



Your Choice Bank
(An agency under KPDNKK)

**CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2016**

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

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and bank balances		1,157,575	1,082,437	1,157,575	1,081,267
Deposits and placements with financial institutions		1,369,665	1,749,995	1,367,251	1,725,459
Financial assets available-for-sale	1	15,140,577	13,296,973	15,139,435	13,295,819
Financial assets held-to-maturity	2	11,604,478	10,718,843	11,604,478	10,718,843
Financing and advances	3	67,096,158	63,137,184	67,096,158	63,137,184
Trade receivables		7,855	8,416	-	-
Other assets	4	1,325,365	808,703	1,285,804	770,321
Inventories		4,621	4,946	-	-
Investment in subsidiaries		-	-	65,976	61,976
Property and equipment		810,433	747,301	674,493	689,656
Goodwill on consolidation		13,185	13,185	-	-
Investment properties		709,922	708,590	685,145	685,145
Prepaid lease payment		64,237	65,258	64,237	65,258
Deferred tax assets		-	54,598	-	55,000
TOTAL ASSETS		99,304,071	92,396,429	99,140,552	92,285,928

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

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

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
LIABILITIES					
Deposits from customers	5	78,312,780	70,981,772	78,312,780	70,981,772
Deposits and placements from banks and financial institutions		-	1,940,000	-	1,940,000
Trade payables		4,973	3,582	-	-
Recourse obligations on financing sold to Cagamas		1,324,728	1,478,659	1,324,728	1,478,659
Debt securities issued		3,030,137	2,718,871	3,030,137	2,718,871
Other liabilities	6	1,369,325	1,251,329	1,551,595	1,476,120
Provision for taxation		769	929	-	-
Deferred tax liabilities		28,574	-	28,000	-
TOTAL LIABILITIES		84,071,286	78,375,142	84,247,240	78,595,422
SHAREHOLDERS' FUND					
Share capital		2,986,030	2,983,923	2,986,030	2,983,923
Share redemption fund		52,732	53,671	52,732	53,671
Reserves	7	12,194,023	10,983,693	11,854,550	10,652,912
TOTAL SHAREHOLDERS' FUND		15,232,785	14,021,287	14,893,312	13,690,506
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		99,304,071	92,396,429	99,140,552	92,285,928
COMMITMENT AND CONTINGENCIES	13	3,028,688	2,600,935	3,028,688	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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income	8	1,515,402	1,436,095	4,480,317	4,238,433
Expenditure	9	(799,962)	(744,380)	(2,412,642)	(2,157,619)
Net income		715,440	691,715	2,067,675	2,080,814
Allowance for impairment	10	(29,212)	(80,903)	(206,206)	(233,526)
Other operating income	11	174,697	258,839	482,076	549,975
Operating expenses	12	(316,646)	(304,829)	(898,943)	(709,800)
Profit before taxation and zakat		544,279	564,822	1,444,602	1,687,463
Taxation		(47,668)	28,524	(126,455)	(135,808)
Zakat		(10,706)	(7,254)	(31,860)	(19,230)
Profit after taxation and zakat		485,905	586,092	1,286,287	1,532,425
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial assets available-for-sale		143,634	(172,240)	308,715	(69,600)
Utilisation of profit equalisation reserve (Bank)		-	-	-	(29,865)
Other comprehensive income/(loss) for the period		143,634	(172,240)	308,715	(99,465)
Total comprehensive income for the period		629,539	413,852	1,595,002	1,432,960

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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016 (CONTINUED)**

Bank	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income	8	1,503,413	1,420,161	4,434,451	4,188,784
Expenditure	9	(791,041)	(730,178)	(2,380,745)	(2,103,550)
Net income		712,372	689,983	2,053,706	2,085,234
Allowance for impairment	10	(29,212)	(80,903)	(206,206)	(233,526)
Other operating income	11	179,712	208,081	485,522	498,106
Operating expenses	12	(322,183)	(308,792)	(902,339)	(731,504)
Profit before taxation and zakat		540,689	508,369	1,430,683	1,618,310
Taxation		(45,644)	30,496	(121,739)	(130,856)
Zakat		(10,500)	(5,776)	(31,349)	(17,330)
Profit after taxation and zakat		484,545	533,089	1,277,595	1,470,124
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on revaluation of financial assets available-for-sale		143,634	(172,240)	308,715	(69,600)
Utilisation of profit equalisation reserve (Bank)		-	-	-	(29,865)
Other comprehensive income/(loss) for the period		143,634	(172,240)	308,715	(99,465)
Total comprehensive income for the period		628,179	360,849	1,586,310	1,370,659

