



Your Choice Bank

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR
ENDED 30 JUNE 2017**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

		Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Note					
ASSETS					
Cash and bank balances		1,120,878	786,964	1,120,878	785,223
Deposits and placements with financial institutions		1,550,690	1,808,269	1,547,445	1,807,144
Financial assets available-for-sale	1	18,539,220	15,035,407	18,538,673	15,034,854
Financial assets held-to-maturity	2	11,263,065	11,355,466	11,263,065	11,355,466
Financing and advances	3	68,937,635	67,806,707	68,937,635	67,806,707
Trade receivables		7,373	5,644	-	-
Other assets	4	951,326	638,196	917,120	598,112
Inventories		10,160	4,927	-	-
Investment in subsidiaries		-	-	65,976	65,976
Property and equipment		778,798	709,393	737,584	668,419
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		921,785	850,983	688,221	688,221
Prepaid lease payment		62,997	63,760	62,997	63,760
Tax recoverable		103,607	130,200	101,046	127,712
Deferred tax assets		98	10,098	-	10,000
TOTAL ASSETS		104,260,817	99,219,199	103,980,640	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 30 JUNE 2017 (CONTINUED)**

		Group		Bank	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Deposits from customers	5	82,185,603	77,903,322	82,185,603	77,903,322
Deposits and placements from banks and financial institutions		590,000	900,000	590,000	900,000
Trade payables		2,816	4,288	-	-
Recourse obligations on financing sold to Cagamas		1,019,734	1,062,787	1,019,734	1,062,787
Debt securities issued		3,441,080	2,818,612	3,441,080	2,818,612
Other liabilities	6	1,243,117	1,295,738	1,343,117	1,455,811
Provision for taxation		418	176	-	-
Deferred tax liabilities		13,476	476	13,000	-
Financing from other financial institutions		7,866	1,021	-	-
TOTAL LIABILITIES		88,504,110	83,986,420	88,592,534	84,140,532
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,986,030	2,986,030	2,986,030
Share redemption fund		43,029	52,070	43,029	52,070
Reserves	7	12,727,648	12,194,679	12,359,047	11,832,962
TOTAL SHAREHOLDERS' FUND		15,756,707	15,232,779	15,388,106	14,871,062
TOTAL LIABILITIES AND SHAREHOLDERS' FUND					
		104,260,817	99,219,199	103,980,640	99,011,594
COMMITMENT AND CONTINGENCIES					
	13	2,704,901	2,400,611	2,704,901	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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017**

Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income	8	1,559,873	1,498,870	3,125,497	2,964,915
Expenditure	9	(793,885)	(813,057)	(1,596,464)	(1,612,680)
Net income		765,988	685,813	1,529,033	1,352,235
Allowance for impairment	10	(239,117)	(84,537)	(272,534)	(176,994)
Other operating income	11	121,621	150,875	248,980	307,379
Operating expenses	12	(281,155)	(303,634)	(547,707)	(582,297)
Profit before taxation and zakat		367,337	448,517	957,772	900,323
Taxation		(37,554)	(51,500)	(59,117)	(78,787)
Zakat		(6,528)	(10,493)	(14,426)	(21,154)
Profit after taxation and zakat		323,255	386,524	884,229	800,382
<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		(8,308)	32,670	92,361	165,081
Other comprehensive income for the period		(8,308)	32,670	92,361	165,081
Total comprehensive income for the period		314,947	419,194	976,590	965,463

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)**

Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Income	8	1,569,011	1,477,137	3,104,137	2,931,038
Expenditure	9	(798,761)	(798,740)	(1,575,630)	(1,589,704)
Net income		770,250	678,397	1,528,507	1,341,334
Allowance for impairment	10	(239,117)	(84,537)	(272,534)	(176,994)
Other operating income	11	122,334	149,313	249,490	305,810
Operating expenses	12	(290,940)	(298,615)	(557,596)	(580,156)
Profit before taxation and zakat		362,527	444,558	947,867	889,994
Taxation		(36,333)	(50,238)	(56,333)	(76,095)
Zakat		(6,424)	(10,349)	(14,189)	(20,849)
Profit after taxation and zakat		319,770	383,971	877,345	793,050
<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		(8,308)	32,670	92,361	165,081
Other comprehensive income for the period		(8,308)	32,670	92,361	165,081
Total comprehensive income for the period		311,462	416,641	969,706	958,131

