



Your Choice Bank
(An agency under KPDNKK)

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE FIRST QUARTER
ENDED 31 MARCH 2016**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	Group		Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and bank balances		1,068,749	1,082,437	1,068,749	1,081,267
Deposits and placements with financial institutions		2,087,600	1,749,995	2,082,887	1,725,459
Financial assets available-for-sale	1	14,318,618	13,296,973	14,317,464	13,295,819
Financial assets held-to-maturity	2	10,615,919	10,718,843	10,615,919	10,718,843
Financing and advances	3	64,139,368	63,137,184	64,139,368	63,137,184
Trade receivables		9,987	8,416	-	-
Other assets	4	774,039	808,703	731,837	770,321
Inventories		4,879	4,946	-	-
Investment in subsidiaries		-	-	61,976	61,976
Property and equipment		805,352	747,301	688,377	689,656
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		703,539	708,590	685,145	685,145
Prepaid lease payment		65,003	65,258	65,003	65,258
Deferred tax assets		54,600	54,598	55,000	55,000
TOTAL ASSETS		94,660,838	92,396,429	94,511,725	92,285,928

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016 (CONTINUED)**

	Note	Group		Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
LIABILITIES					
Deposits from customers	5	74,670,878	70,981,772	74,670,878	70,981,772
Deposits and placements from banks and financial institutions		450,000	1,940,000	450,000	1,940,000
Trade payables		4,658	3,582	-	-
Recourse obligations on financing sold to Cagamas		1,439,685	1,478,659	1,439,685	1,478,659
Debt securities issued		2,726,445	2,718,871	2,726,445	2,718,871
Other liabilities	6	1,184,451	1,251,329	1,376,557	1,476,120
Provision for taxation		1,001	929	-	-
TOTAL LIABILITIES		80,477,118	78,375,142	80,663,565	78,595,422
SHAREHOLDERS' FUND					
Share capital		2,984,926	2,983,923	2,984,926	2,983,923
Share redemption fund		53,441	53,671	53,441	53,671
Reserves	7	11,145,353	10,983,693	10,809,793	10,652,912
TOTAL SHAREHOLDERS' FUND		14,183,720	14,021,287	13,848,160	13,690,506
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		94,660,838	92,396,429	94,511,725	92,285,928
COMMITMENT AND CONTINGENCIES	13	2,658,633	2,600,935	2,658,633	2,600,935

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

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2016**

Group	Note	1st Quarter Ended		Three Months Ended	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Income	8	1,466,045	1,389,813	1,466,045	1,389,813
Expenditure	9	(799,623)	(669,784)	(799,623)	(669,784)
Net income		666,422	720,029	666,422	720,029
Allowance for impairment	10	(92,457)	(142,926)	(92,457)	(142,926)
Other operating income	11	156,504	161,415	156,504	161,415
Operating expenses	12	(278,663)	(190,832)	(278,663)	(190,832)
Profit before taxation and zakat		451,806	547,686	451,806	547,686
Taxation		(27,287)	(58,597)	(27,287)	(58,597)
Zakat		(10,661)	(5,939)	(10,661)	(5,939)
Profit after taxation and zakat		413,858	483,150	413,858	483,150
<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		132,411	127,692	132,411	127,692
Utilisation of profit equalisation reserve (Bank)		-	(25,098)	-	(25,098)
Other comprehensive income for the period		132,411	102,594	132,411	102,594
Total comprehensive income for the period		546,269	585,744	546,269	585,744

