



Your Choice Bank
(An agency under KPDNKK)

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FIRST QUARTER
ENDED 31 MARCH 2017**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and bank balances		1,408,550	786,964	1,408,550	785,223
Deposits and placements with financial institutions		1,502,448	1,808,269	1,502,160	1,807,144
Financial assets available-for-sale	1	17,986,312	15,035,407	17,985,759	15,034,854
Financial assets held-to-maturity	2	11,539,161	11,355,466	11,539,161	11,355,466
Financing and advances	3	68,659,106	67,806,707	68,659,106	67,806,707
Trade receivables		7,188	5,644	-	-
Other assets	4	446,135	638,196	412,818	598,112
Inventories		5,277	4,927	-	-
Investment in subsidiaries		-	-	65,976	65,976
Property and equipment		763,620	709,393	722,786	668,419
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		851,409	850,983	688,221	688,221
Prepaid lease payment		63,379	63,760	63,379	63,760
Tax recoverable		116,525	130,200	114,379	127,712
Deferred tax assets		10,098	10,098	10,000	10,000
TOTAL ASSETS		103,372,393	99,219,199	103,172,295	99,011,594

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 2016

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017 (CONTINUED)**

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
LIABILITIES					
Deposits from customers	5	82,638,771	77,903,322	82,638,771	77,903,322
Deposits and placements from banks and financial institutions		-	900,000	-	900,000
Trade payables		3,138	4,288	-	-
Recourse obligations on financing sold to Cagamas		1,041,489	1,062,787	1,041,489	1,062,787
Debt securities issued		2,250,902	2,818,612	2,250,902	2,818,612
Other liabilities	6	1,541,050	1,295,738	1,717,534	1,455,811
Provision for taxation		417	176	-	-
Deferred tax liabilities		476	476	-	-
Financing from other financial institutions		7,434	1,021	-	-
TOTAL LIABILITIES		87,483,677	83,986,420	87,648,696	84,140,532
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,986,030	2,986,030	2,986,030
Share redemption fund		46,364	52,070	46,364	52,070
Reserves	7	12,856,322	12,194,679	12,491,205	11,832,962
TOTAL SHAREHOLDERS' FUND		15,888,716	15,232,779	15,523,599	14,871,062
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		103,372,393	99,219,199	103,172,295	99,011,594
COMMITMENT AND CONTINGENCIES	13	2,703,577	2,400,611	2,703,577	2,400,611

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 2016

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income	8	1,565,624	1,466,045	1,565,624	1,466,045
Expenditure	9	(802,579)	(799,623)	(802,579)	(799,623)
Net income		763,045	666,422	763,045	666,422
Allowance for impairment	10	(33,417)	(92,457)	(33,417)	(92,457)
Other operating income	11	127,359	156,504	127,359	156,504
Operating expenses	12	(266,552)	(278,663)	(266,552)	(278,663)
Profit before taxation and zakat		590,435	451,806	590,435	451,806
Taxation		(21,563)	(27,287)	(21,563)	(27,287)
Zakat		(7,898)	(10,661)	(7,898)	(10,661)
Profit after taxation and zakat		560,974	413,858	560,974	413,858
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial assets available-for-sale		100,669	132,411	100,669	132,411
Other comprehensive income for the period		100,669	132,411	100,669	132,411
Total comprehensive income for the period		661,643	546,269	661,643	546,269

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 2016

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2017 (CONTINUED)**

Bank	Note	1st Quarter Ended		Three Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income	8	1,535,126	1,453,901	1,535,126	1,453,901
Expenditure	9	(776,869)	(790,964)	(776,869)	(790,964)
Net income		758,257	662,937	758,257	662,937
Allowance for impairment	10	(33,417)	(92,457)	(33,417)	(92,457)
Other operating income	11	127,156	156,497	127,156	156,497
Operating expenses	12	(266,656)	(281,541)	(266,656)	(281,541)
Profit before taxation and zakat		585,340	445,436	585,340	445,436
Taxation		(20,000)	(25,857)	(20,000)	(25,857)
Zakat		(7,766)	(10,500)	(7,766)	(10,500)
Profit after taxation and zakat		557,574	409,079	557,574	409,079
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial assets available-for-sale		100,669	132,411	100,669	132,411
Other comprehensive income for the period		100,669	132,411	100,669	132,411
Total comprehensive income for the period		658,243	541,490	658,243	541,490