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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

Group	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalization reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,471,509	5,201,933	12,729,784
Total comprehensive income for the period	-	-	(29,865)	(69,600)	1,532,425	1,432,960
Issuance to new members	9,291	-	-	-	-	9,291
Transfer from share capital	(871)	871	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,493)	(443,493)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 30 September 2015	2,982,097	53,671	-	4,414,996	6,277,873	13,728,637
At 1 January 2016	2,983,923	53,671	-	4,952,386	6,031,307	14,021,287
Total comprehensive income for the period	-	-	-	308,715	1,286,287	1,595,002
Issuance to new members	1,168	-	-	-	-	1,168
Transfer to share capital	939	(939)	-	-	-	-
Dividends	-	-	-	-	(384,814)	(384,814)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	142	142
At 30 September 2016	2,986,030	52,732	-	5,261,101	6,932,922	15,232,785

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 NINE MONTHS ENDED 30 SEPTEMBER 2016 (CONTINUED)**

Bank	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Share redemption fund RM'000	Profit equalization reserve (Bank) RM'000	Other reserves RM'000	Retained profits RM'000	
At 1 January 2015	2,973,677	52,800	29,865	4,472,250	4,915,527	12,444,119
Total comprehensive income for the period	-	-	(29,865)	(69,600)	1,470,124	1,370,659
Issuance to new members	9,291	-	-	-	-	9,291
Transfer from share capital	(871)	871	-	-	-	-
Transfer from retained profits	-	-	-	13,087	(13,087)	-
Dividends	-	-	-	-	(443,493)	(443,493)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	95	95
At 30 September 2015	2,982,097	53,671	-	4,415,737	5,929,166	13,380,671
At 1 January 2016	2,983,923	53,671	-	4,953,127	5,699,785	13,690,506
Total comprehensive income for the period	-	-	-	308,715	1,277,595	1,586,310
Issuance to new members	1,168	-	-	-	-	1,168
Transfer to share capital	939	(939)	-	-	-	-
Dividends	-	-	-	-	(384,814)	(384,814)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	-	142	142
At 30 September 2016	2,986,030	52,732	-	5,261,842	6,592,708	14,893,312

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 NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
CASH FLOWS FROM/(USED IN)				
OPERATING ACTIVITIES				
Profit for the period	1,286,287	1,532,425	1,277,595	1,470,124
Adjustments for:				
Taxation	126,455	135,808	121,739	130,856
Zakat	31,860	19,230	31,349	17,330
Profit expense on debt securities issued	92,681	97,258	92,681	97,258
Allowance for impairment on financing and advances	206,206	233,526	206,206	233,526
Depreciation of property and equipment	73,749	72,363	72,682	70,835
Amortisation of prepaid lease payment	1,021	1,404	1,021	1,149
Property and equipment written off	389	10,636	389	12
Gain on disposal of property and equipment	(606)	(52,369)	(192)	(4)
Loss on financing written off	17,370	10,636	17,370	10,636
Provision for defined benefit plan	39,855	15,418	39,855	15,418
Allowance for doubtful debts	22	78	22	78
Gain on revaluation of investment properties	-	(65,134)	-	(65,134)
Allowance for doubtful debts no longer required	-	(18,780)	-	(18,479)
Provision for impairment loss on financial assets held-to-maturity no longer required	(376)	(284)	(376)	(284)
Net gain on disposal of financial assets available-for-sale	(16,088)	(17,649)	(16,088)	(17,649)
Net gain on disposal of financial assets held-for-trading	(1,265)	(83)	(1,265)	(83)
Transfer to profit equalisation reserve	-	(48,641)	-	(48,641)
Profit expense on financing sold with recourse to Cagamas	45,350	49,994	45,350	49,994
Operating profit before working capital changes	1,902,910	1,975,836	1,888,338	1,946,942

