

Your Choice Bank

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR
ENDED 30 JUNE 2018**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

		Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
	Note				
ASSETS					
Cash and bank balances		1,136,208	1,056,304	1,131,206	1,049,619
Deposits and placements with financial institutions		699,141	1,521,703	698,749	1,521,310
Financial assets at fair value through profit or loss	1	784,599	-	784,599	-
Financial assets available-for-sale	2	-	20,252,909	-	20,252,428
Financial assets at fair value through other comprehensive income	2	22,013,323	-	22,013,208	-
Financial assets held-to-maturity	3	-	10,437,053	-	10,437,053
Financial assets at amortised cost	3	10,363,330	-	10,363,330	-
Financing and advances	4	68,389,732	69,189,090	68,389,732	69,189,090
Trade receivables		3,773	1,795	-	-
Other assets	5	949,353	1,019,205	915,342	987,691
Inventories		17,978	9,291	-	-
Investment in subsidiaries		-	-	65,976	65,976
Property and equipment		894,691	708,374	836,807	649,790
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		1,118,099	1,116,302	871,845	871,845
Prepaid lease payment		61,471	62,234	61,471	62,234
Tax recoverable		28,841	51,111	24,699	47,806
Deferred tax assets		457	13,446	-	13,000
TOTAL ASSETS		106,474,181	105,452,002	106,156,964	105,147,842

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 2017

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018 (CONTINUED)**

		Group		Bank	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Note					
LIABILITIES					
Deposits from customers	6	84,045,331	83,235,496	84,045,331	83,235,496
Deposits and placements from banks and financial institutions		300,000	-	300,000	-
Trade payables		1,853	2,681	-	-
Recourse obligations on financing sold to Cagamas		729,340	748,334	729,340	748,334
Debt securities issued		3,444,098	3,443,770	3,444,098	3,443,770
Other liabilities	7	1,209,971	1,379,579	1,305,559	1,490,291
Provision for taxation		421	574	-	-
Deferred tax liabilities		21,368	4,371	17,000	-
Financing from other financial institutions		-	8,844	-	-
TOTAL LIABILITIES		89,752,382	88,823,649	89,841,328	88,917,891
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,986,030	2,986,030	2,986,030
Share redemption fund		32,236	36,440	32,236	36,440
Reserves	8	13,703,533	13,605,883	13,297,370	13,207,481
TOTAL SHAREHOLDERS' FUND		16,721,799	16,628,353	16,315,636	16,229,951
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		106,474,181	105,452,002	106,156,964	105,147,842
COMMITMENT AND CONTINGENCIES	14	3,191,154	2,723,371	3,191,154	2,723,371

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 2017

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income	9	1,619,963	1,559,873	3,205,595	3,125,497
Expenditure	10	(848,437)	(793,885)	(1,656,624)	(1,596,464)
Net income		771,526	765,988	1,548,971	1,529,033
Allowance for impairment losses on financial assets	11	(182,554)	(239,117)	(305,410)	(272,534)
Other operating income	12	5,250	121,621	72,132	248,980
Operating expenses	13	(310,465)	(281,155)	(580,230)	(547,707)
Profit before taxation and zakat		283,757	367,337	735,463	957,772
Taxation		918	(37,554)	(55,452)	(59,117)
Zakat		(6,525)	(6,528)	(15,455)	(14,426)
Profit after taxation and zakat		278,150	323,255	664,556	884,229
<u>Other comprehensive (loss)/income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net (loss)/gain on revaluation of financial assets available-for-sale		-	(8,308)	-	92,361
Net loss on revaluation of financial assets at fair value through other comprehensive income		(100,216)	-	(102,153)	-
Other comprehensive (loss)/income for the period		(100,216)	(8,308)	(102,153)	92,361
Total comprehensive income for the period		177,934	314,947	562,403	976,590

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 2017

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)**

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income	9	1,613,392	1,569,011	3,189,271	3,104,137
Expenditure	10	(840,368)	(798,761)	(1,639,678)	(1,575,630)
Net income		773,024	770,250	1,549,593	1,528,507
Allowance for impairment losses on financial assets	11	(182,554)	(239,117)	(305,410)	(272,534)
Other operating income	12	4,026	122,334	70,511	249,490
Operating expenses	13	(314,708)	(290,940)	(589,580)	(557,596)
Profit before taxation and zakat		279,788	362,527	725,114	947,867
Taxation		2,068	(36,333)	(53,107)	(56,333)
Zakat		(6,402)	(6,424)	(15,212)	(14,189)
Profit after taxation and zakat		275,454	319,770	656,795	877,345
<u>Other comprehensive (loss)/income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net (loss)/gain on revaluation of financial assets available-for-sale		-	(8,308)	-	92,361
Net loss on revaluation of financial assets at fair value through other comprehensive income		(100,216)	-	(102,153)	-
Other comprehensive (loss)/income for the period		(100,216)	(8,308)	(102,153)	92,361
Total comprehensive income for the period		175,238	311,462	554,642	969,706