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 2016

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

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 2016	2,983,923	53,671	4,952,386	6,031,307	14,021,287
Total comprehensive income for the period	-	-	132,411	413,858	546,269
Issuance to new members	773	-	-	-	773
Transfer to share capital	230	(230)	-	-	-
Dividends	-	-	-	(384,751)	(384,751)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	142	142
At 31 March 2016	2,984,926	53,441	5,084,797	6,060,556	14,183,720
At 1 January 2017	2,986,030	52,070	5,468,605	6,726,074	15,232,779
Total comprehensive income for the period	-	-	100,669	560,974	661,643
Issuance to new members	6,184	-	-	-	6,184
Transfer to other liabilities	(11,890)	-	-	-	(11,890)
Transfer to share capital	5,706	(5,706)	-	-	-
At 31 March 2017	2,986,030	46,364	5,569,274	7,287,048	15,888,716

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 2016

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (CONTINUED)**

Bank	← 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 2016	2,983,923	53,671	4,953,127	5,699,785	13,690,506
Total comprehensive income for the period	-	-	132,411	409,079	541,490
Issuance to new members	773	-	-	-	773
Transfer to share capital	230	(230)	-	-	-
Dividends	-	-	-	(384,751)	(384,751)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	142	142
At 31 March 2016	2,984,926	53,441	5,085,538	5,724,255	13,848,160
At 1 January 2017	2,986,030	52,070	5,469,346	6,363,616	14,871,062
Total comprehensive income for the period	-	-	100,669	557,574	658,243
Issuance to new members	6,184	-	-	-	6,184
Transfer to other liabilities	(11,890)	-	-	-	(11,890)
Transfer to share capital	5,706	(5,706)	-	-	-
At 31 March 2017	2,986,030	46,364	5,570,015	6,921,190	15,523,599

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 2016

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	Group		Bank	
	Three Months Ended 31 March 2017 RM'000	31 March 2016 RM'000	Three Months Ended 31 March 2017 RM'000	31 March 2016 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	560,974	413,858	557,574	409,079
Adjustments for:				
Taxation	21,563	27,287	20,000	25,857
Zakat	7,898	10,661	7,766	10,500
Profit expense on debt securities issued	29,003	29,529	29,003	29,529
Allowance for impairment on financing and advances	33,417	92,457	33,417	92,457
Depreciation of property and equipment	23,685	20,815	22,504	20,590
Amortisation of prepaid lease payment	381	255	381	255
Property and equipment written off	-	287	-	287
Gain on disposal of property and equipment	(61)	-	-	-
Loss on financing written off	4,445	5,050	4,445	5,050
Provision for defined benefit plan	-	5,026	-	5,026
Allowance for doubtful debts	38	11	6	11
Allowance for doubtful debts no longer required	(32)	-	(1)	-
Net gain on disposal of financial assets available-for-sale	(7,879)	(4,751)	(7,879)	(4,751)
Net gain on disposal of financial assets held-for-trading	(283)	(346)	(283)	(346)
Profit expense on financing sold with recourse to Cagamas	12,083	15,559	12,083	15,559
Dividend from financial assets available-for-sale	(3,213)	(1,732)	(3,213)	(1,732)
Operating profit before working capital changes	682,019	613,966	675,803	607,371