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 NINE MONTHS ENDED 30 SEPTEMBER 2016 (CONTINUED)**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(Increase)/Decrease in assets:				
Deposits and placements with financial institutions	380,330	(294,930)	358,208	(298,812)
Financing and advances	(4,182,550)	(2,138,291)	(4,182,550)	(2,138,291)
Trade receivables	561	(5,874)	-	-
Other assets	(560,355)	46,626	(563,622)	42,845
Inventories	325	(3,179)	-	-
Increase/(Decrease) in liabilities:				
Deposits from customers	7,331,008	2,113,440	7,331,008	2,113,440
Deposits and placements from banks and financial institutions	(1,940,000)	(61,000)	(1,940,000)	(61,000)
Trade payables	1,391	3,246	-	-
Recourse obligations on financing sold to Cagamas	(199,281)	(189,185)	(199,281)	(189,185)
Other liabilities	94,024	(181,827)	51,877	(137,892)
Cash generated from operations	2,828,363	1,264,862	2,743,978	1,278,047
Income tax paid	(39,626)	(12,667)	(34,476)	(7,518)
Zakat paid	(25,748)	(39,252)	(25,610)	(38,816)
Net cash from operating activities	2,762,989	1,212,943	2,683,892	1,231,713

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 NINE MONTHS ENDED 30 SEPTEMBER 2016 (CONTINUED)**

	Group		Bank	
	Nine Months Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
CASH FLOWS FROM/(USED IN)				
INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(3,305,000)	(232,500)	(3,305,000)	(232,500)
Proceeds from disposal of financial assets held-for-trading	3,306,265	232,583	3,306,265	232,583
Purchases of financial assets available-for-sale	(7,083,090)	(3,277,350)	(7,083,090)	(3,277,350)
Proceeds from disposal of financial assets available-for-sale	5,564,289	1,964,791	5,564,277	1,964,941
Purchases of financial assets held-to-maturity	(2,155,000)	(158,270)	(2,155,000)	(158,270)
Proceeds from disposal of financial assets held-to-maturity	1,269,741	898,807	1,269,741	898,807
Purchases of property and equipment	(143,746)	(161,077)	(63,467)	(126,417)
Proceeds from disposal of property and equipment	5,751	53,704	5,751	4
Net cash used in investing activities	(2,540,790)	(679,312)	(2,460,523)	(698,202)
CASH FLOWS FROM/(USED IN)				
FINANCING ACTIVITIES				
Proceeds from issue of shares to members	1,168	9,291	1,168	9,291
Dividend paid	(384,814)	(443,494)	(384,814)	(443,494)
Fund received from government	18,000	3,688	18,000	3,688
Proceeds from debt securities issued	300,000	-	300,000	-
Payment of profit expenses on debt securities issued	(81,415)	(86,867)	(81,415)	(86,867)
Net cash used in financing activities	(147,061)	(517,382)	(147,061)	(517,382)
Net increase in cash and cash equivalents	75,138	16,249	76,308	16,129
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	1,157,575	973,243	1,157,575	971,348

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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 nine months ended 30 September 2016, final dividend for the year ended 31 December 2015 was paid amounting to RM384,814,145 comprising of 13% cash dividend.

NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At fair value				
Islamic debt securities	3,013,255	2,736,259	3,013,255	2,736,259
Government investment issues	7,642,594	7,384,890	7,642,594	7,384,890
Government sukuk	2,972,164	2,521,156	2,972,164	2,521,156
Khazanah sukuk	97,173	100,117	97,173	100,117
Cagamas sukuk	829,821	310,530	829,821	310,530
Quoted shares	575,234	234,304	575,234	234,304
Unit trust shares	1,611	1,730	1,611	1,730
At cost, net of impairment loss				
Unquoted shares	8,725	7,987	7,583	6,833
Net carrying amount	15,140,577	13,296,973	15,139,435	13,295,819

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Islamic debt securities	757,203	513,405
Government investment issues	8,087,936	8,289,353
Government sukuk	1,857,697	1,096,603
Khazanah sukuk	529,874	467,356
Cagamas sukuk	295,835	177,946
Negotiable Islamic debt certificates	99,817	198,440
	11,628,362	10,743,103
Less: accumulated impairment losses		
Islamic debt securities	(23,884)	(24,260)
	(23,884)	(24,260)
Net carrying amount	11,604,478	10,718,843