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

**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2016 (CONTINUED)**

Bank	Note	1st Quarter Ended		Three Months Ended	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Income	8	1,453,901	1,375,419	1,453,901	1,375,419
Expenditure	9	(790,964)	(651,546)	(790,964)	(651,546)
Net income		662,937	723,873	662,937	723,873
Allowance for impairment	10	(92,457)	(142,926)	(92,457)	(142,926)
Other operating income	11	156,497	161,064	156,497	161,064
Operating expenses	12	(281,541)	(200,184)	(281,541)	(200,184)
Profit before taxation and zakat		445,436	541,827	445,436	541,827
Taxation		(25,857)	(57,167)	(25,857)	(57,167)
Zakat		(10,500)	(5,777)	(10,500)	(5,777)
Profit after taxation and zakat		409,079	478,883	409,079	478,883
<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		132,411	127,692	132,411	127,692
Utilisation of profit equalisation reserve (Bank)		-	(25,098)	-	(25,098)
Other comprehensive income for the period		132,411	102,594	132,411	102,594
Total comprehensive income for the period		541,490	581,477	541,490	581,477

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

Group	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalisation reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,471,509	5,201,933	12,729,784
Total comprehensive income for the period	-	-	(25,098)	127,692	483,150	585,744
Issuance to new members	3,585	-	-	-	-	3,585
Transfer from share capital	(871)	871	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,480)	(443,480)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 31 March 2015	2,976,391	53,671	4,767	4,612,288	5,228,611	12,875,728
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

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016 (CONTINUED)**

Bank	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalisation reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,472,250	4,915,527	12,444,119
Total comprehensive income for the period	-	-	(25,098)	127,692	478,883	581,477
Issuance to new members	3,585	-	-	-	-	3,585
Transfer from share capital	(871)	871	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,480)	(443,480)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 31 March 2015	2,976,391	53,671	4,767	4,613,029	4,937,938	12,585,796
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

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

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Group		Bank	
	Three Months Ended 31 March 2016 RM'000	31 March 2015 RM'000	Three Months Ended 31 March 2016 RM'000	31 March 2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the period	413,858	483,150	409,079	478,883
Adjustments for:				
Taxation	27,287	58,597	25,857	57,167
Zakat	10,661	5,939	10,500	5,777
Profit expense on debt securities issued	29,529	32,441	29,529	32,441
Allowance for impairment on financing and advances	92,457	142,926	92,457	142,926
Depreciation of property and equipment	20,815	20,213	20,590	19,769
Amortisation of prepaid lease payment	255	468	255	383
Property and equipment written off	287	38	287	7
Gain on disposal of property and equipment	-	-	-	-
Loss on financing written off	5,050	3,166	5,050	3,166
Provision for defined benefit plan	5,026	5,139	5,026	5,139
Allowance for doubtful debts	11	3	11	3
Allowance for doubtful debts no longer required	-	(18,476)	-	(18,476)
Net gain on disposal of financial assets available-for-sale	(4,751)	(6,722)	(4,751)	(6,722)
Net gain on disposal of financial assets held-for-trading	(346)	(36)	(346)	(36)
Transfer to profit equalisation reserve	-	(40,000)	-	(40,000)
Profit expense on financing sold with recourse to Cagamas	15,559	17,117	15,559	17,117
Operating profit before working capital changes	615,698	703,963	609,103	697,544

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

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016 (CONTINUED)**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	(337,605)	(32,067)	(357,429)	(32,802)
Financing and advances	(1,099,692)	(438,959)	(1,099,692)	(438,959)
Trade receivables	(1,571)	(1,349)	-	-
Other assets	21,295	(29,597)	24,829	(42,238)
Inventories	67	(3,175)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	3,689,107	(13,179)	3,689,107	(13,179)
Deposits and placements from banks and financial institutions	(1,490,000)	730,000	(1,490,000)	730,000
Trade payables	1,076	4,072	-	-
Recourse obligations on financing sold to Cagamas	(54,533)	(62,505)	(54,533)	(62,505)
Other liabilities	(75,221)	(106,837)	(107,830)	(96,281)
Cash generated from operations	1,268,621	750,367	1,213,555	741,580
Income tax paid	(18,884)	(1,575)	(17,238)	-
Zakat paid	(2,178)	(10,384)	(2,091)	(10,384)
Net cash from operating activities	1,247,559	738,408	1,194,226	731,196