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 2016

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (CONTINUED)**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	305,821	(337,605)	304,984	(357,429)
Financing and advances	(890,261)	(1,099,692)	(890,261)	(1,099,692)
Trade receivables	(1,544)	(1,571)	-	-
Other assets	192,055	21,295	185,289	24,829
Inventories	(350)	67	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	4,735,449	3,689,107	4,735,449	3,689,107
Deposits and placements from banks and financial institutions	(900,000)	(1,490,000)	(900,000)	(1,490,000)
Trade payables	(1,150)	1,076	-	-
Recourse obligations on financing sold to Cagamas	(33,381)	(54,533)	(33,381)	(54,533)
Other liabilities	215,813	(75,221)	232,356	(107,830)
Cash generated from operations	4,304,471	1,266,889	4,310,239	1,211,823
Income tax paid	(7,647)	(18,884)	(6,667)	(17,238)
Zakat paid	(739)	(2,178)	(739)	(2,091)
Net cash from operating activities	4,296,085	1,245,827	4,302,833	1,192,494

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 2016

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (CONTINUED)**

	Group		Bank	
	Three Months Ended 31 March 2017 RM'000	31 March 2016 RM'000	Three Months Ended 31 March 2017 RM'000	31 March 2016 RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(260,000)	(965,000)	(260,000)	(965,000)
Proceeds from disposal of financial assets held-for-trading	260,283	965,346	260,283	965,346
Purchases of financial assets available-for-sale	(3,661,723)	(2,642,246)	(3,661,723)	(2,642,246)
Proceeds from disposal of financial assets available-for-sale	819,366	1,757,763	819,366	1,757,763
Purchases of financial assets held-to-maturity	(385,000)	(360,000)	(385,000)	(360,000)
Proceeds from disposal of financial assets held-to-maturity	201,305	462,924	201,305	462,924
Purchases of property and equipment	(90,470)	(74,101)	(90,258)	(19,598)
Proceeds from disposal of property and equipment	18,606	-	13,387	-
Dividend from financial assets available-for-sale	3,213	1,732	3,213	1,732
Net cash used in investing activities	(3,094,420)	(853,582)	(3,099,427)	(799,079)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	6,184	773	6,184	773
Dividend paid	-	(384,751)	-	(384,751)
Fund received from government	10,450	-	10,450	-
Payment of profit expenses on debt securities issued	(596,713)	(21,955)	(596,713)	(21,955)
Net cash used in financing activities	(580,079)	(405,933)	(580,079)	(405,933)
Net decrease in cash and cash equivalents	621,586	(13,688)	623,327	(12,518)
Cash and cash equivalents at beginning of period	786,964	1,082,437	785,223	1,081,267
Cash and cash equivalents at end of period	1,408,550	1,068,749	1,408,550	1,068,749

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 2016

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

Basis of Preparation

The unaudited interim financial statements for the first quarter and three months ended 31 March 2017 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 2016. 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 2016.

Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2016 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 first quarter and three months ended 31 March 2017.

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 first quarter and three months ended 31 March 2017.

Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the first quarter and three months ended 31 March 2017.

Debt and Equity Securities

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

NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At fair value				
Islamic debt securities	3,276,075	3,016,285	3,276,075	3,016,285
Government investment issues	9,125,235	7,492,530	9,125,235	7,492,530
Government sukuk	3,824,457	3,018,291	3,824,457	3,018,291
Khazanah sukuk	72,794	71,965	72,794	71,965
Cagamas sukuk	1,024,241	867,454	1,024,241	867,454
Quoted shares	653,699	559,170	653,699	559,170
Unit trust shares	1,675	1,576	1,675	1,576
At cost, net of impairment loss				
Unquoted shares	8,136	8,136	7,583	7,583
Net carrying amount	17,986,312	15,035,407	17,985,759	15,034,854

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Islamic debt securities	760,549	759,283
Government investment issues	7,766,196	7,772,769
Government sukuk	2,200,077	1,857,907
Khazanah sukuk	514,933	510,015
Cagamas sukuk	321,011	279,840
Negotiable Islamic debt certificates	-	199,258
	11,562,766	11,379,072
Less: accumulated impairment losses		
Islamic debt securities	(23,605)	(23,606)
	(23,605)	(23,606)
Net carrying amount	11,539,161	11,355,466