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 2017

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

Group	Non-distributable			Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2017	2,986,030	52,070	5,468,605	6,726,074	15,232,779
Total comprehensive income for the period	-	-	92,361	884,229	976,590
Issuance to new members	12,469	-	-	-	12,469
Share withdrawal	(21,510)	-	-	-	(21,510)
Transfer to share capital	9,041	(9,041)	-	-	-
Dividends	-	-	-	(443,774)	(443,774)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	153	153
At 30 June 2017	2,986,030	43,029	5,560,966	7,166,682	15,756,707
At 1 January 2018					
- As previously stated	2,986,030	36,440	5,967,351	7,638,532	16,628,353
- Impact of adopting MFRS 9	-	-	52,125	(47,388)	4,737
At 1 January 2018, as restated	2,986,030	36,440	6,019,476	7,591,144	16,633,090
Total comprehensive (loss)/ income for the period	-	-	(102,153)	664,556	562,403
Issuance to new members	9,468	-	-	-	9,468
Share withdrawal	(13,672)	-	-	-	(13,672)
Transfer to share capital	4,204	(4,204)	-	-	-
Dividends	-	-	-	(469,754)	(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264	264
At 30 June 2018	2,986,030	32,236	5,917,323	7,786,210	16,721,799

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 2017

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)**

	← Non-distributable →			Distributable	
Bank	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2017	2,986,030	52,070	5,469,346	6,363,616	14,871,062
Total comprehensive income for the period	-	-	92,361	877,345	969,706
Issuance to new members	12,469	-	-	-	12,469
Share withdrawal	(21,510)	-	-	-	(21,510)
Transfer to share capital	9,041	(9,041)	-	-	-
Dividends	-	-	-	(443,774)	(443,774)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	153	153
At 30 June 2017	2,986,030	43,029	5,561,707	6,797,340	15,388,106
At 1 January 2018					
- As previously stated	2,986,030	36,440	5,968,092	7,239,389	16,229,951
- Impact of adopting MFRS 9	-	-	52,125	(47,388)	4,737
At 1 January 2018, as restated	2,986,030	36,440	6,020,217	7,192,001	16,234,688
Total comprehensive (loss)/ income for the period	-	-	(102,153)	656,795	554,642
Issuance to new members	9,468	-	-	-	9,468
Share withdrawal	(13,672)	-	-	-	(13,672)
Transfer to share capital	4,204	(4,204)	-	-	-
Dividends	-	-	-	(469,754)	(469,754)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	264	264
At 30 June 2018	2,986,030	32,236	5,918,064	7,379,306	16,315,636

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 2017

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the period	664,556	884,229	656,795	877,345
Adjustments for:				
Taxation	55,452	59,117	53,107	56,333
Zakat	15,455	14,426	15,212	14,189
Profit expense on debt securities issued	78,540	58,835	78,540	58,835
Allowance for impairment on financing and advances	305,410	272,534	305,410	272,534
Depreciation of property and equipment	43,331	45,979	42,591	45,141
Amortisation of prepaid lease payment	763	763	763	763
Loss on property and equipment written off	104	4	3	4
Gain on disposal of property and equipment	(247)	(1)	-	-
Loss on financing written off	8,129	9,107	8,129	9,107
Allowance for doubtful debts	37	11	-	11
Allowance for doubtful debts no longer required	(21)	(1)	-	(1)
Allowance for impairment loss on financial assets at amortised cost no longer required	(371)	-	(371)	-
Net gain on disposal of financial assets available-for-sale	-	(15,693)	-	(15,693)
Net loss on disposal of financial assets at fair value through profit or loss	34,404	-	34,404	-
Net loss on revaluation of financial assets at fair value through profit or loss	112,692	-	112,692	-
Net gain on disposal of financial assets at fair value through other comprehensive income	(213)	-	(213)	-
Net gain on disposal of financial assets held-for-trading	-	(497)	-	(497)
Profit expense on financing sold with recourse to Cagamas	17,376	23,929	17,376	23,929
Dividend from financial assets available-for-sale	-	(5,507)	-	(5,507)
Dividend from financial assets at fair value through profit or loss	(4,859)	-	(4,859)	-
Operating profit before working capital changes	1,330,538	1,347,235	1,319,579	1,336,493