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 SIX MONTHS ENDED 30 JUNE 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	-	-	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
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
Transfer to other liabilities	(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

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 SIX MONTHS ENDED 30 JUNE 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	-	-	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
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
Transfer to other liabilities	(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

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 SIX MONTHS ENDED 30 JUNE 2017**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the period	884,229	800,382	877,345	793,050
Adjustments for:				
Taxation	59,117	78,787	56,333	76,095
Zakat	14,426	21,154	14,189	20,849
Profit expense on debt securities issued	58,835	59,447	58,835	59,447
Allowance for impairment on financing and advances	272,534	176,994	272,534	176,994
Depreciation of property and equipment	45,979	48,837	45,141	48,094
Amortisation of prepaid lease payment	763	638	763	638
Property and equipment written off	4	287	4	287
Gain on disposal of property and equipment	(1)	-	-	-
Loss on financing written off	9,107	13,848	9,107	13,848
Provision for defined benefit plan	-	10,052	-	10,052
Allowance for doubtful debts	11	12	11	12
Allowance for doubtful debts no longer required	(1)	-	(1)	-
Allowance for impairment loss on financial assets held-to-maturity no longer required	-	(278)	-	(278)
Net gain on disposal of financial assets available-for-sale	(15,693)	(11,130)	(15,693)	(11,130)
Net gain on disposal of financial assets held-for-trading	(497)	(728)	(497)	(728)
Profit expense on financing sold with recourse to Cagamas	23,929	30,366	23,929	30,366
Dividend from financial assets available-for-sale	(5,507)	(4,666)	(5,507)	(4,666)
Operating profit before working capital changes	1,347,235	1,224,002	1,336,493	1,212,930

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 SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	257,579	(590,807)	259,699	(613,667)
Financing and advances	(1,412,569)	(2,489,342)	(1,412,569)	(2,489,342)
Trade receivables	(1,729)	(713)	-	-
Other assets	(313,140)	(27,426)	(319,018)	(16,357)
Inventories	(5,233)	(512)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	4,282,281	5,146,326	4,282,281	5,146,326
Deposits and placements from banks and financial institutions	(310,000)	(1,400,000)	(310,000)	(1,400,000)
Trade payables	(1,472)	(873)	-	-
Recourse obligations on financing sold to Cagamas	(66,982)	(147,928)	(66,982)	(147,928)
Other liabilities	(74,845)	1,942	(135,747)	(59,350)
Cash generated from operations	3,701,125	1,714,669	3,634,157	1,632,612
Income tax paid	(9,282)	(37,814)	(6,667)	(34,476)
Zakat paid	(26,859)	(20,634)	(25,793)	(20,560)
Net cash from operating activities	3,664,984	1,656,221	3,601,697	1,577,576

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 SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)**

	Group		Bank	
	Six Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(590,000)	(2,375,000)	(590,000)	(2,375,000)
Proceeds from disposal of financial assets held-for-trading	590,497	2,375,728	590,497	2,375,728
Purchases of financial assets available-for-sale	(5,576,723)	(5,598,090)	(5,576,723)	(5,598,090)
Proceeds from disposal of financial assets available-for-sale	2,180,964	4,788,645	2,180,958	4,788,639
Purchases of financial assets held-to-maturity	(590,000)	(1,045,000)	(590,000)	(1,045,000)
Proceeds from disposal of financial assets held-to-maturity	682,401	530,786	682,401	530,786
Purchases of property and equipment	(202,359)	(125,394)	(131,557)	(46,151)
Proceeds from disposal of property and equipment	23,015	19,524	17,247	19,524
Dividend from financial assets available-for-sale	5,507	4,666	5,507	4,666
Net cash used in investing activities	(3,476,698)	(1,424,135)	(3,411,670)	(1,344,898)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	12,469	2,107	12,469	2,107
Dividend paid	(443,774)	(384,814)	(443,774)	(384,814)
Fund received from government	13,300	-	13,300	-
Proceeds from debt securities issued	1,200,000	300,000	1,200,000	300,000
Payment of profit expenses on debt securities issued	(636,367)	(58,853)	(636,367)	(58,853)
Net cash from/(used in) financing activities	145,628	(141,560)	145,628	(141,560)
Net increase in cash and cash equivalents	333,914	90,526	335,655	91,118
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	1,120,878	1,172,963	1,120,878	1,172,385

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 second quarter and six months ended 30 June 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 second quarter and six months ended 30 June 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 second quarter and six months ended 30 June 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 second quarter and six months ended 30 June 2017.