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Term financing		
- Personal financing	56,009,590	55,652,330
- House financing	4,245,351	3,884,327
- Hire-purchase receivables	1,401,250	1,333,539
- Syndicated financing	294,802	294,675
- Bridging financing	249,718	254,879
- Other term financing	4,832,367	4,753,015
Pawn broking	1,598,340	1,637,851
Revolving credit	532,743	542,735
Credit card	457,126	479,350
Staff financing	355,308	347,072
Gross financing and advances, net of unearned income	69,976,595	69,179,773
Allowance for impairment on financing and advances		
Individual assessment impairment	(355,413)	(455,390)
Collective assessment impairment	(962,076)	(917,676)
	(1,317,489)	(1,373,066)
Net financing and advances	68,659,106	67,806,707

(ii) By type of customer

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Individuals	65,279,361	64,463,394
Business enterprises	2,795,399	2,777,397
Non-bank financial institutions:		
Co-operatives	1,791,550	1,829,530
Others	42,023	43,135
Foreign entities	1,353	1,431
Other entities	66,909	64,886
	69,976,595	69,179,773

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of securities	62,179	56,040
Purchase of property	1,761,240	4,126,567
Consumption credit	63,847,080	60,485,990
Agriculture	311,201	347,125
Manufacturing	131,668	137,875
Electricity, gas and water	100,644	100,310
Construction	995,655	1,312,201
Wholesale and retail trade	145,522	126,760
Transportation and communication	271,536	267,624
Financial, takaful and business services	2,275,122	2,187,859
Community, social and personal services	74,748	31,422
	69,976,595	69,179,773

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of securities	119	7
Purchase of property	129,666	61,916
Consumption credit	483,228	357,492
Agriculture	130,803	133,853
Manufacturing	15,268	17,261
Construction	449,344	659,457
Wholesale and retail trade	195	-
Financial, takaful and business services	184,520	148,640
Community, social and personal services	436	-
	1,393,579	1,378,626

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
As of 1 January	1,378,626	1,217,885
Classified as impaired during the period	266,531	1,531,032
Amount written-back in respect of recoveries	(165,230)	(901,461)
Amount written-off during the period	(86,348)	(468,830)
	14,953	160,741
Closing balance	1,393,579	1,378,626
Gross impaired financing and advances as a percentage of gross financing and advances	1.99%	1.99%

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

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Individual assessment impairment		
As of 1 January	455,390	316,652
Allowance made during the period	48,739	280,592
Amount written back in respect of recoveries	(131,745)	(141,854)
Amount written off during the period	(16,971)	-
	(99,977)	138,738
Closing balance	355,413	455,390

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Collective assessment impairment		
As of 1 January	917,676	1,009,815
Allowance made during the period	403,240	1,493,268
Amount written back in respect of recoveries	(289,325)	(1,118,286)
	113,915	374,982
Amount written off during the period	(69,515)	(467,121)
	44,400	(92,139)
Closing balance	962,076	917,676

NOTE 4: OTHER ASSETS

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Amount due from subsidiaries	-	-	13,489	11,641
Other receivables	170,124	344,261	163,310	331,217
Allowance for doubtful debts	(16,109)	(16,109)	(15,998)	(15,998)
Refundable deposits	47,274	78,937	10,456	42,879
Prepayments	44,846	31,107	41,561	28,373
Contribution to Central Liquidity Monetary Fund	200,000	200,000	200,000	200,000
	446,135	638,196	412,818	598,112

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Savings deposits		
Wadiah	4,178,007	4,124,178
Term deposits		
Tawarruq	70,532,847	64,901,919
General investment deposits		
Mudarabah	17	25
Negotiable Islamic debt certificate	7,927,900	8,877,200
	82,638,771	77,903,322

