



Your Choice Bank
(An agency under KPDNKK)

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2016**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and bank balances		1,172,963	1,082,437	1,172,385	1,081,267
Deposits and placements with financial institutions		2,340,802	1,749,995	2,339,126	1,725,459
Financial assets available-for-sale	1	14,282,629	13,296,973	14,281,481	13,295,819
Financial assets held-to-maturity	2	11,233,335	10,718,843	11,233,335	10,718,843
Financing and advances	3	65,435,684	63,137,184	65,435,684	63,137,184
Trade receivables		9,130	8,416	-	-
Other assets	4	818,112	808,703	767,995	770,321
Inventories		5,458	4,946	-	-
Investment in subsidiaries		-	-	61,976	61,976
Property and equipment		802,848	747,301	667,902	689,656
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		709,790	708,590	685,145	685,145
Prepaid lease payment		64,620	65,258	64,620	65,258
Deferred tax assets		21,426	54,598	22,000	55,000
TOTAL ASSETS		96,909,982	92,396,429	96,731,649	92,285,928

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (CONTINUED)**

	Note	Group		Bank	
		30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
LIABILITIES					
Deposits from customers	5	76,128,097	70,981,772	76,128,097	70,981,772
Deposits and placements from banks and financial institutions		540,000	1,940,000	540,000	1,940,000
Trade payables		2,709	3,582	-	-
Recourse obligations on financing sold to Cagamas		1,361,097	1,478,659	1,361,097	1,478,659
Debt securities issued		3,019,465	2,718,871	3,019,465	2,718,871
Other liabilities	6	1,253,651	1,251,329	1,416,918	1,476,120
Provision for taxation		778	929	-	-
TOTAL LIABILITIES		82,305,797	78,375,142	82,465,577	78,595,422
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,983,923	2,986,030	2,983,923
Share redemption fund		53,671	53,671	53,671	53,671
Reserves	7	11,564,484	10,983,693	11,226,371	10,652,912
TOTAL SHAREHOLDERS' FUND		14,604,185	14,021,287	14,266,072	13,690,506
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		96,909,982	92,396,429	96,731,649	92,285,928
COMMITMENT AND CONTINGENCIES	13	2,754,989	2,600,935	2,754,989	2,600,935

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Income	8	1,498,870	1,412,525	2,964,915	2,802,338
Expenditure	9	(813,057)	(743,455)	(1,612,680)	(1,413,239)
Net income		685,813	669,070	1,352,235	1,389,099
Allowance for impairment	10	(84,537)	(9,697)	(176,994)	(152,623)
Other operating income	11	150,875	129,721	307,379	291,136
Operating expenses	12	(303,634)	(214,139)	(582,297)	(404,971)
Profit before taxation and zakat		448,517	574,955	900,323	1,122,641
Taxation		(51,500)	(105,735)	(78,787)	(164,332)
Zakat		(10,493)	(6,037)	(21,154)	(11,976)
Profit after taxation and zakat		386,524	463,183	800,382	946,333
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial assets available-for-sale		32,670	(25,052)	165,081	102,640
Utilisation of profit equalisation reserve (Bank)		-	(4,767)	-	(29,865)
Other comprehensive income/(loss) for the period		32,670	(29,819)	165,081	72,775
Total comprehensive income for the period		419,194	433,364	965,463	1,019,108

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016 (CONTINUED)**

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Income	8	1,477,137	1,393,204	2,931,038	2,768,623
Expenditure	9	(798,740)	(721,826)	(1,589,704)	(1,373,372)
Net income		678,397	671,378	1,341,334	1,395,251
Allowance for impairment	10	(84,537)	(9,697)	(176,994)	(152,623)
Other operating income	11	149,313	128,961	305,810	290,025
Operating expenses	12	(298,615)	(222,528)	(580,156)	(422,712)
Profit before taxation and zakat		444,558	568,114	889,994	1,109,941
Taxation		(50,238)	(104,185)	(76,095)	(161,352)
Zakat		(10,349)	(5,777)	(20,849)	(11,554)
Profit after taxation and zakat		383,971	458,152	793,050	937,035
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial assets available-for-sale					
		32,670	(25,052)	165,081	102,640
Utilisation of profit equalisation reserve (Bank)					
		-	(4,767)	-	(29,865)
Other comprehensive income/(loss) for the period		32,670	(29,819)	165,081	72,775
Total comprehensive income for the period		416,641	428,333	958,131	1,009,810