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 2017, final dividend for the year ended 31 December 2016 was paid amounting to RM 443,774,034 comprising of 15% cash dividend.

NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At fair value				
Islamic debt securities	3,415,866	3,016,285	3,415,866	3,016,285
Government investment issues	8,779,172	7,492,530	8,779,172	7,492,530
Government sukuk	4,388,737	3,018,291	4,388,737	3,018,291
Khazanah sukuk	73,707	71,965	73,707	71,965
Cagamas sukuk	1,275,706	867,454	1,275,706	867,454
Quoted shares	596,228	559,170	596,228	559,170
Unit trust shares	1,674	1,576	1,674	1,576
At cost, net of impairment loss				
Unquoted shares	8,130	8,136	7,583	7,583
Net carrying amount	18,539,220	15,035,407	18,538,673	15,034,854

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Islamic debt securities	647,243	759,283
Government investment issues	7,495,279	7,772,769
Government sukuk	2,199,518	1,857,907
Khazanah sukuk	519,947	510,015
Cagamas sukuk	324,797	279,840
Negotiable Islamic debt certificates	99,887	199,258
	11,286,671	11,379,072
Less: accumulated impairment losses		
Islamic debt securities	(23,606)	(23,606)
	(23,606)	(23,606)
Net carrying amount	11,263,065	11,355,466

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Term financing		
- Personal financing	56,224,462	55,652,330
- House financing	4,583,933	3,884,327
- Hire-purchase receivables	1,448,706	1,333,539
- Syndicated financing	287,331	294,675
- Bridging financing	179,784	254,879
- Other term financing	4,745,672	4,753,015
Pawn broking	1,563,636	1,637,851
Revolving credit	520,757	542,735
Credit card	451,811	479,350
Staff financing	364,437	347,072
Gross financing and advances, net of unearned income	70,370,529	69,179,773
Allowance for impairment on financing and advances		
Individual assessment impairment	(367,543)	(455,390)
Collective assessment impairment	(1,065,351)	(917,676)
	(1,432,894)	(1,373,066)
Net financing and advances	68,937,635	67,806,707

(ii) By type of customer

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Individuals	65,879,267	64,463,394
Business enterprises	2,604,509	2,777,397
Non-bank financial institutions:		
Co-operatives	1,773,904	1,829,530
Others	40,908	43,135
Foreign entities	1,386	1,431
Other entities	70,555	64,886
	70,370,529	69,179,773

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	58,014	56,040
Purchase of property	1,736,398	4,126,567
Consumption credit	64,471,326	60,485,990
Agriculture	277,510	347,125
Manufacturing	87,305	137,875
Electricity, gas and water	102,851	100,310
Construction	910,308	1,312,201
Wholesale and retail trade	150,183	126,760
Transportation and communication	259,833	267,624
Financial, takaful and business services	2,239,638	2,187,859
Community, social and personal services	77,163	31,422
	70,370,529	69,179,773

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Purchase of securities	202	7
Purchase of property	133,980	61,916
Consumption credit	511,002	357,492
Agriculture	100,147	133,853
Manufacturing	15,440	17,261
Construction	420,909	659,457
Wholesale and retail trade	270	-
Financial, takaful and business services	183,287	148,640
Community, social and personal services	443	-
	1,365,680	1,378,626

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
As of 1 January	1,378,626	1,217,885
Classified as impaired during the period	603,954	1,531,032
Amount written-back in respect of recoveries	(411,831)	(901,461)
Amount written-off during the period	(205,069)	(468,830)
	(12,946)	160,741
Closing balance	1,365,680	1,378,626
Gross impaired financing and advances as a percentage of gross financing and advances	1.94%	1.99%

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

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Individual assessment impairment		
As of 1 January	455,390	316,652
Allowance made during the period	66,535	280,592
Amount written back in respect of recoveries	(137,410)	(141,854)
	(70,875)	138,738
Amount written off during the period	(16,972)	-
	(87,847)	138,738
Closing balance	367,543	455,390