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

**UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016 (CONTINUED)**

	Group		Bank	
	Three Months Ended 31 March 2016 RM'000	31 March 2015 RM'000	Three Months Ended 31 March 2016 RM'000	31 March 2015 RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(965,000)	(57,500)	(965,000)	(57,500)
Proceeds from disposal of financial assets held-for-trading	965,346	57,536	965,346	57,536
Purchases of financial assets available-for-sale	(2,642,246)	(745,000)	(2,642,246)	(745,000)
Proceeds from disposal of financial assets available-for-sale	1,757,763	293,274	1,757,763	293,274
Purchases of financial assets held-to-maturity	(360,000)	(58,270)	(360,000)	(58,270)
Proceeds from disposal of financial assets held-to-maturity	462,924	256,819	462,924	256,819
Purchases of property and equipment	(74,101)	(31,558)	(19,598)	(26,538)
Net cash used in investing activities	(855,314)	(284,699)	(800,811)	(279,679)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	773	3,585	773	3,585
Dividend paid	(384,751)	(443,480)	(384,751)	(443,480)
Fund received from government	-	3,688	-	3,688
Payment of profit expenses on debt securities issued	(21,955)	(21,956)	(21,955)	(21,956)
Net cash used in financing activities	(405,933)	(458,163)	(405,933)	(458,163)
Net decrease in cash and cash equivalents	(13,688)	(4,454)	(12,518)	(6,646)
Cash and cash equivalents at beginning of period	1,082,437	956,994	1,081,267	955,219
Cash and cash equivalents at end of period	1,068,749	952,540	1,068,749	948,573

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

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

Basis of Preparation

The unaudited interim financial statements for the first quarter and three months ended 31 March 2016 have been prepared under historical cost convention except for the following assets and liabilities which are stated at fair values, i.e. financial assets held-for-trading, financial assets available-for-sale, and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134; Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2015.

Auditors' Report on Preceding Annual Financial Statements

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

Comments on Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the first quarter and three months ended 31 March 2016.

Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, shareholders' fund, net income or cash flows of the Group and the Bank in the first quarter and three months ended 31 March 2016.

Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the first quarter and three months ended 31 March 2016.

Debt and Equity Securities

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

Dividends Paid and Distributed

During the three months ended 31 March 2016, final dividend for the year ended 31 December 2015 was paid amounting to RM384,751,205 comprising of 13% cash dividend.

NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
At fair value				
Islamic debt securities	2,828,964	2,736,259	2,828,964	2,736,259
Government investment issues	7,911,401	7,384,890	7,911,401	7,384,890
Government bonds	2,576,983	2,521,156	2,576,983	2,521,156
Khazanah bonds	101,967	100,117	101,967	100,117
Cagamas bonds	601,982	310,530	601,982	310,530
Quoted shares	287,689	234,304	287,689	234,304
Unit trust shares	1,645	1,730	1,645	1,730
At cost, net of impairment loss				
Unquoted shares	7,987	7,987	6,833	6,833
Net carrying amount	14,318,618	13,296,973	14,317,464	13,295,819

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Islamic debt securities	668,487	513,405
Government investment issues	8,095,183	8,289,353
Government bonds	1,155,229	1,096,603
Khazanah bonds	471,855	467,356
Cagamas bonds	249,425	177,946
Negotiable Islamic debt certificates	-	198,440
	10,640,179	10,743,103
Less: accumulated impairment losses		
Islamic debt securities	(24,260)	(24,260)
	(24,260)	(24,260)
Net carrying amount	10,615,919	10,718,843

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Term financing	4,600,641	4,561,134
Personal financing	53,655,998	52,974,151
Revolving credit	431,523	408,233
House financing	2,948,750	2,879,608
Hire-purchase receivables	919,882	693,219
Pawn broking	1,545,443	1,556,226
Bridging financing	352,222	402,442
Syndicated financing	208,988	200,983
Credit card	469,853	476,799
Staff financing	315,030	310,856
Gross financing and advances, net of unearned income	65,448,330	64,463,651
Allowance for impairment on financing and advances		
Individual assessment impairment	(303,350)	(316,652)
Collective assessment impairment	(1,005,612)	(1,009,815)
	(1,308,962)	(1,326,467)
Net financing and advances	64,139,368	63,137,184