NOTE 3: FINANCING AND ADVANCES

(i) By type of financing

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost		
Term financing	4,709,020	4,561,134
Personal financing	55,245,573	52,974,151
Revolving credit	538,633	408,233
House financing	3,546,752	2,879,608
Hire-purchase receivables	1,275,223	693,219
Pawn broking	1,601,301	1,556,226
Bridging financing	276,776	402,442
Syndicated financing	292,478	200,983
Credit card	466,893	476,799
Staff financing	331,058	310,856
Gross financing and advances, net of unearned income	68,283,707	64,463,651
Allowance for impairment on financing and advances		
Individual assessment impairment	(382,644)	(316,652)
Collective assessment impairment	(804,905)	(1,009,815)
	(1,187,549)	(1,326,467)
Net financing and advances	67,096,158	63,137,184

(ii) By type of customer

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Individuals	63,533,287	59,603,949
Business enterprises	2,810,140	2,918,535
Non-bank financial institutions:		
Co-operatives	1,829,899	1,828,831
Others	44,246	47,354
Foreign entities	1,391	1,404
Other entities	64,744	63,564
Banking institutions	-	14
	68,283,707	64,463,651

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(iii) By economic sector

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	63,596	71,482
Purchase of property	1,831,633	1,930,704
Consumption credit	62,089,675	58,021,238
Agriculture	351,489	365,995
Manufacturing	143,112	189,274
Electricity, gas and water	100,297	100,341
Construction	963,248	1,139,670
Wholesale and retail trade	111,791	117,907
Transportation and communication	264,169	155,563
Financial, takaful and business services	2,317,185	2,342,040
Community, social and personal services	47,512	29,437
	68,283,707	64,463,651

(iv) Impaired financing and advances by economic sector

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	633	595
Purchase of property	133,369	143,240
Consumption credit	462,505	419,767
Agriculture	133,887	99
Manufacturing	18,381	17,745
Construction	459,703	282,901
Wholesale and retail trade	371	30,296
Transportation and communication	1	20
Financial, takaful and business services	209,231	305,956
Community, social and personal services	16,987	17,266
	1,435,068	1,217,885

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

(v) Movement in impaired financing and advances

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
As of 1 January	1,217,885	1,267,307
Classified as impaired during the period	1,242,600	1,819,529
Amount written-back in respect of recoveries	(684,872)	(1,104,141)
Amount written-off during the period	(340,545)	(764,810)
	217,183	(49,422)
Closing balance	1,435,068	1,217,885
Gross impaired financing and advances as a percentage of gross financing and advances	2.10%	1.89%

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

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Individual assessment impairment		
As of 1 January	316,652	492,436
Allowance made during the period	203,724	272,273
Amount written back in respect of recoveries	(137,732)	(166,882)
Amount written off during the period	-	(281,175)
	65,992	(175,784)
Closing balance	382,644	316,652

NOTE 3: FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	30 September 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	955,126	1,445,218
Amount written back in respect of recoveries	(820,701)	(1,095,656)
Amount written off during the period	(339,335)	(464,383)
	(204,910)	(114,821)
Closing balance	804,905	1,009,815

NOTE 4: OTHER ASSETS

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Other receivables	274,454	307,158	272,371	300,506
Defined benefit plan	815,341	284,820	815,341	284,820
Income receivable	50,964	55,692	50,964	55,692
Tax recoverable	106,593	110,409	104,363	108,625
Prepayments	40,771	23,270	35,135	22,180
Refundable deposits	52,611	42,642	17,963	9,697
Amount due from subsidiaries	-	-	4,925	4,089
Allowance for doubtful debts	(15,369)	(15,288)	(15,258)	(15,288)
	1,325,365	808,703	1,285,804	770,321

NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Savings deposits		
Wadiah	4,307,406	3,750,568
Term deposits		
Tawarruq	66,865,096	58,114,929
General investment deposits		
Mudarabah	25	156
Negotiable Islamic debt certificate	7,140,253	9,116,119
	78,312,780	70,981,772

(ii) By type of customer

	Group and Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Government	36,662,465	30,251,363
Business enterprises	26,593,619	27,743,606
Co-operatives	1,431,758	943,212
Individuals	12,196,300	10,774,077
Others	1,428,638	1,269,514
	78,312,780	70,981,772