(ii) By type of customer

	Group and Bank	
	31 March 2017 RM'000	31 December 2016 RM'000
Government	36,106,683	36,391,751
Business enterprises	30,510,109	25,265,336
Co-operatives	1,405,028	1,191,572
Individuals	12,468,868	12,032,141
Others	2,148,083	3,022,522
	82,638,771	77,903,322

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Amount due to subsidiaries	-	-	191,785	184,738
Sundry creditors	173,303	192,953	145,553	167,371
Income payable	586,327	565,118	586,327	565,118
Other liabilities and accruals	535,007	308,937	550,295	312,332
Government fund	195,568	185,273	195,568	185,273
Zakat payable	50,845	43,457	48,006	40,979
	1,541,050	1,295,738	1,717,534	1,455,811

NOTE 7: RESERVES

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Retained profits	7,287,048	6,726,074	6,921,190	6,363,616
Statutory reserve	5,152,812	5,152,812	5,152,812	5,152,812
Capital reserve	14,617	14,617	15,358	15,358
Fair value reserve	72,173	(28,496)	72,173	(28,496)
Regulatory reserve	329,672	329,672	329,672	329,672
	12,856,322	12,194,679	12,491,205	11,832,962

NOTE 8: INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,222,548	1,155,772	1,222,548	1,155,772
Income derived from investment of shareholders' fund (ii)	312,578	298,129	312,578	298,129
Income generated by subsidiary companies (iii)	30,498	12,144	30,498	12,144
	1,565,624	1,466,045	1,565,624	1,466,045

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,222,548	1,155,772	1,222,548	1,155,772
Income derived from investment of shareholders' fund (ii)	312,578	298,129	312,578	298,129
	1,535,126	1,453,901	1,535,126	1,453,901

(i) Income derived from investment of depositors' fund

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	1,003,584	950,210	1,003,584	950,210
Income from deposits and placements with bank and financial institutions	10,969	24,263	10,969	24,263
Income from financial assets	207,995	181,299	207,995	181,299
	1,222,548	1,155,772	1,222,548	1,155,772

NOTE 8: INCOME (CONTINUED)

(ii) Income derived from investment of shareholders' fund

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	256,593	245,105	256,593	245,105
Income from deposits and placements with bank and financial institutions	2,805	6,258	2,805	6,258
Income from financial assets	53,180	46,766	53,180	46,766
	312,578	298,129	312,578	298,129

(iii) Income generated by subsidiary companies

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Agency income	16,956	1,440	16,956	1,440
Pawning income	6,681	6,660	6,681	6,660
Rental income	2,770	49	2,770	49
Management fee	3,364	3,995	3,364	3,995
Sale of goods	697	(16)	697	(16)
Other charges	30	16	30	16
	30,498	12,144	30,498	12,144

NOTE 9: EXPENDITURE

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	734,216	743,719	734,216	743,719
Profit expense on financing sold with recourse to Cagamas	12,083	15,559	12,083	15,559
Profit expense on debt securities issued	29,003	29,529	29,003	29,529
Cost of sales	27,277	10,816	27,277	10,816
	802,579	799,623	802,579	799,623

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	735,783	745,876	735,783	745,876
Profit expense on financing sold with recourse to Cagamas	12,083	15,559	12,083	15,559
Profit expense on debt securities issued	29,003	29,529	29,003	29,529
	776,869	790,964	776,869	790,964

NOTE 9: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	1	1,533	1	1,533
Non-Mudarabah	733,015	733,384	733,015	733,384
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	1,200	8,802	1,200	8,802
	734,216	743,719	734,216	743,719

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	1	3,690	1	3,690
Non-Mudarabah	734,582	733,384	734,582	733,384
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	1,200	8,802	1,200	8,802
	735,783	745,876	735,783	745,876

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	33,417	92,457	33,417	92,457
	33,417	92,457	33,417	92,457