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	30 June 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	945,185	1,493,268
Amount written back in respect of recoveries	(609,441)	(1,118,286)
	335,744	374,982
Amount written off during the period	(188,069)	(467,121)
	147,675	(92,139)
Closing balance	1,065,351	917,676

NOTE 4: OTHER ASSETS

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Amount due from subsidiaries	-	-	16,272	11,641
Other receivables	673,823	344,261	667,144	331,217
Allowance for doubtful debts	(15,369)	(16,109)	(15,258)	(15,998)
Refundable deposits	50,361	78,937	10,457	42,879
Prepayments	42,511	31,107	38,505	28,373
Contribution to Central Liquidity Monetary Fund	200,000	200,000	200,000	200,000
	951,326	638,196	917,120	598,112

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Savings deposits		
Wadiah	5,376,395	4,124,178
Term deposits		
Tawarruq	67,782,663	64,901,919
General investment deposits		
Mudarabah	17	25
Negotiable Islamic debt certificate	9,026,528	8,877,200
	82,185,603	77,903,322

(ii) By type of customer

	Group and Bank	
	30 June 2017 RM'000	31 December 2016 RM'000
Government	35,501,836	36,391,751
Business enterprises	30,445,376	25,265,336
Co-operatives	1,960,311	1,191,572
Individuals	12,444,361	12,032,141
Others	1,833,719	3,022,522
	82,185,603	77,903,322

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Amount due to subsidiaries	-	-	163,879	184,738
Sundry creditors	205,988	192,953	128,844	167,371
Income payable	609,661	565,118	609,661	565,118
Other liabilities and accruals	197,736	308,937	212,650	312,332
Government fund	198,708	185,273	198,708	185,273
Zakat payable	31,024	43,457	29,375	40,979
	1,243,117	1,295,738	1,343,117	1,455,811

NOTE 7: RESERVES

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Retained profits	7,166,682	6,726,074	6,797,340	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	63,865	(28,496)	63,865	(28,496)
Regulatory reserve	329,672	329,672	329,672	329,672
	12,727,648	12,194,679	12,359,047	11,832,962

NOTE 8: INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,251,782	1,178,630	2,474,330	2,334,402
Income derived from investment of shareholders' fund (ii)	317,229	298,507	629,807	596,636
Income generated by subsidiary companies (iii)	(9,138)	21,733	21,360	33,877
	1,559,873	1,498,870	3,125,497	2,964,915

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,251,782	1,178,630	2,474,330	2,334,402
Income derived from investment of shareholders' fund (ii)	317,229	298,507	629,807	596,636
	1,569,011	1,477,137	3,104,137	2,931,038

(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
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	1,015,219	967,016	2,018,803	1,917,226
Income from deposits and placements with bank and financial institutions	9,888	20,850	20,857	45,113
Income from financial assets	226,675	190,764	434,670	372,063
	1,251,782	1,178,630	2,474,330	2,334,402

NOTE 8: 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
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	257,266	244,908	513,859	490,013
Income from deposits and placements with bank and financial institutions	2,504	5,272	5,309	11,530
Income from financial assets	57,459	48,327	110,639	95,093
	317,229	298,507	629,807	596,636

(iii) Income generated by subsidiary companies

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Agency income	(14,449)	5,061	2,507	6,501
Pawning income	4,442	6,202	11,123	12,862
Rental income	(1,566)	2,171	1,204	2,220
Management fee	2,246	7,183	5,610	11,178
Sale of goods	175	1,022	872	1,006
Other charges	14	94	44	110
	(9,138)	21,733	21,360	33,877

NOTE 9: EXPENDITURE

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	755,715	753,858	1,489,931	1,497,577
Profit expense on financing sold with recourse to Cagamas	11,846	14,807	23,929	30,366
Profit expense on debt securities issued	29,832	29,918	58,835	59,447
Cost of sales	(3,508)	14,474	23,769	25,290
	793,885	813,057	1,596,464	1,612,680

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	757,083	754,015	1,492,866	1,499,891
Profit expense on financing sold with recourse to Cagamas	11,846	14,807	23,929	30,366
Profit expense on debt securities issued	29,832	29,918	58,835	59,447
	798,761	798,740	1,575,630	1,589,704