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 2017

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	822,562	257,579	822,561	259,699
Financing and advances	490,556	(1,412,569)	490,556	(1,412,569)
Trade receivables	(1,994)	(1,729)	-	-
Other assets	69,852	(313,140)	72,349	(319,018)
Inventories	(8,687)	(5,233)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	809,835	4,282,281	809,835	4,282,281
Deposits and placements from banks and financial institutions	300,000	(310,000)	300,000	(310,000)
Trade payables	(828)	(1,472)	-	-
Recourse obligations on financing sold to Cagamas	(36,370)	(66,982)	(36,370)	(66,982)
Other liabilities	(183,261)	(74,845)	(198,142)	(135,747)
Cash generated from operations	3,592,203	3,701,125	3,580,368	3,634,157
Income tax paid	(3,349)	(9,282)	-	(6,667)
Zakat paid	(15,210)	(26,859)	(15,210)	(25,793)
Net cash from operating activities	3,573,644	3,664,984	3,565,158	3,601,697

**CASH FLOWS FROM/(USED IN)
INVESTING ACTIVITIES**

Purchases of financial assets held-for-trading	-	(590,000)	-	(590,000)
Proceeds from disposal of financial assets held-for-trading	-	590,497	-	590,497
Purchases of financial assets at fair value through profit or loss	(980,000)	-	(980,000)	-
Net proceed from disposal of financial assets at fair value through profit or loss	622,162	-	622,162	-
Purchases of financial assets available-for-sale	-	(5,576,723)	-	(5,576,723)
Proceeds from disposal of financial assets available-for-sale	-	2,180,964	-	2,180,958

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 2017

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES (CONTINUED)				
Purchases of financial assets at fair value through other comprehensive income	(3,201,000)	-	(3,201,000)	-
Proceed from disposal of financial assets at fair value through other comprehensive income	764,789	-	764,423	-
Purchases of financial assets held-to-maturity	-	(590,000)	-	(590,000)
Proceeds from disposal of financial assets held-to-maturity	-	682,401	-	682,401
Purchases of financial assets amortised cost	(1,814,260)	-	(1,814,260)	-
Proceed from disposal of financial assets at amortised cost	1,888,354	-	1,888,354	-
Purchases of investment property	(1,797)	-	-	-
Purchases of property and equipment	(229,719)	(202,359)	(229,611)	(131,557)
Proceeds from disposal of property and equipment	214	23,015	-	17,247
Dividend from financial assets available-for-sale	-	5,507	-	5,507
Dividend from financial assets at fair value through profit or loss	4,859	-	4,859	-
Net cash used in investing activities	(2,946,398)	(3,476,698)	(2,945,073)	(3,411,670)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	9,468	12,469	9,468	12,469
Dividend paid	(469,754)	(443,774)	(469,754)	(443,774)
Fund received from government	-	13,300	-	13,300
Proceeds from debt securities issued	-	1,200,000	-	1,200,000
Payment of profit expenses on debt securities issued	(78,212)	(636,367)	(78,212)	(636,367)
Payment of financing from other financial institution	(8,844)	-	-	-
Net cash used in financing activities	(547,342)	145,628	(538,498)	145,628
Net increase in cash and cash equivalents	79,904	333,914	81,587	335,655
Cash and cash equivalents at beginning of period	1,056,304	786,964	1,049,619	785,223
Cash and cash equivalents at end of period	1,136,208	1,120,878	1,131,206	1,120,878

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 2017

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 2018 have been prepared under historical cost convention except for the following assets and liabilities which are stated at fair values, i.e. financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and investment properties.

The Group and the Bank has applied MFRS 9, effective for annual periods beginning on 1 January 2018, for the first time. The Group and the Bank has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective. The Group and the Bank has not restated comparative information for 2017 financial instruments in the scope of MFRS 9. Differences arising from the adoption of MFRS 9 have been recognised directly in retained profits as at 1 January 2018.

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 2017. 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 2017.

Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2017 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 2018.

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 2018.

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 2018.

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 2018, final dividend for the year ended 31 December 2017 was paid amounting to RM 469,754,308 comprising of 16% cash dividend.

NOTE 1: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Financial assets at fair value through profit or loss				
Debt instruments at fair value through profit or loss:				
Government investment issues	408,840	-	408,840	-
Total debt instruments	408,840	-	408,840	-
Equity securities at fair value through profit or loss:				
Quoted shares	374,274	-	374,274	-
Unit trust shares	1,485	-	1,485	-
Total equity securities	375,759	-	375,759	-
Total financial assets at fair value through profit or loss	784,599	-	784,6599	-

NOTE 2: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Financial assets available-for-sale				
At fair value				
Islamic debt securities	-	3,798,824	-	3,798,824
Government investment issues	-	9,178,953	-	9,178,953
Government sukuk	-	4,922,276	-	4,922,276
Khazanah sukuk	-	208,347	-	208,347
Cagamas sukuk	-	1,562,587	-	1,562,587
Quoted shares	-	572,144	-	572,144
Unit trust shares	-	1,714	-	1,714
At cost, net of impairment loss				
Unquoted shares	-	8,064	-	7,583
Net carrying amount available-for-sale	-	20,252,909	-	20,252,428
Financial assets at fair value through other comprehensive income				
Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	4,487,350	-	4,487,350	-
Government investment issues	9,822,643	-	9,822,643	-
Government sukuk	5,081,131	-	5,081,131	-
Khazanah sukuk	211,198	-	211,198	-
Cagamas sukuk	2,203,300	-	2,203,300	-
Total debt instruments	21,805,622	-	21,805,622	-
Equity securities at fair value through other comprehensive income:				
Unquoted shares	207,701	-	207,586	-
Total equity securities	207,701	-	207,586	-
Total financial assets at fair value through other comprehensive income	22,013,323	-	22,013,208	-