(i) Allowance for impairment on financing and advances

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment	(83,006)	(13,302)	(83,006)	(13,302)
Individual impairment on rescheduled financing	2,508	1,617	2,508	1,617
Collective impairment	113,915	104,142	113,915	104,142
	33,417	92,457	33,417	92,457

NOTE 11: OTHER OPERATING INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	13,946	15,800	13,946	15,800
Other income (ii)	113,413	140,704	113,413	140,704
	127,359	156,504	127,359	156,504

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	13,946	15,800	13,946	15,800
Other income (ii)	113,210	140,697	113,210	140,697
	127,156	156,497	127,156	156,497

(i) Fees and commission

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Takaful commission	5,155	4,992	5,155	4,992
ATM service fees	3,060	3,102	3,060	3,102
Wasiat commission	333	469	333	469
Other commission	1,907	3,417	1,907	3,417
Processing fees	287	10	287	10
MEPS fees	2,486	2,779	2,486	2,779
Guarantee fees	102	383	102	383
Other fees	616	648	616	648
	13,946	15,800	13,946	15,800

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,213	1,732	3,213	1,732
Net gain on disposal of financial assets held-for-trading	283	346	283	346
Net gain on disposal of financial assets available-for-sale	7,879	4,751	7,879	4,751
Others				
Rental income	5,286	4,422	5,286	4,422
Compensation for late payment	901	876	901	876
Charges from credit card services	3,433	3,702	3,433	3,702
Other service charges	3,402	1,929	3,402	1,929
Recoveries from financing written off	80,251	106,333	80,251	106,333
Recoveries from financial assets written-off	453	-	453	-
Allowance for doubtful debts no longer required	32	-	32	-
Gain on disposal of property and equipment	61	-	61	-
Other income	8,219	16,613	8,219	16,613
	113,413	140,704	113,413	140,704

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,213	1,732	3,213	1,732
Net gain on disposal of financial assets held-for-trading	283	346	283	346
Net gain on disposal of financial assets available-for-sale	7,879	4,751	7,879	4,751
Others				
Rental income	5,639	4,419	5,639	4,419
Compensation for late payment	901	876	901	876
Charges from credit card services	3,433	3,702	3,433	3,702
Other service charges	3,402	1,928	3,402	1,928
Recoveries from financing written off	80,251	106,333	80,251	106,333
Recoveries from financial assets written-off	453	-	453	-
Allowance for doubtful debts no longer required	1	-	1	-
Other income	7,755	16,610	7,755	16,610
	113,210	140,697	113,210	140,697

NOTE 12: OPERATING EXPENSES

Group	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Personnel expenses (i)	131,211	135,943	131,211	135,943
Other overheads and expenditure (ii)	135,341	142,720	135,341	142,720
	266,552	278,663	266,552	278,663

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	125,306	132,407	125,306	132,407
Other overheads and expenditure (ii)	141,350	149,134	141,350	149,134
	266,656	281,541	266,656	281,541

(i) Personnel expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	79,011	72,044	79,011	72,044
Allowances, compensation and bonuses	21,962	32,697	21,962	32,697
Defined benefit plan	-	5,026	-	5,026
Defined contribution plan - EPF	20,223	17,216	20,223	17,216
Social security contributions - SOCSO	1,010	789	1,010	789
Other staff related costs	9,005	8,171	9,005	8,171
	131,211	135,943	131,211	135,943

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	75,162	69,805	75,162	69,805
Allowances, compensation and bonuses	20,764	31,872	20,764	31,872
Defined benefit plan	-	5,026	-	5,026
Defined contribution plan - EPF	19,671	16,884	19,671	16,884
Social security contributions - SOCSO	942	753	942	753
Other staff related costs	8,767	8,067	8,767	8,067
	125,306	132,407	125,306	132,407