NOTE 6: OTHER LIABILITIES

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Amount due to subsidiaries	-	-	207,549	249,781
Sundry creditors	176,957	194,322	151,687	171,734
Income payable	743,200	487,537	743,200	487,537
Other liabilities and accruals	214,712	349,544	217,124	349,190
Government fund	185,988	177,571	185,988	177,571
Zakat payable	48,468	42,355	46,047	40,307
	1,369,325	1,251,329	1,551,595	1,476,120

NOTE 7: RESERVES

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Retained profits	6,932,922	6,031,307	6,592,708	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	245,004	(63,711)	245,004	(63,711)
Regulatory reserve	258,653	258,653	258,653	258,653
	12,194,023	10,983,693	11,854,550	10,652,912

NOTE 8: INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,191,588	1,123,784	3,525,990	3,308,041
Income derived from investment of shareholders' fund (ii)	311,825	296,377	908,461	880,743
Income generated by subsidiary companies (iii)	11,989	15,934	45,866	49,649
	1,515,402	1,436,095	4,480,317	4,238,433

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' fund (i)	1,191,588	1,123,784	3,525,990	3,308,041
Income derived from investment of shareholders' fund (ii)	311,825	296,377	908,461	880,743
	1,503,413	1,420,161	4,434,451	4,188,784

(i) Income derived from investment of depositors' fund

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	983,685	927,997	2,900,911	2,732,406
Income from deposits and placements with bank and financial institutions	9,894	15,807	55,007	50,327
Income from financial assets	198,009	179,980	570,072	525,308
	1,191,588	1,123,784	3,525,990	3,308,041

NOTE 8: INCOME (CONTINUED)

(ii) Income derived from investment of shareholders' fund

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	257,399	244,741	747,412	727,484
Income from deposits and placements with bank and financial institutions	2,642	4,164	14,172	13,399
Income from financial assets	51,784	47,472	146,877	139,860
	311,825	296,377	908,461	880,743

(iii) Income generated by subsidiary companies

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Agency income	2,555	2,256	9,056	10,769
Pawning income	6,109	8,194	18,971	25,814
Rental income	1,703	696	3,923	1,970
Management fee	1,275	3,795	12,453	9,189
Sale of goods	276	934	1,282	1,763
Other charges	71	59	181	144
	11,989	15,934	45,866	49,649

NOTE 9: EXPENDITURE

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	739,241	679,666	2,236,818	1,999,800
Profit expense on financing sold with recourse to Cagamas	14,984	16,209	45,350	49,994
Transfer from profit equalisation reserve	-	-	-	(48,641)
Profit expense on debt securities issued	33,234	32,445	92,681	97,258
Cost of sales	12,503	16,060	37,793	59,208
	799,962	744,380	2,412,642	2,157,619

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors (i)	742,823	681,524	2,242,714	2,004,939
Profit expense on financing sold with recourse to Cagamas	14,984	16,209	45,350	49,994
Transfer from profit equalisation reserve	-	-	-	(48,641)
Profit expense on debt securities issued	33,234	32,445	92,681	97,258
	791,041	730,178	2,380,745	2,103,550

NOTE 9: EXPENDITURE (CONTINUED)

(i) Income attributable to depositors

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Deposits from customers				
Mudarabah	2,714	11,518	5,319	24,265
Non-Mudarabah	735,580	651,731	2,215,622	1,919,426
Deposits and placements from banks and other financial institutions				
Mudarabah	-	12	-	36,981
Non-Mudarabah	947	16,405	15,877	19,128
	739,241	679,666	2,236,818	1,999,800

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Deposits from customers				
Mudarabah	400	11,518	5,319	24,265
Non-Mudarabah	741,476	653,589	2,221,518	1,924,565
Deposits and placements from banks and other financial institutions				
Mudarabah	-	12	-	36,981
Non-Mudarabah	947	16,405	15,877	19,128
	742,823	681,524	2,242,714	2,004,939

NOTE 10: ALLOWANCE FOR IMPAIRMENT

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances (i)	29,212	80,903	206,206	233,526
	29,212	80,903	206,206	233,526

(i) Allowance for impairment on financing and advances

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment	27,232	40,204	65,992	56,613
Individual impairment on rescheduled financing	1,980	1,883	5,789	6,654
Collective impairment	-	38,816	134,425	170,259
	29,212	80,903	206,206	233,526