NOTE 9: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	(1)	1,072	-	2,605
Non-Mudarabah	752,434	746,658	1,485,449	1,480,042
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	3,282	6,128	4,482	14,930
	755,715	753,858	1,489,931	1,497,577

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	(1)	1,229	-	4,919
Non-Mudarabah	753,802	746,658	1,488,384	1,480,042
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	3,282	6,128	4,482	14,930
	757,083	754,015	1,492,866	1,499,891

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	239,117	84,537	272,534	176,994
	239,117	84,537	272,534	176,994

(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
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment	12,131	52,062	(70,875)	38,760
Individual impairment on rescheduled financing	5,157	2,192	7,665	3,809
Collective impairment	221,829	30,283	335,744	134,425
	239,117	84,537	272,534	176,994

NOTE 11: OTHER OPERATING INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,834	16,444	30,780	32,244
Other income (ii)	104,787	134,431	218,200	275,135
	121,621	150,875	248,980	307,379

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	16,834	16,444	30,780	32,244
Other income (ii)	105,500	132,869	218,710	273,566
	122,334	149,313	249,490	305,810

(i) Fees and commission

Group and Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Takaful commission	4,992	5,476	10,147	10,468
Wasiat commission	253	418	586	887
Other commission	4,352	2,777	6,259	6,194
Processing fees	476	442	763	452
ATM service fees	3,615	3,601	6,675	6,703
MEPS fees	2,244	2,755	4,730	5,534
Guarantee fees	47	349	149	732
Other fees	855	626	1,471	1,274
	16,834	16,444	30,780	32,244

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	2,294	2,934	5,507	4,666
Net gain on disposal of financial assets held-for-trading	214	382	497	728
Net gain on disposal of financial assets available-for-sale	7,814	6,379	15,693	11,130
Others				
Rental income	6,095	5,497	11,381	9,919
Compensation for late payment	815	908	1,716	1,784
Charges from credit card services	3,203	3,913	6,636	7,615
Other service charges	3,314	1,895	6,716	3,824
Recoveries from financing written off	66,052	95,001	146,303	201,334
Recoveries from financial assets written-off	-	-	453	-
Allowance for doubtful debts no longer required	(31)	-	1	-
Allowance for impairment loss on financial assets held-to-maturity no longer required	-	278	-	278
Gain on disposal of property and equipment	(60)	-	1	-
Other income	15,077	17,244	23,296	33,857
	104,787	134,431	218,200	275,135

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	2,294	2,934	5,507	4,666
Net gain on disposal of financial assets held-for-trading	214	382	497	728
Net gain on disposal of financial assets available-for-sale	7,814	6,379	15,693	11,130
Others				
Rental income	6,452	5,493	12,091	9,912
Compensation for late payment	815	908	1,716	1,784
Charges from credit card services	3,203	3,913	6,636	7,615
Other service charges	3,314	1,896	6,716	3,824
Recoveries from financing written off	66,052	95,001	146,303	201,334
Recoveries from financial assets written-off	-	-	453	-
Allowance for doubtful debts no longer required	-	-	1	-
Allowance for impairment loss on financial assets held-to-maturity no longer required	-	278	-	278
Other income	15,342	15,685	23,097	32,295
	105,500	132,869	218,710	273,566

NOTE 12: OPERATING EXPENSES

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Personnel expenses (i)	150,062	144,263	281,273	280,206
Other overheads and expenditure (ii)	131,093	159,371	266,434	302,091
	281,155	303,634	547,707	582,297

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	146,851	139,977	272,157	272,384
Other overheads and expenditure (ii)	144,089	158,638	285,439	307,772
	290,940	298,615	557,596	580,156

(i) Personnel expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	96,182	74,420	175,193	146,464
Allowances, compensation and bonuses	21,953	33,667	43,915	66,364
Defined benefit plan	-	5,026	-	10,052
Defined contribution plan - EPF	19,173	18,255	39,396	35,471
Social security contributions - SOCSO	984	848	1,994	1,637
Other staff related costs	11,770	12,047	20,775	20,218
	150,062	144,263	281,273	280,206

