,901</u>	<u>3,611</u>	<u>154,259</u>
Hedging Derivatives:												
Fair Value Hedge												
Profit rate related contracts												
- Swaps	-	280,000	-	280,000	-	678	-	678	-	98	-	98
Sub- total	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>98</u>
Total	<u>2,930,558</u>	<u>5,997,132</u>	<u>94,703</u>	<u>9,022,393</u>	<u>11,307</u>	<u>73,042</u>	<u>4,332</u>	<u>88,681</u>	<u>41,747</u>	<u>108,999</u>	<u>3,611</u>	<u>154,357</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 Derivative Financial Instruments (Cont'd)

31 Dec 2013	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000	Up to 1 Year RM'000	>1 - 5 Years RM'000	> 5 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	2,178,902	-	-	2,178,902	13,607	-	-	13,607	13,186	-	-	13,186
- Swaps	-	-	94,905	94,905	-	-	4,750	4,750	-	-	3,970	3,970
- Options	26,020	-	-	26,020	-	2,707	-	2,707	23	-	-	23
Profit rate related contracts												
- Options	98,500	1,802,193	550,000	2,450,694	359	8,230	3,487	12,076	-	5,674	1,879	7,553
- Swaps	-	668,832	-	668,832	-	46,720	-	46,720	-	58,873	-	58,873
Equity related contracts												
- Options purchased	644,322	752,273	-	1,352,187	11	5,095	-	5,106	26,100	7,326	-	33,426
Sub- total	2,947,744	3,223,298	644,905	6,815,947	13,977	62,752	8,237	84,966	39,309	71,873	5,849	117,031
Hedging Derivatives:												
Fair Value Hedge												
Profit rate related contracts												
- Swaps	-	80,000	-	80,000	-	498	-	498	-	-	-	-
Sub- total	-	80,000	-	80,000	-	498	-	498	-	-	-	-
Total	2,947,744	3,303,298	644,905	6,895,947	13,977	63,250	8,237	85,464	39,309	71,873	5,849	117,031

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 Comparative Figures

Restatement of Comparative Figures

The presentation and classification of items in the current financial statements are consistent with the previous year except for the following:

(i) Reclassification to conform to current period's presentation

Statement of financial position at 31 December 2013

	RM'000 As restated	RM'000 As previously stated
a) Deposits from customers	11,030,564	11,030,564
<i>(of which the affected components are disclosed below) :</i>		
Others		
Hybrid	-	93,769
Wakalah	-	60,467
Murabahah	-	1,154,005
Wakalah with Commodity Wa'ad	1,138,431	-
Wakalah with Murabahah	169,810	-
b) Deposits and Placements from Banks and Other Financial Institutions		
Non-Mudharabah		
Licensed banks	793,520	-
Bank Negara Malaysia	26,815	-
Other financial institutions	134	-
Mudharabah		
Licensed banks	760,000	1,553,520
Bank Negara Malaysia	-	26,815
Other financial institutions	-	134
	1,580,469	1,580,469

Statement of profit or loss and other comprehensive income for the financial period ended 31 March 2013

a) Income Attributable to Depositors	60,081	60,081
<i>(of which the affected components are disclosed below) :</i>		
Non-Mudharabah Fund		
Deposits and placements of banks and other financial institutions	8,030	-
Others	4,906	-
Mudharabah Fund		
Deposits and placements of banks and other financial institutions	2,611	10,641
Others	-	4,906
b) Personnel Expenses	7,981	8,062
<i>(of which the affected components are disclosed below) :</i>		
Other staff related costs	705	786
c) Other Overheads and Expenditures	34,359	34,216
<i>(of which the affected components are disclosed below) :</i>		
Promotion and marketing related expenses	3,936	3,998
Advertising and promotion	2,762	2,824
General administrative expenses	34,359	34,216
Intercompany expenses	30,987	30,935
Others	2,991	2,900

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32 Performance Review

The Bank achieved profit before tax of RM49.8 million, an increase of RM14.0 million, or 39.1%, compared with the first quarter of 2013.

Total net income at RM106.9 million was RM19.6 million or 22.4% higher than first quarter of 2013. Impairment losses on financing declined by RM17.4 million on lower net collective impairment provision whilst net finance income improved by RM7.8 million. Operating expenses increased by RM5.6 million arising from higher personnel expenses (up RM2.4 million), intercompany expenses (up RM1.7 million) and promotion and marketing related expenses (up RM1.1 million).

Balance sheet size grew by RM0.4 billion or 2.5% against 31 December 2013. Growth in total assets was principally due to increase in financial investments available-for-sale (up RM0.3 billion) and financing of customers (up RM0.2 billion). The growth was mainly funded by increase in customer deposits (up RM0.4 billion).

33 Business Prospects

The Malaysian economy rose by 4.7% in 2013 (2012: 5.6%), spurred on by continued growth in domestic demand, as private consumption and investment remained robust. The more moderate growth performance in 2013 was to a large extent due to prolonged weaknesses in the external environment, especially in the first half of the year. Moving forward, the Malaysian economy is expected to remain on a steady growth path in 2014, expanding by 4.5% to 5.5%. The growth momentum is expected to be supported by better performance in the external environment, amidst some moderation in domestic demand. Private consumption and investment is expected to remain strong, and whilst some slowing down could be expected in public consumption following ongoing consolidation of the Government's fiscal position, public investment is projected to rise, supported by Government and public enterprise capital spending.

The Bank's priorities in 2014 remain unchanged, to grow the business, implement the highest global standards of conduct and compliance, and streamline processes and procedures for the benefit of the customers. This year, the Bank will grow its affluent and midmarket retail market share by investing in its Premier and Advance propositions and offering enhanced wealth management solutions. The Bank will also continue to increase its current share of quality assets via the relationship-based approach, by increasing value added offerings and needs based banking products and business solutions, while building on cross referrals and cross selling of various banking products to the Bank's existing customers. At the same time, the Bank will focus on delivering a better customer experience.

The Bank will also capitalise on the HSBC Group's international connectivity for cross border trade initiatives, and will engage with relevant Government bodies for early identification of inbound investments. Furthermore, liquidity conditions in the domestic financial markets are expected to remain favourable for further expansion of sukuk-market activity.