NOTE 11: OTHER OPERATING INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	20,009	17,759	52,253	47,892
Other income (ii)	154,688	241,080	429,823	502,083
	174,697	258,839	482,076	549,975

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i)	20,009	17,759	52,253	47,892
Other income (ii)	159,703	190,322	433,269	450,214
	179,712	208,081	485,522	498,106

(i) Fees and commission

Group and Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Takaful commission	7,201	4,748	17,669	11,917
ATM service fees	3,042	2,733	9,745	9,421
Wasiat commission	370	564	1,257	2,222
Other commission	3,965	6,180	10,159	14,621
Processing fees	1,479	75	1,931	416
MEPS fees	2,483	2,173	8,017	6,388
Guarantee fees	856	653	1,588	724
Other fees	613	633	1,887	2,183
	20,009	17,759	52,253	47,892

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,441	2,718	8,107	7,050
Net gain on disposal of financial assets held-for-trading	537	11	1,265	83
Net gain on disposal of financial assets available-for-sale	4,958	2,359	16,088	17,649
Others				
Rental income	5,429	3,989	15,348	11,426
Compensation for late payment	918	1,218	2,702	4,011
Charges from credit card services	3,790	3,606	11,405	11,955
Other service charges	2,178	2,883	6,002	6,972
Recoveries on financing written off	117,076	95,180	318,410	277,496
Recoveries on financial assets written-off	4,233	-	4,233	-
Allowance for doubtful debts no longer required	-	3	-	18,479
Allowance for impairment loss on financial assets held-to-maturity no longer required	98	-	376	284
Gain on disposal of property and equipment	606	52,366	606	52,369
Other income	11,424	11,613	45,281	29,175
Gain on revaluation of investment properties	-	65,134	-	65,134
	154,688	241,080	429,823	502,083

NOTE 11: OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	3,441	2,718	8,107	7,050
Net gain on disposal of financial assets held-for-trading	537	11	1,265	83
Net gain on disposal of financial assets available-for-sale	4,958	2,359	16,088	17,649
Others				
Rental income	5,425	3,989	15,337	11,419
Compensation for late payment	918	1,218	2,702	4,011
Charges from credit card services	3,790	3,606	11,405	11,955
Other service charges	2,178	2,883	6,002	6,972
Recoveries on financing written off	117,076	95,180	318,410	277,496
Recoveries on financial assets written-off	4,233	-	4,233	-
Allowance for doubtful debts no longer required	-	3	-	18,479
Allowance for impairment loss on financial assets held-to-maturity no longer required	98	-	376	284
Gain on disposal of property and equipment	192	1	192	4
Other income	16,857	13,220	49,152	29,678
Gain on revaluation of investment properties	-	65,134	-	65,134
	159,703	190,322	433,269	450,214

NOTE 12: OPERATING EXPENSES

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel expenses (i)	168,675	152,721	448,881	337,787
Other overheads and expenditure (ii)	147,971	152,108	450,062	372,013
	316,646	304,829	898,943	709,800

NOTE 12: OPERATING EXPENSES (CONTINUED)

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel expenses (i)	164,430	149,188	436,814	327,849
Other overheads and expenditure (ii)	157,753	159,604	465,525	403,655
	322,183	308,792	902,339	731,504

(i) Personnel expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Salaries and wages	75,338	71,688	221,802	205,702
Allowances, compensation and bonuses	32,994	43,457	99,358	26,728
Defined benefit plan	29,803	5,140	39,855	15,418
Defined contribution plan - EPF	18,546	18,733	54,017	53,937
Social security contributions - SOCSO	983	772	2,620	2,206
Other staff related costs	11,011	12,931	31,229	33,796
	168,675	152,721	448,881	337,787

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Salaries and wages	72,813	69,258	214,297	199,604
Allowances, compensation and bonuses	31,876	42,783	96,421	24,074
Defined benefit plan	29,803	5,140	39,855	15,418
Defined contribution plan - EPF	18,198	18,415	52,986	53,119
Social security contributions - SOCSO	941	735	2,505	2,129
Other staff related costs	10,799	12,857	30,750	33,505
	164,430	149,188	436,814	327,849