(ii) By type of customer

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Individuals	60,748,629	59,603,949
Business enterprises	2,765,313	2,918,535
Non-bank financial institutions:		
Co-operatives	1,824,777	1,828,831
Others	46,324	47,354
Foreign entities		1,404
Other entities	63,276	63,564
Banking institutions	11	14
	65,448,330	64,463,651

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Purchase of securities	63,972	71,482
Purchase of property	1,885,678	1,930,704
Consumption credit	59,223,111	58,021,238
Agriculture	355,400	365,995
Manufacturing	187,602	189,274
Electricity, gas and water	100,324	100,341
Construction	1,066,626	1,139,670
Wholesale and retail trade	118,114	117,907
Transportation and communication	154,070	155,563
Financial, takaful and business services	2,264,026	2,342,040
Community, social and personal services	29,407	29,437
	65,448,330	64,463,651

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Purchase of securities	488	595
Purchase of property	136,590	143,240
Consumption credit	433,338	419,767
Agriculture	28	99
Manufacturing	17,919	17,745
Construction	277,503	282,901
Wholesale and retail trade	30,270	30,296
Transportation and communication	1	20
Financial, takaful and business services	222,217	305,956
Community, social and personal services	16,917	17,266
	1,135,271	1,217,885

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
As of 1 January	1,217,885	1,267,307
Classified as impaired during the period	295,502	1,819,529
Amount written-back in respect of recoveries	(268,565)	(1,104,141)
Amount written-off during the period	(109,551)	(764,810)
	(82,614)	(49,422)
Closing balance	1,135,271	1,217,885
Gross impaired financing and advances as a percentage of gross financing and advances	1.73%	1.89%

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

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Individual assessment impairment		
As of 1 January	316,652	492,436
Allowance made during the period	35,830	272,273
Amount written back in respect of recoveries	(49,132)	(166,882)
Amount written off during the period	-	(281,175)
	(13,302)	(175,784)
Closing balance	303,350	316,652

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Collective assessment impairment		
As of 1 January	1,009,815	1,124,636
Allowance made during the period	387,037	1,445,218
Amount written back in respect of recoveries	(282,895)	(1,095,656)
Amount written off during the period	(108,345)	(464,383)
	(4,203)	(114,821)
Closing balance	1,005,612	1,009,815

NOTE 4: OTHER ASSETS

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Other receivables	276,180	307,158	269,438	300,506
Defined benefit plan	279,794	284,820	279,794	284,820
Income receivable	52,250	55,692	52,250	55,692
Tax recoverable	102,077	110,409	100,006	108,625
Prepayments	33,751	23,270	31,103	22,180
Refundable deposits	45,361	42,642	9,874	9,697
Amount due from subsidiaries	-	-	4,635	4,089
Allowance for doubtful debts	(15,374)	(15,288)	(15,263)	(15,288)
	774,039	808,703	731,837	770,321

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Savings deposits		
Wadiah	4,174,083	3,750,568
Term deposits		
Tawarruq	61,671,495	58,114,929
General investment deposits		
Mudarabah	26	156
Negotiable Islamic debt certificate	8,825,274	9,116,119
	74,670,878	70,981,772

(ii) By type of customer

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Government	36,573,709	30,251,363
Business enterprises	24,890,660	27,743,606
Co-operatives	985,439	943,212
Individuals	10,935,828	10,774,077
Others	1,285,242	1,269,514
	74,670,878	70,981,772