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

Group	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalisation reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,471,509	5,201,933	12,729,784
Total comprehensive income for the period	-	-	(29,865)	102,640	946,333	1,019,108
Issuance to new members	4,123	-	-	-	-	4,123
Transfer from share capital	(468)	468	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,493)	(443,493)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 30 June 2015	2,977,332	53,268	-	4,587,236	5,691,781	13,309,617
At 1 January 2016	2,983,923	53,671	-	4,952,386	6,031,307	14,021,287
Total comprehensive income for the period	-	-	-	165,081	800,382	965,463
Issuance to new members	2,107	-	-	-	-	2,107
Dividends	-	-	-	-	(384,814)	(384,814)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	142	142
At 30 June 2016	2,986,030	53,671	-	5,117,467	6,447,017	14,604,185

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (CONTINUED)**

Bank	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalisation reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,472,250	4,915,527	12,444,119
Total comprehensive income for the period	-	-	(29,865)	102,640	937,035	1,009,810
Issuance to new members	4,123	-	-	-	-	4,123
Transfer from share capital	(468)	468	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,493)	(443,493)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 30 June 2015	2,977,332	53,268	-	4,587,977	5,396,077	13,014,654
At 1 January 2016	2,983,923	53,671	-	4,953,127	5,699,785	13,690,506
Total comprehensive income for the period	-	-	-	165,081	793,050	958,131
Issuance to new members	2,107	-	-	-	-	2,107
Dividends	-	-	-	-	(384,814)	(384,814)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	142	142
At 30 June 2016	2,986,030	53,671	-	5,118,208	6,108,163	14,266,072

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	800,382	946,333	793,050	937,035
Adjustments for:				
Taxation	78,787	164,332	76,095	161,352
Zakat	21,154	11,976	20,849	11,554
Profit expense on debt securities issued	59,447	64,813	59,447	64,813
Allowance for impairment on financing and advances	176,994	152,623	176,994	152,623
Depreciation of property and equipment	48,837	47,878	48,094	46,951
Amortisation of prepaid lease payment	638	936	638	766
Property and equipment written off	287	121	287	12
Gain on disposal of property and equipment	-	(3)	-	(3)
Loss on financing written off	13,848	6,516	13,848	6,516
Provision for defined benefit plan	10,052	10,278	10,052	10,278
Allowance for doubtful debts	12	47	12	47
Allowance for doubtful debts no longer required	-	(18,476)	-	(18,476)
Provision for impairment loss on financial assets held-to-maturity no longer required	(278)	(284)	(278)	(284)
Net gain on disposal of financial assets available-for-sale	(11,130)	(15,290)	(11,130)	(15,290)
Net gain on disposal of financial assets held-for-trading	(728)	(72)	(728)	(72)
Transfer to profit equalisation reserve	-	(48,641)	-	(48,641)
Profit expense on financing sold with recourse to Cagamas	30,366	33,785	30,366	33,785
Operating profit before working capital changes	1,228,668	1,356,872	1,217,596	1,342,966

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	(590,807)	1,126,547	(613,667)	1,123,964
Financing and advances	(2,489,342)	(1,322,588)	(2,489,342)	(1,322,588)
Trade receivables	(713)	(2,106)	-	-
Other assets	(27,426)	(50,109)	(16,357)	(52,320)
Inventories	(512)	(2,300)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	5,146,326	1,714,210	5,146,326	1,714,210
Deposits and placements from banks and financial institutions	(1,400,000)	(900,000)	(1,400,000)	(900,000)
Trade payables	(873)	3,358	-	-
Recourse obligations on financing sold to Cagamas	(147,928)	(125,721)	(147,928)	(125,721)
Other liabilities	1,942	(49,246)	(59,350)	(46,392)
Cash generated from operations	1,719,335	1,748,917	1,637,278	1,734,119
Income tax paid	(37,814)	(3,046)	(34,476)	-
Zakat paid	(20,634)	(31,832)	(20,560)	(31,211)
Net cash from operating activities	1,660,887	1,714,039	1,582,242	1,702,908