NOTE 3: FINANCIAL ASSETS AT AMORTISED COST

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Financial assets held-to-maturity				
At fair value				
Islamic debt securities	-	642,412	-	642,412
Government investment issues	-	6,352,971	-	6,352,971
Government sukuk	-	2,248,815	-	2,248,815
Khazanah sukuk	-	341,911	-	341,911
Cagamas sukuk	-	475,271	-	475,271
Negotiable Islamic debt certificates	-	398,630	-	398,630
Financial assets held-to-maturity	-	10,460,010	-	10,460,010
Financial assets at amortised cost				
Islamic debt securities	666,124	-	666,124	-
Government investment issues	6,360,903	-	6,360,903	-
Government sukuk	2,257,368	-	2,257,368	-
Khazanah sukuk	348,957	-	348,957	-
Cagamas sukuk	473,174	-	473,174	-
Islamic commercial papers	279,389	-	279,389	-
Financial assets at amortised cost	10,385,915	-	10,385,915	-
Less: accumulated impairment losses				
Islamic debt securities	(22,585)	(22,957)	(22,585)	(22,957)
Net carrying amount	10,363,330	10,437,053	10,363,330	10,437,053

NOTE 4: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Term financing		
- Personal financing	55,056,299	55,992,233
- House financing	5,630,789	5,249,755
- Hire-purchase receivables	1,462,450	1,471,277
- Syndicated financing	318,765	284,789
- Bridging financing	195,784	223,957
- Other term financing	4,391,628	4,540,214
Pawn broking	1,668,663	1,665,450
Revolving credit	349,013	357,034
Credit card	441,767	456,451
Staff financing	404,367	387,698
Gross financing and advances, net of unearned income	69,919,525	70,628,858
Allowance for impairment on financing and advances		
Collective assessment allowance - 12 months expected credit loss (ECL)	(388,682)	-
Collective assessment allowance - lifetime ECL	(741,267)	-
Individual assessment allowance - lifetime ECL	(399,844)	-
Collective assessment allowance	-	(991,019)
Individual assessment allowance	-	(448,749)
	(1,529,793)	(1,439,768)
Net financing and advances	68,389,732	69,189,090

(ii) By type of customer

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Individuals	65,780,692	66,342,851
Business enterprises	2,027,513	2,252,027
Non-bank financial institutions - Co-operatives	2,041,229	1,963,303
Foreign entities	1,370	1,254
Other entities	68,721	69,423
	69,919,525	70,628,858

NOTE 4: FINANCING AND ADVANCES (CONTINUED)**(iii) By economic sector**

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Purchase of securities	62	48,491
Purchase of non-residential property	319,429	152,817
Consumption credit	65,647,811	66,246,482
Agriculture	174,320	231,671
Manufacturing	58,122	173,473
Electricity, gas and water	-	100,549
Construction	811,404	853,112
Wholesale and retail trade	145,784	149,243
Transportation and communication	159,754	168,367
Financial, takaful and business services	2,413,145	2,400,420
Community, social and personal services	189,694	104,233
	69,919,525	70,628,858

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Purchase of securities	25	87
Purchase of non-residential property	7,620	104,485
Consumption credit	729,031	488,318
Agriculture	98,813	99,549
Manufacturing	16,376	79,670
Construction	464,298	429,631
Wholesale and retail trade	-	15
Financial, takaful and business services	389,038	372,846
Community, social and personal services	440	424
	1,705,641	1,575,025

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
At 1 January	1,575,025	1,378,626
Classified as impaired during the period	654,509	1,394,525
Amount written-back in respect of recoveries	(327,158)	(763,569)
Amount written-off during the period	(196,735)	(434,557)
	130,616	196,399
Closing balance	1,705,641	1,575,025
Gross impaired financing and advances as a percentage of gross financing and advances	2.44%	2.23%

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

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Individual assessment allowance		
- Lifetime ECL Credit Impaired Stage 3		
At 1 January		
- as previously stated	448,749	455,390
- effect of adopting MFRS 9	229	-
At 1 January, as restated	448,978	455,390
Allowance made during the period	12,519	207,068
Amount written back in respect of recoveries	(61,653)	(196,738)
	(49,134)	10,330
Amount written off during the period	-	(16,971)
	(49,134)	(6,641)
Closing balance	399,844	448,749