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Amount due to subsidiaries	-	-	216,911	249,781
Sundry creditors	178,305	194,322	155,478	171,734
Income payable	592,641	487,537	592,641	487,537
Other liabilities and accruals	185,789	349,544	185,933	349,190
Government fund	176,878	177,571	176,878	177,571
Zakat payable	50,838	42,355	48,716	40,307
	1,184,451	1,251,329	1,376,557	1,476,120

NOTE 7: RESERVES

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Retained profits	6,060,556	6,031,307	5,724,255	5,699,785
Statutory reserve	4,742,827	4,742,827	4,742,827	4,742,827
Capital reserve	14,617	14,617	15,358	15,358
Fair value reserve	68,700	(63,711)	68,700	(63,711)
Regulatory reserve	258,653	258,653	258,653	258,653
	11,145,353	10,983,693	10,809,793	10,652,912

NOTE 8: INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,155,772	1,081,912	1,155,772	1,081,912
Income derived from investment of shareholders' fund (ii)	298,129	293,507	298,129	293,507
Income generated by subsidiary companies (iii)	12,144	14,394	12,144	14,394
	1,466,045	1,389,813	1,466,045	1,389,813

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,155,772	1,081,912	1,155,772	1,081,912
Income derived from investment of shareholders' fund (ii)	298,129	293,507	298,129	293,507
	1,453,901	1,375,419	1,453,901	1,375,419

(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
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	950,210	896,164	950,210	896,164
Income from deposits and placements with bank and financial institutions	24,263	16,365	24,263	16,365
Income from financial assets	181,299	169,383	181,299	169,383
	1,155,772	1,081,912	1,155,772	1,081,912

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
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	245,105	243,116	245,105	243,116
Income from deposits and placements with bank and financial institutions	6,258	4,440	6,258	4,440
Income from financial assets	46,766	45,951	46,766	45,951
	298,129	293,507	298,129	293,507

(iii) Income generated by subsidiary companies

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Agency income	1,440	4,391	1,440	4,391
Pawning income	6,660	7,080	6,660	7,080
Rental income	49	577	49	577
Management fee	3,995	1,653	3,995	1,653
Sale of goods	(16)	643	(16)	643
Other charges	16	50	16	50
	12,144	14,394	12,144	14,394

NOTE 9: EXPENDITURE

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	743,719	640,332	743,719	640,332
Profit expense on financing sold with recourse to Cagamas	15,559	17,117	15,559	17,117
Transfer from profit equalisation reserve	-	(40,000)	-	(40,000)
Profit expense on debt securities issued	29,529	32,441	29,529	32,441
Cost of sales	10,816	19,894	10,816	19,894
	799,623	669,784	799,623	669,784

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	745,876	641,988	745,876	641,988
Profit expense on financing sold with recourse to Cagamas	15,559	17,117	15,559	17,117
Transfer from profit equalisation reserve	-	(40,000)	-	(40,000)
Profit expense on debt securities issued	29,529	32,441	29,529	32,441
	790,964	651,546	790,964	651,546

NOTE 9: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	1st Quarter Ended		Three Months Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	1,533	28,096	1,533	28,096
Non-Mudarabah	733,384	593,842	733,384	593,842
Deposits and placements from banks and other financial institutions				
Mudarabah	-	17,957	-	17,957
Non-Mudarabah	8,802	437	8,802	437
	743,719	640,332	743,719	640,332

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
Mudarabah	3,690	29,752	3,690	29,752
Non-Mudarabah	733,384	593,842	733,384	593,843
Deposits and placements from banks and other financial institutions				
Mudarabah	-	17,957	-	17,957
Non-Mudarabah	8,802	437	8,802	437
	745,876	641,988	745,876	641,988

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	92,457	142,926	92,457	142,926
	92,457	142,926	92,457	142,926

(i) Allowance for impairment on financing and advances

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment	(13,302)	56,876	(13,302)	56,876
Individual impairment on rescheduled financing	1,617	1,999	1,617	1,999
Collective impairment	104,142	84,051	104,142	84,051
	92,457	142,926	92,457	142,926