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	94,469	71,679	169,631	141,484
Allowances, compensation and bonuses	20,818	32,673	41,582	64,545
Defined benefit plan	-	5,026	-	10,052
Defined contribution plan - EPF	18,934	17,904	38,605	34,788
Social security contributions - SOCSO	952	811	1,894	1,564
Other staff related costs	11,678	11,884	20,445	19,951
	146,851	139,977	272,157	272,384

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Establishment				
Rental	4,643	7,674	9,948	12,734
Depreciation of property and equipment	22,294	28,022	45,979	48,837
Amortisation of prepaid lease payment	382	383	763	638
Repair and maintenance	25,336	23,635	44,209	39,530
Takaful	736	2,949	2,062	3,966
	53,391	62,663	102,961	105,705
Promotion				
Advertisement and publicity	6,366	12,400	9,515	35,678
	6,366	12,400	9,515	35,678
General expenses				
Legal and professional fees	3,181	4,379	5,086	7,750
Auditors' remuneration	378	315	812	615
Communication expenses	5,656	9,797	15,137	18,600
Utilities expenses	4,097	4,279	14,753	11,926
Printing and stationery	9,455	5,465	17,608	9,660
Postage and courier	4,386	4,352	7,673	6,218
Security expenses	7,195	4,883	13,253	10,332
Service charges	2,435	13,200	9,809	19,049
Loss on financing written off	4,662	8,798	9,107	13,848
Loss on property and equipment written off	4	-	4	287
Commission expenses	16,769	17,076	32,964	31,926
Travelling and transportation	1,194	4,454	3,938	8,111
Others	11,924	7,310	23,814	22,386
	71,336	84,308	153,958	160,708
	131,093	159,371	266,434	302,091

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Establishment				
Rental	6,953	7,206	13,596	13,431
Depreciation of property and equipment	22,637	27,504	45,141	48,094
Amortisation of prepaid lease payment	382	383	763	638
Repair and maintenance	25,300	23,626	44,131	39,505
Takaful	701	2,938	1,989	3,950
	55,973	61,657	105,620	105,618
Promotion				
Advertisement and publicity	6,338	12,156	9,219	35,337
	6,338	12,156	9,219	35,337
General expenses				
Legal and professional fees	3,069	3,853	4,739	6,999
Auditors' remuneration	350	257	700	515
Communication expenses	5,650	9,729	15,012	18,495
Utilities expenses	4,056	4,252	14,645	11,892
Printing and stationery	9,351	5,380	17,379	9,499
Postage and courier	4,399	4,334	7,625	6,188
Security expenses	7,183	4,869	13,225	10,318
Service charges	10,502	14,891	25,839	25,839
Loss on financing written off	4,662	8,798	9,107	13,848
Loss on property and equipment written off	4	-	4	287
Commission expenses	16,760	17,076	32,948	31,926
Travelling and transportation	3,870	4,340	7,300	8,100
Others	11,922	7,046	22,077	22,911
	81,778	84,825	170,600	166,817
	144,089	158,638	285,439	307,772

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 2017 RM'000	31 December 2016 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	559,687	644,403
Claims for damages from litigation taken against the Bank	132,151	1,225
Commitments		
Undrawn financing	2,013,063	1,754,983
	2,704,901	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	
	30 June 2017	31 December 2016 Restated
Before deducting final dividend		
Core capital ratio	18.74%	19.74%
Risk-weighted capital ratio	20.36%	21.26%
After deducting final dividend		
Core capital ratio	18.74%	19.14%
Risk-weighted capital ratio	20.36%	20.66%

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 2017 RM'000	31 December 2016 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	5,919,995	6,363,616
Other reserves	5,168,170	5,168,170
Total Tier I capital (core)	14,074,195	14,517,816
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	657,255	555,503
Regulatory reserve	329,672	329,672
Total Tier II capital	1,286,927	1,185,175
Total capital	15,361,122	15,702,991
Less: Investment in subsidiaries	(65,976)	(65,976)
	(65,976)	(65,976)
Total capital base	15,295,146	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	
	30 June 2017 RM'000	31 December 2016 RM'000
Total assets assigned 20% risk-weighted	649,567	630,739
Total assets assigned 50% risk-weighted	2,411,075	2,049,690
Total assets assigned 100% risk-weighted	70,713,892	70,183,842
Off-Balance Sheet claims assigned 100% risk-weighted	1,338,405	677,134
	75,112,939	73,541,405