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Establishment				
Rental	5,305	5,060	5,305	5,060
Depreciation of property and equipment	23,685	20,815	23,685	20,815
Amortisation of prepaid lease payment	381	255	381	255
Repair and maintenance	18,873	15,895	18,873	15,895
Takaful	1,326	1,017	1,326	1,017
	49,570	43,042	49,570	43,042
Promotion				
Advertisement and publicity	3,149	23,278	3,149	23,278
	3,149	23,278	3,149	23,278
General expenses				
Legal and profesional fees	1,905	3,371	1,905	3,371
Auditors' remuneration	434	300	434	300
Communication expenses	9,481	8,803	9,481	8,803
Utilities expenses	10,656	7,647	10,656	7,647
Printing and stationery	8,153	4,195	8,153	4,195
Postage and courier	3,287	1,866	3,287	1,866
Security expenses	6,058	5,449	6,058	5,449
Service charges	7,374	5,849	7,374	5,849
Loss on financing written off	4,445	5,050	4,445	5,050
Loss on property and equipment written off	-	287	-	287
Commission expenses	16,195	14,850	16,195	14,850
Travelling and transportation	2,744	3,657	2,744	3,657
Others	11,890	15,076	11,890	15,076
	82,622	76,400	82,622	76,400
	135,341	142,720	135,341	142,720

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Establishment				
Rental	6,643	6,225	6,643	6,225
Depreciation of property and equipment	22,504	20,590	22,504	20,590
Amortisation of prepaid lease payment	381	255	381	255
Repair and maintenance	18,831	15,879	18,831	15,879
Takaful	1,288	1,012	1,288	1,012
	49,647	43,961	49,647	43,961
Promotion				
Advertisement and publicity	2,881	23,181	2,881	23,181
	2,881	23,181	2,881	23,181
General expenses				
Legal and profesional fees	1,670	3,146	1,670	3,146
Auditors' remuneration	350	258	350	258
Communication expenses	9,362	8,766	9,362	8,766
Utilities expenses	10,589	7,640	10,589	7,640
Printing and stationery	8,028	4,119	8,028	4,119
Postage and courier	3,226	1,854	3,226	1,854
Security expenses	6,042	5,449	6,042	5,449
Service charges	15,337	10,948	15,337	10,948
Loss on financing written off	4,445	5,050	4,445	5,050
Loss on property and equipment written off	-	287	-	287
Commission expenses	16,188	14,850	16,188	14,850
Travelling and transportation	3,430	3,760	3,430	3,760
Others	10,155	15,865	10,155	15,865
	88,822	81,992	88,822	81,992
	141,350	149,134	141,350	149,134

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	
	31 March 2017 RM'000	31 December 2016 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	566,838	644,403
Claims for damages from litigation taken against the Bank	123,676	1,225
Commitments		
Undrawn financing	2,013,063	1,754,983
	2,703,577	2,400,611

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	
	31 March 2017	31 December 2016 Restated
Before proposed dividend		
Core capital ratio	19.35%	19.74%
Risk-weighted capital ratio	20.84%	21.26%
After proposed dividend		
Core capital ratio	18.75%	19.13%
Risk-weighted capital ratio	20.24%	20.65%

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	
	31 March 2017 RM'000	31 December 2016 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	6,363,616	6,363,616
Other reserves	5,168,170	5,168,170
Total Tier I capital (core)	14,517,816	14,517,816
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	554,716	555,503
Regulatory reserve	329,672	329,672
Total Tier II capital	1,184,388	1,185,175
Total capital	15,702,204	15,702,991
Less: Investment in subsidiaries	(65,976)	(65,976)
	(65,976)	(65,976)
Total capital base	15,636,228	15,637,015

* 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	
	31 March 2017 RM'000	31 December 2016 RM'000
Total assets assigned 20% risk-weighted	569,482	630,739
Total assets assigned 50% risk-weighted	2,237,749	2,049,690
Total assets assigned 100% risk-weighted	70,865,112	70,183,842
Off-Balance Sheet claims assigned 100% risk-weighted	1,347,836	677,134
	75,020,179	73,541,405