NOTE 11: OTHER OPERATING INCOME

Group	1st Quarter Ended		Three Months Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	15,800	14,645	15,800	14,645
Other income (ii)	140,704	146,770	140,704	146,770
	156,504	161,415	156,504	161,415

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	15,800	14,645	15,800	14,645
Other income (ii)	140,697	146,419	140,697	146,419
	156,497	161,064	156,497	161,064

(i) Fees and commission

Group and Bank	1st Quarter Ended		Three Months Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
Takaful commission	4,992	3,192	4,992	3,192
ATM service fees	3,102	3,282	3,102	3,282
Wasiat commission	469	901	469	901
Other commission	3,417	4,143	3,417	4,143
Processing fees	10	98	10	98
MEPS fees	2,779	2,250	2,779	2,250
Guarantee fees	383	10	383	10
Other fees	648	769	648	769
	15,800	14,645	15,800	14,645

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	1st Quarter Ended		Three Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	1,732	1,436	1,732	1,436
Net gain on disposal of financial assets held-for-trading	346	36	346	36
Net gain on disposal of financial assets available-for-sale	4,751	6,722	4,751	6,722
Others				
Rental income	4,422	3,466	4,422	3,466
Compensation for late payment	876	1,526	876	1,526
Charges from credit card services	3,702	4,223	3,702	4,223
Other service charges	1,929	2,157	1,929	2,157
Recoveries on financing written off	106,333	100,403	106,333	100,403
Allowance for doubtful debts no longer required	-	18,476	-	18,476
Other income	16,613	8,325	16,613	8,325
	140,704	146,770	140,704	146,770

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	1,732	1,436	1,732	1,436
Net gain on disposal of financial assets held-for-trading	346	36	346	36
Net gain on disposal of financial assets available-for-sale	4,751	6,722	4,751	6,722
Others				
Rental income	4,419	3,501	4,419	3,501
Compensation for late payment	876	1,526	876	1,526
Charges from credit card services	3,702	4,223	3,702	4,223
Other service charges	1,928	2,157	1,928	2,157
Recoveries on financing written off	106,333	100,403	106,333	100,403
Allowance for doubtful debts no longer required	-	18,476	-	18,476
Other income	16,610	7,939	16,610	7,939
	140,697	146,419	140,697	146,419

NOTE 12: OPERATING EXPENSES

Group	1st Quarter Ended		Three Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Personnel expenses (i)	135,943	96,411	135,943	96,411
Other overheads and expenditure (ii)	142,720	94,421	142,720	94,421
	278,663	190,832	278,663	190,832

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i)	132,407	93,237	132,407	93,237
Other overheads and expenditure (ii)	149,134	106,947	149,134	106,947
	281,541	200,184	281,541	200,184

(i) Personnel expenses

Group	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	72,044	65,716	72,044	65,716
Allowances, compensation and bonuses	32,697	(4,184)	32,697	(4,184)
Defined benefit plan	5,026	5,139	5,026	5,139
Defined contribution plan - EPF	17,216	17,067	17,216	17,067
Social security contributions - SOCSO	789	708	789	708
Other staff related costs	8,171	11,965	8,171	11,965
	135,943	96,411	135,943	96,411

Bank	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	69,805	63,981	69,805	63,981
Allowances, compensation and bonuses	31,872	(5,325)	31,872	(5,325)
Defined benefit plan	5,026	5,139	5,026	5,139
Defined contribution plan - EPF	16,884	16,857	16,884	16,857
Social security contributions - SOCSO	753	690	753	690
Other staff related costs	8,067	11,895	8,067	11,895
	132,407	93,237	132,407	93,237