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(2,375,000)	(232,500)	(2,375,000)	(232,500)
Proceeds from disposal of financial assets held-for-trading	2,375,728	232,572	2,375,728	232,572
Purchases of financial assets available-for-sale	(5,598,090)	(2,552,350)	(5,598,090)	(2,552,350)
Proceeds from disposal of financial assets available-for-sale	4,788,645	1,213,325	4,788,639	1,213,475
Purchases of financial assets held-to-maturity	(1,045,000)	(58,270)	(1,045,000)	(58,270)
Proceeds from disposal of financial assets held-to-maturity	530,786	377,432	530,786	377,432
Purchases of property and equipment	(125,394)	(110,048)	(46,151)	(99,267)
Proceeds from disposal of property and equipment	19,524	-	19,524	-
Net cash used in investing activities	(1,428,801)	(1,129,839)	(1,349,564)	(1,118,908)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	2,107	4,123	2,107	4,123
Dividend paid	(384,814)	(443,494)	(384,814)	(443,494)
Fund received from government	-	3,688	-	3,688
Proceeds from debt securities issued	300,000	-	300,000	-
Payment of profit expenses on debt securities issued	(58,853)	(64,426)	(58,853)	(64,426)
Net cash used in financing activities	(141,560)	(500,109)	(141,560)	(500,109)
Net increase in cash and cash equivalents	90,526	84,091	91,118	83,891
Cash and cash equivalents at beginning of period	1,082,437	956,994	1,081,267	955,219
Cash and cash equivalents at end of period	1,172,963	1,041,085	1,172,385	1,039,110

These interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015

**EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134
("MFRS 134")**

Basis of Preparation

The unaudited interim financial statements for the second quarter and six months ended 30 June 2016 have been prepared under historical cost convention except for the following assets and liabilities which are stated at fair values, i.e. financial assets held-for-trading, financial assets available-for-sale, and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134; Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015. 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 2015.

Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

Comments on Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the second quarter and six months ended 30 June 2016.

Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, shareholders' fund, net income or cash flows of the Group and the Bank in the second quarter and six months ended 30 June 2016.

Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the second quarter and six months ended 30 June 2016.

Debt and Equity Securities

There were no new issuance of debt securities by the Bank during the period.

Dividends Paid and Distributed

During the six months ended 30 June 2016, final dividend for the year ended 31 December 2015 was paid amounting to RM384,814,145 comprising of 13% cash dividend.

NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At fair value				
Islamic debt securities	2,866,001	2,736,259	2,866,001	2,736,259
Government investment issues	7,515,242	7,384,890	7,515,242	7,384,890
Government sukuk	2,753,079	2,521,156	2,753,079	2,521,156
Khazanah sukuk	103,567	100,117	103,567	100,117
Cagamas sukuk	751,925	310,530	751,925	310,530
Quoted shares	282,513	234,304	282,513	234,304
Unit trust shares	1,571	1,730	1,571	1,730
At cost, net of impairment loss				
Unquoted shares	8,731	7,987	7,583	6,833
Net carrying amount	14,282,629	13,296,973	14,281,481	13,295,819

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	30 June	31 December
	2016	2015
	RM'000	RM'000
At amortised cost		
Islamic debt securities	669,207	513,405
Government investment issues	8,088,253	8,289,353
Government sukuk	1,680,378	1,096,603
Khazanah sukuk	524,727	467,356
Cagamas sukuk	294,751	177,946
Negotiable Islamic debt certificates	-	198,440
	11,257,316	10,743,103
Less: accumulated impairment losses		
Islamic debt securities	(23,981)	(24,260)
	(23,981)	(24,260)
Net carrying amount	11,233,335	10,718,843