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Establishment				
Rental	6,067	5,930	18,801	17,106
Depreciation of property and equipment	24,912	24,485	73,749	72,363
Amortisation of prepaid lease payment	383	468	1,021	1,404
Repair and maintenance	20,956	28,035	60,486	64,238
Takaful	1,642	3,628	5,608	5,814
	53,960	62,546	159,665	160,925
Promotion				
Advertisement and publicity	22,426	18,428	58,104	34,601
	22,426	18,428	58,104	34,601
General expenses				
Legal and profesional fees	3,748	3,879	11,498	9,606
Auditors' remuneration	297	306	912	912
Communication expenses	9,159	8,048	27,759	11,202
Utilities expenses	8,937	(88)	20,863	13,337
Printing and stationery	4,429	6,225	14,089	14,493
Postage and courier	4,251	5,608	10,469	11,372
Security expenses	6,328	6,597	16,660	18,436
Service charges	2,297	8,191	21,346	20,738
Loss on financing written off	3,522	4,120	17,370	10,636
Loss on property and equipment written off	102	77	389	198
Commission expenses	17,866	14,497	49,792	39,951
Travelling and transportation	4,236	3,118	12,347	6,000
Others	6,413	10,556	28,799	19,606
	71,585	71,134	232,293	176,487
	147,971	152,108	450,062	372,013

NOTE 12: OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Establishment				
Rental	6,444	6,960	19,875	20,141
Depreciation of property and equipment	24,588	23,884	72,682	70,835
Amortisation of prepaid lease payment	383	383	1,021	1,149
Repair and maintenance	20,880	27,952	60,385	63,983
Takaful	1,585	3,617	5,535	5,768
	53,880	62,796	159,498	161,876
Promotion				
Advertisement and publicity	22,227	18,262	57,564	34,015
	22,227	18,262	57,564	34,015
General expenses				
Legal and profesional fees	3,481	3,550	10,480	8,789
Auditors' remuneration	258	250	773	750
Communication expenses	9,097	7,983	27,592	11,020
Utilities expenses	8,893	(127)	20,785	13,222
Printing and stationery	4,344	6,144	13,843	14,292
Postage and courier	4,239	5,598	10,427	11,352
Security expenses	6,283	6,581	16,601	18,388
Service charges	12,461	14,210	38,300	40,812
Loss on financing written off	3,522	4,120	17,370	10,636
Loss on property and equipment written off	102	-	389	12
Commission expenses	17,866	14,497	49,792	39,951
Travelling and transportation	4,230	3,984	12,330	11,542
Others	6,870	11,756	29,781	26,998
	81,646	78,546	248,463	207,764
	157,753	159,604	465,525	403,655

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 September 2016 RM'000	31 December 2015 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	627,692	236,015
Claims for damages from litigation taken against the Bank	1,818	28,586
Commitments		
Undrawn financing	2,399,178	2,336,334
	3,028,688	2,600,935

NOTE 14: CAPITAL ADEQUACY

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

	Bank	
	30 September 2016	31 December 2015 Restated
Before deducting final dividend		
Core capital ratio	17.62%	19.48%
Risk-weighted capital ratio	18.86%	20.70%
After deducting final dividend *		
Core capital ratio	17.62%	18.93%
Risk-weighted capital ratio	18.86%	20.14%

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 September 2016 RM'000	31 December 2015 RM'000
Tier I capital		
Paid-up share capital	2,986,030	2,983,923
Retained profits *	5,315,113	5,699,785
Other reserves	4,758,185	4,758,185
Total Tier I capital (core)	13,059,328	13,441,893
Tier II capital		
Subordinated sukuk	300,000	-
Collective impairment **	421,817	642,077
Regulatory reserve	258,653	258,653
Total Tier II capital	980,470	900,730
Total capital	14,039,798	14,342,623
Less: Investment in subsidiaries	(65,976)	(61,976)
	(65,976)	(61,976)
Total capital base	13,973,822	14,280,647

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

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

Assets in various categories are risk-weighted as follows:

	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Total assets assigned 20% risk-weighted	518,545	482,475
Total assets assigned 50% risk-weighted	1,867,975	1,520,233
Total assets assigned 100% risk-weighted	70,393,460	65,830,370
Off-Balance Sheet claims assigned 100% risk-weighted	1,325,976	1,158,093
	74,105,956	68,991,171