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
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Establishment				
Rental	5,060	5,389	5,060	5,389
Depreciation of property and equipment	20,815	20,213	20,815	20,213
Amortisation of prepaid lease payment	255	468	255	468
Repair and maintenance	15,895	15,015	15,895	15,015
Takaful	1,017	619	1,017	619
	43,042	41,704	43,042	41,704
Promotion				
Advertisement and publicity	23,278	4,273	23,278	4,273
	23,278	4,273	23,278	4,273
General expenses				
Legal and profesional fees	3,371	2,205	3,371	2,205
Auditors' remuneration	300	301	300	301
Communication expenses	8,803	7,203	8,803	7,203
Utilities expenses	7,647	5,770	7,647	5,770
Printing and stationery	4,195	3,598	4,195	3,598
Postage and courier	1,866	1,967	1,866	1,967
Security expenses	5,449	6,064	5,449	6,064
Service charges	5,849	5,799	5,849	5,799
Loss on financing written off	5,050	3,166	5,050	3,166
Loss on property and equipment written off	287	38	287	38
Commission expenses	14,850	8,251	14,850	8,251
Travelling and transportation	3,657	616	3,657	616
Others	15,076	3,466	15,076	3,466
	76,400	48,444	76,400	48,444
	142,720	94,421	142,720	94,421

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	1st Quarter Ended		Three Months Ended	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Establishment				
Rental	6,225	6,362	6,225	6,362
Depreciation of property and equipment	20,590	19,769	20,590	19,769
Amortisation of prepaid lease payment	255	383	255	383
Repair and maintenance	15,879	14,886	15,879	14,886
Takaful	1,012	602	1,012	602
	43,961	42,002	43,961	42,002
Promotion				
Advertisement and publicity	23,181	4,093	23,181	4,093
	23,181	4,093	23,181	4,093
General expenses				
Legal and profesional fees	3,146	2,108	3,146	2,108
Auditors' remuneration	258	250	258	250
Communication expenses	8,766	7,145	8,766	7,145
Utilities expenses	7,640	5,733	7,640	5,733
Printing and stationery	4,119	3,535	4,119	3,535
Postage and courier	1,854	1,962	1,854	1,962
Security expenses	5,449	6,042	5,449	6,042
Service charges	10,948	12,766	10,948	12,766
Loss on financing written off	5,050	3,166	5,050	3,166
Loss on property and equipment written off	287	7	287	7
Commission expenses	14,850	8,251	14,850	8,251
Travelling and transportation	3,760	3,074	3,760	3,074
Others	15,865	6,813	15,865	6,813
	81,992	60,852	81,992	60,852
	149,134	106,947	149,134	106,947

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 2016 RM'000	31 December 2015 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	240,870	236,015
Claims for damages from litigation taken against the Bank	28,836	28,586
Commitments		
Undrawn financing	2,388,927	2,336,334
	2,658,633	2,600,935

NOTE 14: CAPITAL ADEQUACY

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

	Bank	
	31 March 2016	31 December 2015 Restated
Before deducting final dividend		
Core capital ratio	18.56%	19.48%
Risk-weighted capital ratio	19.61%	20.70%
After deducting final dividend *		
Core capital ratio	18.56%	18.93%
Risk-weighted capital ratio	19.61%	20.25%

NOTE 14: CAPITAL ADEQUACY (CONTINUED)

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

	Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Tier I capital		
Paid-up share capital	2,984,926	2,983,923
Retained profits *	5,315,176	5,699,785
Other reserves	4,758,185	4,758,185
Total Tier I capital (core)	13,058,287	13,441,893
Tier II capital		
Collective impairment **	542,907	642,077
Regulatory reserve	258,653	258,653
Total Tier II capital	801,560	900,730
Total capital	13,859,847	14,342,623
Less: Investment in subsidiaries	(61,976)	(61,976)
	(61,976)	(61,976)
Total capital base	13,797,871	14,280,647

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

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

Assets in various categories are risk-weighted as follows:

	Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Total assets assigned 20% risk-weighted	586,859	482,475
Total assets assigned 50% risk-weighted	1,557,969	1,520,233
Total assets assigned 100% risk-weighted	67,008,593	65,830,370
Off-Balance Sheet claims assigned 100% risk-weighted	1,195,108	1,158,093
	70,348,529	68,991,171