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Collective assessment allowance		
At 1 January		
- as previously stated	991,019	917,676
- effect of adopting MFRS 9	(4,966)	-
At 1 January, as restated	986,053	917,676
Allowance made during the period	891,839	1,800,444
Amount written back in respect of recoveries	(554,256)	(1,313,068)
	337,583	487,376
Amount written off during the period	(193,687)	(414,033)
	143,896	73,343
Closing balance	1,129,949	991,019

NOTE 4: FINANCING AND ADVANCES (CONTINUED)

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

Group and Bank	12- Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January 2018				
- as previously stated				991,019
- effect of adopting MFRS 9				(4,966)
At 1 January 2018, as restated	518,331	53,850	413,872	986,053
Changes due to financing and advances, recognised at 1 January 2018:	28,340	36,836	(65,176)	-
- Transfer to 12-Month ECL (Stage 1)	38,085	(12,311)	(25,774)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(7,941)	56,208	(48,267)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(1,804)	(7,061)	8,865	-
New financial assets originated	14,574	735	593	15,902
New remeasurement due to changes in credit risk	(172,479)	130,807	363,353	321,681
Amount written off	(84)	(227)	(193,376)	(193,687)
At 30 June 2018	388,682	222,001	519,266	1,129,949

NOTE 5: OTHER ASSETS

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Amount due from subsidiaries	-	-	21,384	19,668
Other receivables	657,762	734,974	650,950	737,689
Allowance for doubtful debts	(15,369)	(15,369)	(15,258)	(15,258)
Refundable deposits	54,716	53,908	10,038	10,134
Prepayments	52,244	45,692	48,228	35,458
Contribution to Central Liquidity Monetary Fund	200,000	200,000	200,000	200,000
	949,353	1,019,205	915,342	987,691

NOTE 6: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Savings deposits		
Wadiah	5,690,324	5,006,012
Term deposits		
Tawarruq	70,863,995	69,749,467
General investment deposits		
Mudarabah	12	17
Negotiable Islamic debt certificate	7,491,000	8,480,000
	84,045,331	83,235,496

NOTE 6: DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) By type of customer

	Group and Bank	
	30 June 2018 RM'000	31 December 2017 RM'000
Government	36,590,257	34,471,917
Business enterprises	32,048,541	33,453,286
Co-operatives	1,896,494	1,808,285
Individuals	10,913,669	11,014,365
Others	2,596,370	2,487,643
	84,045,331	83,235,496

NOTE 7: OTHER LIABILITIES

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Amount due to subsidiaries	-	-	112,863	124,267
Sundry creditors	161,427	149,763	160,529	152,257
Income payable	601,974	605,548	601,974	605,548
Other liabilities and accruals	206,095	366,293	192,161	351,677
Government fund	184,933	203,445	184,933	203,445
Zakat payable	55,542	54,530	53,099	53,097
	1,209,971	1,379,579	1,305,559	1,490,291

NOTE 8: RESERVES

	Group		Bank	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Retained profits	7,786,210	7,638,532	7,379,306	7,239,389
Statutory reserve	5,631,482	5,631,482	5,631,482	5,631,482
Capital reserve	14,617	14,617	15,358	15,358
Fair value reserve	(58,448)	(8,420)	(58,448)	(8,420)
Regulatory reserve	329,672	329,672	329,672	329,672
	13,703,533	13,605,883	13,297,370	13,207,481

NOTE 9: INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,285,451	1,251,782	2,540,935	2,474,330
Income derived from investment of shareholders' fund (ii)	327,941	317,229	648,336	629,807
Income generated by subsidiary companies (iii)	6,571	(9,138)	16,324	21,360
	1,619,963	1,559,873	3,205,595	3,125,497

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,285,451	1,251,782	2,540,935	2,474,330
Income derived from investment of shareholders' fund (ii)	327,941	317,229	648,336	629,807
	1,613,392	1,569,011	3,189,271	3,104,137

(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
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	1,018,030	1,015,219	2,030,987	2,018,803
Income from deposits and placements with bank and financial institutions	7,757	9,888	11,269	20,857
Income from financial assets	259,664	226,675	498,679	434,670
	1,285,451	1,251,782	2,540,935	2,474,330

NOTE 9: INCOME (CONTINUED)**(ii) Income derived from investment of shareholders' fund**

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	259,717	257,266	518,220	513,859
Income from deposits and placements with bank and financial institutions	1,979	2,504	2,875	5,309
Income from financial assets	66,245	57,459	127,241	110,639
	327,941	317,229	648,336	629,807

(iii) Income generated by subsidiary companies

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Agency income	468	(14,449)	1,617	2,507
Pawning income	4,311	4,442	9,576	11,123
Rental income	338	(1,566)	1,714	1,204
Management fee	1,318	2,246	3,127	5,610
Sale of goods	16	175	42	872
Other charges	120	14	248	44
	6,571	(9,138)	16,324	21,360