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Term financing	4,687,573	4,561,134
Personal financing	54,251,237	52,974,151
Revolving credit	470,242	408,233
House financing	3,243,808	2,879,608
Hire-purchase receivables	1,175,566	693,219
Pawn broking	1,563,120	1,556,226
Bridging financing	292,274	402,442
Syndicated financing	212,384	200,983
Credit card	480,929	476,799
Staff financing	326,720	310,856
Gross financing and advances, net of unearned income	66,703,853	64,463,651
Allowance for impairment on financing and advances		
Individual assessment impairment	(355,412)	(316,652)
Collective assessment impairment	(912,757)	(1,009,815)
	(1,268,169)	(1,326,467)
Net financing and advances	65,435,684	63,137,184

(ii) By type of customer

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Individuals	62,051,997	59,603,949
Business enterprises	2,679,300	2,918,535
Non-bank financial institutions:		
Co-operatives	1,838,505	1,828,831
Others	45,275	47,354
Foreign entities	25,753	1,404
Other entities	63,023	63,564
Banking institutions	-	14
	66,703,853	64,463,651

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Purchase of securities	64,918	71,482
Purchase of property	1,848,550	1,930,704
Consumption credit	60,568,760	58,021,238
Agriculture	353,910	365,995
Manufacturing	142,250	189,274
Electricity, gas and water	100,308	100,341
Construction	963,121	1,139,670
Wholesale and retail trade	107,122	117,907
Transportation and communication	174,164	155,563
Financial, takaful and business services	2,332,048	2,342,040
Community, social and personal services	48,702	29,437
	66,703,853	64,463,651

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Purchase of securities	519	595
Purchase of property	134,089	143,240
Consumption credit	429,066	419,767
Agriculture	134,453	99
Manufacturing	18,156	17,745
Construction	465,091	282,901
Wholesale and retail trade	402	30,296
Transportation and communication	-	20
Financial, takaful and business services	208,519	305,956
Community, social and personal services	17,276	17,266
	1,407,571	1,217,885

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
As of 1 January	1,217,885	1,267,307
Classified as impaired during the period	940,512	1,819,529
Amount written-back in respect of recoveries	(518,144)	(1,104,141)
Amount written-off during the period	(232,682)	(764,810)
	189,686	(49,422)
Closing balance	1,407,571	1,217,885
Gross impaired financing and advances as a percentage of gross financing and advances	2.11%	1.89%

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

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Individual assessment impairment		
As of 1 January	316,652	492,436
Allowance made during the period	116,373	272,273
Amount written back in respect of recoveries	(77,613)	(166,882)
Amount written off during the period	-	(281,175)
	38,760	(175,784)
Closing balance	355,412	316,652

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Collective assessment impairment		
As of 1 January	1,009,815	1,124,636
Allowance made during the period	676,040	1,445,218
Amount written back in respect of recoveries	(541,615)	(1,095,656)
Amount written off during the period	(231,483)	(464,383)
	(97,058)	(114,821)
Closing balance	912,757	1,009,815

NOTE 4: OTHER ASSETS

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Other receivables	310,801	307,158	299,601	300,506
Defined benefit plan	273,060	284,820	273,060	284,820
Income receivable	51,288	55,692	51,288	55,692
Tax recoverable	102,457	110,409	100,006	108,625
Prepayments	42,059	23,270	36,889	22,180
Refundable deposits	53,705	42,642	17,576	9,697
Amount due from subsidiaries	-	-	4,833	4,089
Allowance for doubtful debts	(15,258)	(15,288)	(15,258)	(15,288)
	818,112	808,703	767,995	770,321

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Savings deposits		
Wadiah	4,351,193	3,750,568
Term deposits		
Tawarruq	63,774,877	58,114,929
General investment deposits		
Mudarabah	25	156
Negotiable Islamic debt certificate	8,002,002	9,116,119
	76,128,097	70,981,772

(ii) By type of customer

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Government	37,798,933	30,251,363
Business enterprises	24,779,743	27,743,606
Co-operatives	1,170,485	943,212
Individuals	11,092,922	10,774,077
Others	1,286,014	1,269,514
	76,128,097	70,981,772

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Amount due to subsidiaries	-	-	192,922	249,781
Sundry creditors	104,233	194,322	80,078	171,734
Income payable	670,209	487,537	670,209	487,537
Other liabilities and accruals	270,609	349,544	267,387	349,190
Government fund	165,725	177,571	165,725	177,571
Zakat payable	42,875	42,355	40,597	40,307
	1,253,651	1,251,329	1,416,918	1,476,120