NOTE 10: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	792,071	755,715	1,542,365	1,489,931
Profit expense on financing sold with recourse to Cagamas	8,633	11,846	17,376	23,929
Profit expense on debt securities issued	39,215	29,832	78,540	58,835
Cost of sales	8,518	(3,508)	18,343	23,769
	848,437	793,885	1,656,624	1,596,464

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	792,520	757,083	1,543,762	1,492,866
Profit expense on financing sold with recourse to Cagamas	8,633	11,846	17,376	23,929
Profit expense on debt securities issued	39,215	29,832	78,540	58,835
	840,368	798,761	1,639,678	1,575,630

NOTE 10: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	-	(1)	-	-
Non-Mudarabah	788,735	752,434	1,535,370	1,485,449
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	3,336	3,282	6,995	4,482
	792,071	755,715	1,542,365	1,489,931

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	-	(1)	-	-
Non-Mudarabah	789,184	753,802	1,536,767	1,488,384
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	3,336	3,282	6,995	4,482
	792,520	757,083	1,543,762	1,492,866

NOTE 11: ALLOWANCE FOR IMPAIRMENT

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	182,554	239,117	305,410	272,534
	182,554	239,117	305,410	272,534

(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
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Individual impairment	(45,693)	12,131	(49,134)	(70,875)
Individual impairment on rescheduled financing	8,998	5,157	16,961	7,665
Collective impairment	219,249	221,829	337,583	335,744
	182,554	239,117	305,410	272,534

NOTE 12: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	17,027	16,834	28,567	30,780
Other income (ii)	(11,777)	104,787	43,565	218,200
	5,250	121,621	72,132	248,980

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	17,027	16,834	28,567	30,780
Other income (ii)	(13,001)	105,500	41,944	218,710
	4,026	122,334	70,511	249,490

(i) Fees and commission

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Takaful commission	4,881	4,992	8,386	10,147
Wasiat commission	406	253	654	586
Other commission	2,528	4,352	3,680	6,259
Processing fees	2,000	476	2,002	763
ATM service fees	3,933	3,615	7,176	6,675
MEPS fees	2,714	2,244	5,510	4,730
Guarantee fees	-	47	-	149
Other fees	565	855	1,159	1,471
	17,027	16,834	28,567	30,780

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	-	2,294	-	5,507
Dividend from financial assets at fair value through profit or loss	2,667	-	4,859	-
Net gain on disposal of financial assets held-for-trading	-	214	-	497
Net gain/(loss) on disposal of financial assets at fair value through profit or loss	248	-	(34,404)	-
Net loss on revaluation of financial assets at fair value through profit or loss	(106,736)	-	(112,692)	-
Net gain on disposal of financial assets available-for-sale	-	7,814	-	15,693
Net gain on disposal of financial assets at fair value through other comprehensive income	-	-	213	-
Others				
Rental income	6,912	6,095	13,201	11,381
Compensation for late payment	1,288	815	2,418	1,716
Charges from credit card services	3,038	3,203	6,198	6,636
Other service charges	2,795	3,314	5,556	6,716
Recoveries from financing written off	65,317	66,052	128,046	146,303
Recoveries from financial assets written-off	-	-	-	453
Allowance for doubtful debts no longer required	21	(31)	21	1
Allowance for impairment loss on financial assets at amortised cost no longer required	371	-	371	-
Gain on disposal of property and equipment	154	(60)	247	1
Other income	12,148	15,077	29,531	23,296
	(11,777)	104,787	43,565	218,200

NOTE 12: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	-	2,294	-	5,507
Dividend from financial assets at fair value through profit or loss	2,667	-	4,859	-
Net gain on disposal of financial assets held-for-trading	-	214	-	497
Net gain/(loss) on disposal of financial assets at fair value through profit or loss	248	-	(34,404)	-
Net loss on revaluation of financial assets at fair value through profit or loss	(106,736)	-	(112,692)	-
Net gain on disposal of financial assets available-for-sale	-	7,814	-	15,693
Net gain on disposal of financial assets at fair value through other comprehensive income	-	-	213	-
Others				
Rental income	6,515	6,452	13,193	12,091
Compensation for late payment	1,288	815	2,418	1,716
Charges from credit card services	3,038	3,203	6,198	6,636
Other service charges	2,795	3,314	5,556	6,716
Recoveries from financing written off	65,317	66,052	128,046	146,303
Recoveries from financial assets written-off	-	-	-	453
Allowance for doubtful debts no longer required	-	-	-	1
Allowance for impairment loss on financial assets at amortised cost no longer required	371	-	371	-
Other income	11,496	15,342	28,186	23,097
	(13,001)	105,500	41,944	218,710