NOTE 7: RESERVES

	Group		Bank	
	30 June 2016 RM'000	31 December 2015 RM'000	30 June 2016 RM'000	31 December 2015 RM'000
Retained profits	6,447,017	6,031,307	6,108,163	5,699,785
Statutory reserve	4,742,827	4,742,827	4,742,827	4,742,827
Capital reserve	14,617	14,617	15,358	15,358
Fair value reserve	101,370	(63,711)	101,370	(63,711)
Regulatory reserve	258,653	258,653	258,653	258,653
	11,564,484	10,983,693	11,226,371	10,652,912

NOTE 8: INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,178,630	1,102,345	2,334,402	2,184,257
Income derived from investment of shareholders' fund (ii)	298,507	290,859	596,636	584,366
Income generated by subsidiary companies (iii)	21,733	19,321	33,877	33,715
	1,498,870	1,412,525	2,964,915	2,802,338

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,178,630	1,102,345	2,334,402	2,184,257
Income derived from investment of shareholders' fund (ii)	298,507	290,859	596,636	584,366
	1,477,137	1,393,204	2,931,038	2,768,623

(i) Income derived from investment of depositors' fund

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	967,016	908,245	1,917,226	1,804,409
Income from deposits and placements with bank and financial institutions	20,850	18,155	45,113	34,520
Income from financial assets	190,764	175,945	372,063	345,328
	1,178,630	1,102,345	2,334,402	2,184,257

NOTE 8: INCOME (CONTINUED)

(ii) Income derived from investment of shareholders' fund

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	244,908	239,627	490,013	482,743
Income from deposits and placements with bank and financial institutions	5,272	4,795	11,530	9,235
Income from financial assets	48,327	46,437	95,093	92,388
	298,507	290,859	596,636	584,366

(iii) Income generated by subsidiary companies

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Agency income	5,061	4,122	6,501	8,513
Pawning income	6,202	10,540	12,862	17,620
Rental income	2,171	697	2,220	1,274
Management fee	7,183	3,741	11,178	5,394
Sale of goods	1,022	186	1,006	829
Other charges	94	35	110	85
	21,733	19,321	33,877	33,715

NOTE 9: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	753,858	679,802	1,497,577	1,320,134
Profit expense on financing sold with recourse to Cagamas	14,807	16,668	30,366	33,785
Transfer from profit equalisation reserve	-	(8,641)	-	(48,641)
Profit expense on debt securities issued	29,918	32,372	59,447	64,813
Cost of sales	14,474	23,254	25,290	43,148
	813,057	743,455	1,612,680	1,413,239

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	754,015	681,427	1,499,891	1,323,415
Profit expense on financing sold with recourse to Cagamas	14,807	16,668	30,366	33,785
Transfer from profit equalisation reserve	-	(8,641)	-	(48,641)
Profit expense on debt securities issued	29,918	32,372	59,447	64,813
	798,740	721,826	1,589,704	1,373,372

NOTE 9: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	1,072	(15,349)	2,605	12,747
Non-Mudarabah	746,658	673,853	1,480,042	1,267,695
Deposits and placements from banks and other financial institutions				
Mudarabah	-	19,012	-	36,969
Non-Mudarabah	6,128	2,286	14,930	2,723
	753,858	679,802	1,497,577	1,320,134

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	1,229	(17,005)	4,919	12,747
Non-Mudarabah	746,658	677,134	1,480,042	1,270,976
Deposits and placements from banks and other financial institutions				
Mudarabah	-	19,012	-	36,969
Non-Mudarabah	6,128	2,286	14,930	2,723
	754,015	681,427	1,499,891	1,323,415

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	84,537	9,697	176,994	152,623
	84,537	9,697	176,994	152,623

(i) Allowance for impairment on financing and advances

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment	52,062	(40,467)	38,760	16,409
Individual impairment on rescheduled financing	2,192	2,772	3,809	4,771
Collective impairment	30,283	47,392	134,425	131,443
	84,537	9,697	176,994	152,623