NOTE 13: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	182,418	150,062	340,161	281,273
Other overheads and expenditure (ii)	128,047	131,093	240,069	266,434
	310,465	281,155	580,230	547,707

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	178,334	146,851	331,822	272,157
Other overheads and expenditure (ii)	136,374	144,089	257,758	285,439
	314,708	290,940	589,580	557,596

NOTE 13: OPERATING EXPENSES (CONTINUED)**(i) Personnel expenses**

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	80,564	96,182	170,273	175,193
Allowances, compensation and bonuses	63,503	21,953	101,711	43,915
Defined contribution plan - EPF	22,232	19,173	41,654	39,396
Social security contributions - SOCSO	1,142	984	2,258	1,994
Other staff related costs	14,977	11,770	24,265	20,775
	182,418	150,062	340,161	281,273

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	77,649	94,469	164,672	169,631
Allowances, compensation and bonuses	63,026	20,818	100,236	41,582
Defined contribution plan - EPF	21,804	18,934	40,856	38,605
Social security contributions - SOCSO	1,082	952	2,140	1,894
Other staff related costs	14,773	11,678	23,918	20,445
	178,334	146,851	331,822	272,157

NOTE 13: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Establishment				
Rental	5,863	4,643	10,036	9,948
Depreciation of property and equipment	21,271	22,294	43,331	45,979
Amortisation of prepaid lease payment	382	382	763	763
Repair and maintenance	19,863	25,336	34,536	44,209
Takaful	1,395	736	4,728	2,062
	48,774	53,391	93,394	102,961
Promotion				
Advertisement and publicity	5,632	6,366	7,567	9,515
	5,632	6,366	7,567	9,515
General expenses				
Legal and professional fees	2,800	3,181	4,632	5,086
Auditors' remuneration	439	378	875	812
Communication expenses	8,086	5,656	16,190	15,137
Utilities expenses	7,343	4,097	16,025	14,753
Printing and stationery	5,384	9,455	9,623	17,608
Postage and courier	2,960	4,386	4,221	7,673
Security expenses	6,803	7,195	14,035	13,253
Service charges	3,817	2,435	8,654	9,809
Loss on financing written off	4,129	4,662	8,129	9,107
Loss on property and equipment written off	102	4	104	4
Commission expenses	15,240	16,769	25,385	32,964
Travelling and transportation	1,782	1,194	4,397	3,938
Others	14,756	11,924	26,838	23,814
	73,641	71,336	139,108	153,958
	128,047	131,093	240,069	266,434

NOTE 13: OPERATING EXPENSES (CONTINUED)**(ii) Other overheads and expenditure (continued)**

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Establishment				
Rental	6,605	6,953	12,456	13,596
Depreciation of property and equipment	20,917	22,637	42,591	45,141
Amortisation of prepaid lease payment	382	382	763	763
Repair and maintenance	19,766	25,300	34,386	44,131
Takaful	1,351	701	4,645	1,989
	49,021	55,973	94,841	105,620
Promotion				
Advertisement and publicity	5,628	6,338	7,489	9,219
	5,628	6,338	7,489	9,219
General expenses				
Legal and professional fees	2,702	3,069	4,359	4,739
Auditors' remuneration	385	350	770	700
Communication expenses	8,024	5,650	16,078	15,012
Utilities expenses	7,323	4,056	15,983	14,645
Printing and stationery	5,303	9,351	9,470	17,379
Postage and courier	2,942	4,399	4,193	7,625
Security expenses	6,801	7,183	14,032	13,225
Service charges	11,145	10,502	23,050	25,839
Loss on financing written off	4,129	4,662	8,129	9,107
Loss on property and equipment written off	1	4	3	4
Commission expenses	15,240	16,760	25,385	32,948
Travelling and transportation	3,315	3,870	7,189	7,300
Others	14,415	11,922	26,787	22,077
	81,725	81,778	155,428	170,600
	136,374	144,089	257,758	285,439

NOTE 14: 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 2018 RM'000	31 December 2017 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	519,075	523,783
Claims for damages from litigation taken against the Bank	176,065	113,302
Commitments		
Undrawn financing	2,496,014	2,086,286
	3,191,154	2,723,371

NOTE 15: 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 2018	31 December 2017 Restated
Before deducting final dividend		
Core capital ratio	20.09%	20.78%
Risk-weighted capital ratio	21.63%	22.27%
After deducting final dividend		
Core capital ratio	20.09%	20.11%
Risk-weighted capital ratio	21.63%	21.60%

NOTE 15: 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 2018 RM'000	31 December 2017 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	6,722,511	7,239,389
Other reserves	5,646,840	5,646,840
Total Tier I capital (core)	15,355,381	15,872,259
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	620,345	572,000
Regulatory reserve	329,672	329,672
Total Tier II capital	1,250,017	1,201,672
Total capital	16,605,398	17,073,931
Less: Investment in subsidiaries	(65,976)	(65,976)
	(65,976)	(65,976)
Total capital base	16,539,422	17,007,955

* 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 2018 RM'000	31 December 2017 RM'000
Total assets assigned 20% risk-weighted	675,045	791,560
Total assets assigned 50% risk-weighted	2,817,346	2,566,393
Total assets assigned 100% risk-weighted	71,453,269	71,675,391
Off-Balance Sheet claims assigned 100% risk-weighted	1,505,442	1,349,301
	76,451,102	76,382,645

NOTE 16: FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and the Bank.

Statement of Financial Position

Group	31 December 2017 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
ASSETS				
Cash and bank balances	1,056,304	-	-	1,056,304
Deposits and placements with financial institutions	1,521,703	-	-	1,521,703
Financial assets at fair value through profit or loss	-	573,858	-	573,858
Financial assets available-for-sale	20,252,909	(20,252,909)	-	-
Financial assets at fair value through other comprehensive income	-	19,679,051	-	19,679,051
Financial assets held-to-maturity	10,437,053	(10,437,053)	-	-
Financial assets at amortised cost	-	10,437,053	-	10,437,053
Financing and advances	69,189,090	-	4,737	69,193,827
Trade receivables	1,795	-	-	1,795
Other assets	1,019,205	-	-	1,019,205
Inventories	9,291	-	-	9,291
Property and equipment	708,374	-	-	708,374
Goodwill on consolidation	13,185	-	-	13,185
Investment properties	1,116,302	-	-	1,116,302
Prepaid lease payment	62,234	-	-	62,234
Tax recoverable	51,111	-	-	51,111
Deferred tax assets	13,446	-	-	13,446
TOTAL ASSETS	105,452,002	-	4,737	105,456,739

NOTE 16: FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and the Bank (continued)

Statement of Financial Position (continued)

Group	31 December 2017 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
LIABILITIES				
Deposits from customers	83,235,496	-	-	83,235,496
Trade payables	2,681	-	-	2,681
Recourse obligations on financing sold to Cagamas	748,334	-	-	748,334
Debt securities issued	3,443,770	-	-	3,443,770
Other liabilities	1,379,579	-	-	1,379,579
Provision for taxation	574	-	-	574
Deferred tax liabilities	4,371	-	-	4,371
Financing from other financial institutions	8,844	-	-	8,844
TOTAL LIABILITIES	88,823,649	-	-	88,823,649
SHAREHOLDERS' FUND				
Share capital	2,986,030	-	-	2,986,030
Share redemption fund	36,440	-	-	36,440
Reserves	13,605,883	-	4,737	13,610,620
TOTAL SHAREHOLDERS' FUND	16,628,353	-	4,737	16,633,090
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	105,452,002	-	4,737	105,456,739

NOTE 16: FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and the Bank (continued)

Statement of Financial Position (continued)

Bank	31 December 2017 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
ASSETS				
Cash and bank balances	1,049,619	-	-	1,049,619
Deposits and placements with financial institutions	1,521,310	-	-	1,521,310
Financial assets at fair value through profit or loss	-	573,858	-	573,858
Financial assets available-for-sale	20,252,428	(20,252,428)	-	-
Financial assets at fair value through other comprehensive income	-	19,678,570	-	19,678,570
Financial assets held-to-maturity	10,437,053	(10,437,053)	-	-
Financial assets at amortised cost	-	10,437,053	-	10,437,053
Financing and advances	69,189,090	-	4,737	69,193,827
Other assets	987,691	-	-	987,691
Investment in subsidiaries	65,976	-	-	65,976
Property and equipment	649,790	-	-	649,790
Investment properties	871,845	-	-	871,845
Prepaid lease payment	62,234	-	-	62,234
Tax recoverable	47,806	-	-	47,806
Deferred tax assets	13,000	-	-	13,000
TOTAL ASSETS	105,147,842	-	4,737	105,152,579

NOTE 16: FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Group and the Bank (continued)

Statement of Financial Position (continued)

Bank	31 December 2017 RM'000	Classification and measurement RM'000	Expected credit losses RM'000	1 January 2018 RM'000
LIABILITIES				
Deposits from customers	83,235,496	-	-	83,235,496
Recourse obligations on financing sold to Cagamas	748,334	-	-	748,334
Debt securities issued	3,443,770	-	-	3,443,770
Other liabilities	1,490,291	-	-	1,490,291
TOTAL LIABILITIES	88,917,891	-	-	88,917,891
SHAREHOLDERS' FUND				
Share capital	2,986,030	-	-	2,986,030
Share redemption fund	36,440	-	-	36,440
Reserves	13,207,481	-	4,737	13,212,218
TOTAL SHAREHOLDERS' FUND	16,229,951	-	4,737	16,234,688
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	105,147,842	-	4,737	105,152,579