NOTE 11: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,444	15,488	32,244	30,133
Other income (ii)	134,431	114,233	275,135	261,003
	150,875	129,721	307,379	291,136

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,444	15,488	32,244	30,133
Other income (ii)	132,869	113,473	273,566	259,892
	149,313	128,961	305,810	290,025

(i) Fees and commission

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Takaful commission	5,476	3,977	10,468	7,169
ATM service fees	3,601	3,406	6,703	6,688
Wasiat commission	418	757	887	1,658
Other commission	2,777	4,298	6,194	8,441
Processing fees	442	243	452	341
MEPS fees	2,755	1,965	5,534	4,215
Guarantee fees	349	61	732	71
Other fees	626	781	1,274	1,550
	16,444	15,488	32,244	30,133

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	2,934	2,896	4,666	4,332
Net gain on disposal of financial assets held-for-trading	382	36	728	72
Net gain on disposal of financial assets available-for-sale	6,379	8,568	11,130	15,290
Others				
Rental income	5,497	3,971	9,919	7,437
Compensation for late payment	908	1,267	1,784	2,793
Charges from credit card services	3,913	4,126	7,615	8,349
Other service charges	1,895	1,932	3,824	4,089
Recoveries on financing written off	95,001	81,913	201,334	182,316
Allowance for doubtful debts no longer required	-	-	-	18,476
Allowance for impairment loss on financial assets held-to-maturity no longer required	278	284	278	284
Gain on disposal of property and equipment	-	3	-	3
Other income	17,244	9,237	33,857	17,562
	134,431	114,233	275,135	261,003

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	2,934	2,896	4,666	4,332
Net gain on disposal of financial assets held-for-trading	382	36	728	72
Net gain on disposal of financial assets available-for-sale	6,379	8,568	11,130	15,290
Others				
Rental income	5,493	3,929	9,912	7,430
Compensation for late payment	908	1,267	1,784	2,793
Charges from credit card services	3,913	4,126	7,615	8,349
Other service charges	1,896	1,932	3,824	4,089
Recoveries on financing written off	95,001	81,913	201,334	182,316
Allowance for doubtful debts no longer required	-	-	-	18,476
Allowance for impairment loss on financial assets held-to-maturity no longer required	278	284	278	284
Gain on disposal of property and equipment	-	3	-	3
Other income	15,685	8,519	32,295	16,458
	132,869	113,473	273,566	259,892

NOTE 12: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	144,263	88,655	280,206	185,066
Other overheads and expenditure (ii)	159,371	125,484	302,091	219,905
	303,634	214,139	582,297	404,971

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	139,977	85,424	272,384	178,661
Other overheads and expenditure (ii)	158,638	137,104	307,772	244,051
	298,615	222,528	580,156	422,712

(i) Personnel expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	74,420	68,298	146,464	134,014
Allowances, compensation and bonuses	33,667	(12,545)	66,364	(16,729)
Defined benefit plan	5,026	5,139	10,052	10,278
Defined contribution plan - EPF	18,255	18,137	35,471	35,204
Social security contributions - SOCSO	848	726	1,637	1,434
Other staff related costs	12,047	8,900	20,218	20,865
	144,263	88,655	280,206	185,066

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	71,679	66,365	141,484	130,346
Allowances, compensation and bonuses	32,673	(13,384)	64,545	(18,709)
Defined benefit plan	5,026	5,139	10,052	10,278
Defined contribution plan - EPF	17,904	17,847	34,788	34,704
Social security contributions - SOCSO	811	704	1,564	1,394
Other staff related costs	11,884	8,753	19,951	20,648
	139,977	85,424	272,384	178,661

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Establishment				
Rental	7,674	5,787	12,734	11,176
Depreciation of property and equipment	28,022	27,665	48,837	47,878
Amortisation of prepaid lease payment	383	468	638	936
Repair and maintenance	23,635	21,188	39,530	36,203
Takaful	2,949	1,567	3,966	2,186
	62,663	56,675	105,705	98,379
Promotion				
Advertisement and publicity	12,400	11,900	35,678	16,173
	12,400	11,900	35,678	16,173
General expenses				
Legal and profesional fees	4,379	3,522	7,750	5,727
Auditors' remuneration	315	305	615	606
Communication expenses	9,797	(4,049)	18,600	3,154
Utilities expenses	4,279	7,655	11,926	13,425
Printing and stationery	5,465	4,670	9,660	8,268
Postage and courier	4,352	3,797	6,218	5,764
Security expenses	4,883	5,775	10,332	11,839
Service charges	13,200	6,748	19,049	12,547
Loss on financing written off	8,798	3,350	13,848	6,516
Loss on property and equipment written off	-	83	287	121
Commission expenses	17,076	17,203	31,926	25,454
Travelling and transportation	4,454	2,266	8,111	2,882
Others	7,310	5,584	22,386	9,050
	84,308	56,909	160,708	105,353
	159,371	125,484	302,091	219,905

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Establishment				
Rental	7,206	6,819	13,431	13,181
Depreciation of property and equipment	27,504	27,182	48,094	46,951
Amortisation of prepaid lease payment	383	383	638	766
Repair and maintenance	23,626	21,145	39,505	36,031
Takaful	2,938	1,549	3,950	2,151
	61,657	57,078	105,618	99,080
Promotion				
Advertisement and publicity	12,156	11,660	35,337	15,753
	12,156	11,660	35,337	15,753
General expenses				
Legal and profesional fees	3,853	3,131	6,999	5,239
Auditors' remuneration	257	250	515	500
Communication expenses	9,729	(4,108)	18,495	3,037
Utilities expenses	4,252	7,616	11,892	13,349
Printing and stationery	5,380	4,613	9,499	8,148
Postage and courier	4,334	3,792	6,188	5,754
Security expenses	4,869	5,765	10,318	11,807
Service charges	14,891	13,836	25,839	26,602
Loss on financing written off	8,798	3,350	13,848	6,516
Loss on property and equipment written off	-	5	287	12
Commission expenses	17,076	17,203	31,926	25,454
Travelling and transportation	4,340	4,484	8,100	7,558
Others	7,046	8,429	22,911	15,242
	84,825	68,366	166,817	129,218
	158,638	137,104	307,772	244,051

NOTE 13: COMMITMENT AND CONTINGENCIES

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

	Group and Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	223,611	236,015
Claims for damages from litigation taken against the Bank	30,276	28,586
Commitments		
Undrawn financing	2,501,102	2,336,334
	2,754,989	2,600,935

NOTE 14: CAPITAL ADEQUACY

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	30 June 2016	31 December 2015 Restated
Before deducting final dividend		
Core capital ratio	18.26%	19.48%
Risk-weighted capital ratio	19.29%	20.70%
After deducting final dividend *		
Core capital ratio	18.26%	18.93%
Risk-weighted capital ratio	19.29%	20.25%

NOTE 14: CAPITAL ADEQUACY (CONTINUED)

The capital ratios are derived by taking into account the core capital and capital base against the risk weighted assets of the Bank. Components of the capital are as follows:

	Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,983,923
Retained profits *	5,315,113	5,699,785
Other reserves		4,758,185
	4,758,185	
Total Tier I capital (core)	13,059,328	13,441,893
Tier II capital		
Collective impairment **	541,274	642,077
Regulatory reserve	258,653	258,653
Total Tier II capital	799,927	900,730
Total capital	13,859,255	14,342,623
Less: Investment in subsidiaries	(61,976)	(61,976)
	(61,976)	(61,976)
Total capital base	13,797,279	14,280,647

* After deducting final dividend for 2015 that was paid in March 2016.

** This is surplus amount allowable after taking into account collective impairment allowance on impaired financing of the Bank.

Assets in various categories are risk-weighted as follows:

	Bank	
	30 June 2016 RM'000	31 December 2015 RM'000
Total assets assigned 20% risk-weighted	677,160	482,475
Total assets assigned 50% risk-weighted	1,712,709	1,520,233
Total assets assigned 100% risk-weighted	68,012,477	65,830,370
Off-Balance Sheet claims assigned 100% risk-weighted	1,118,643	1,158,093
	71,520,989	68,991,171