

Company No. 295576-U

AmBank Islamic Berhad
(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2016 to
30 September 2016
(In Ringgit Malaysia)

Company No. 295576-U
AmBank Islamic Berhad
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

		30 September	31 March
		2016	2016
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		2,301,974	4,098,552
Deposits and placements with banks and other financial institutions		395,000	500,000
Derivative financial assets		28,258	57,273
Financial assets held-for-trading	A8	287,580	174,550
Financial investments available-for-sale	A9	1,653,730	3,177,516
Financial investments held-to-maturity	A10	1,270,882	1,263,639
Financing and advances	A11	26,312,823	27,391,553
Receivables: Investments not quoted in active markets	A12	472,614	468,141
Statutory deposit with Bank Negara Malaysia		850,000	842,000
Other assets	A13	206,684	329,821
Property and equipment		328	351
Intangible assets		202	14
TOTAL ASSETS		33,780,075	38,303,410
LIABILITIES AND EQUITY			
Deposits and placements of banks and other financial institutions	A14	1,638,431	1,443,510
Investment account due to a licensed bank	A15	1,000,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad		1,122,909	1,127,824
Derivative financial liabilities		43,349	67,685
Deposits from customers	A16	24,010,002	28,383,783
Investment accounts of customers	A17	21,765	18,411
Term funding		1,850,000	1,850,000
Subordinated Sukuk		919,603	1,399,528
Deferred tax liability		11,173	5,883
Other liabilities	A18	389,013	354,525
Provision for zakat		2,221	1,343
TOTAL LIABILITIES		31,008,466	35,652,492
Share capital		462,922	462,922
Reserves		2,308,687	2,187,996
Equity attributable to equity holder of the Bank		2,771,609	2,650,918
TOTAL LIABILITIES AND EQUITY		33,780,075	38,303,410
COMMITMENTS AND CONTINGENCIES	A31	8,976,479	8,365,766
NET ASSETS PER SHARE (RM)		5.99	5.73

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2016.

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

	Note	Individual Quarter		Cumulative Quarter	
		30 September 2016 RM'000	30 September 2015 (Restated) RM'000	30 September 2016 RM'000	30 September 2015 (Restated) RM'000
Income derived from investment of depositors' funds	A19	421,265	445,663	859,618	893,194
Income derived from investment of investment account funds	A20	14,427	17,804	29,076	34,566
Income derived from investment of shareholder's funds	A21	28,446	25,135	57,230	47,764
Allowance for impairment on financing and advances	A22	(2,366)	(9,051)	(11,692)	(45,019)
(Provision for)/Writeback of provision for commitments and contingencies		(2,959)	(141)	987	2,448
Transfer to profit equalisation reserve		-	-	-	(1,406)
Total distributable income		458,813	479,410	935,219	931,547
Income attributable to the depositors and others	A23	(233,470)	(260,574)	(486,860)	(513,793)
Income attributable to the investment account holders	A24	(12,850)	(15,893)	(25,897)	(30,896)
Total net income		212,493	202,943	422,462	386,858
Other operating expenses	A25	(102,915)	(81,329)	(208,574)	(167,653)
Finance cost		(37,035)	(33,745)	(73,727)	(67,122)
Profit before zakat and taxation		72,543	87,869	140,161	152,083
Zakat		(406)	(360)	(878)	(778)
Taxation		(14,695)	(18,628)	(29,776)	(31,551)
Profit for the period		57,442	68,881	109,507	119,754
Basic earnings per share (sen)	A26	12.41	14.88	23.66	25.87

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2016.

UNAUDITED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	<u>57,442</u>	<u>68,881</u>	<u>109,507</u>	<u>119,754</u>
Other comprehensive income/(loss):				
Items that may be reclassified				
subsequently to profit or loss:				
Net change in revaluation of financial investments available-for-sale	11,689	(18,249)	16,942	(16,292)
(Gain)/Loss transfer to statement of profit or loss upon disposal	(1,132)	-	(2,226)	853
Income tax relating to the components of other comprehensive income/(loss)	<u>(2,534)</u>	<u>4,380</u>	<u>(3,532)</u>	<u>3,706</u>
Other comprehensive income/(loss) for the period, net of tax	<u>8,023</u>	<u>(13,869)</u>	<u>11,184</u>	<u>(11,733)</u>
Total comprehensive income for the period	<u>65,465</u>	<u>55,012</u>	<u>120,691</u>	<u>108,021</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2016.

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

	Attributable to Equity Holder of the Bank						Total equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Profit equalisation reserve RM'000	Available-for-sale (deficit)/reserve RM'000	Retained earnings RM'000	
At 1 April 2015	462,922	724,185	483,345	3,904	(6,592)	745,114	2,412,878
Profit for the period	-	-	-	-	-	119,754	119,754
Other comprehensive loss	-	-	-	-	(11,733)	-	(11,733)
Total comprehensive income/(loss) for the period	-	-	-	-	(11,733)	119,754	108,021
Net utilisation of profit equalisation reserve	-	-	-	(3,904)	-	3,904	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(10)	(10)
Transactions with owner and other equity movements	-	-	-	(3,904)	-	3,894	(10)
At 30 September 2015	462,922	724,185	483,345	-	(18,325)	868,762	2,520,889
At 1 April 2016	462,922	724,185	483,345	-	(1,589)	982,055	2,650,918
Profit for the period	-	-	-	-	-	109,507	109,507
Other comprehensive income	-	-	-	-	11,184	-	11,184
Total comprehensive income for the period	-	-	-	-	11,184	109,507	120,691
At 30 September 2016	462,922	724,185	483,345	-	9,595	1,091,562	2,771,609

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2016.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016

	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000
Profit before zakat and taxation	140,161	152,083
Adjustments for non-operating and non-cash items	25,675	49,724
Operating profit before working capital changes	<u>165,836</u>	<u>201,807</u>
Changes in working capital:		
Net change in operating assets	1,506,975	1,111,361
Net change in operating liabilities	(4,150,470)	(1,460,395)
Taxation paid	(11,591)	(40,730)
Net cash used in operating activities	<u>(2,489,250)</u>	<u>(187,957)</u>
Net cash generated from/(used in) investing activities	1,567,672	(562,518)
Net cash used in financing activities	(480,000)	-
Net decrease in cash and cash equivalents	<u>(1,401,578)</u>	<u>(750,475)</u>
Cash and cash equivalents at beginning of the financial year	4,098,552	4,061,682
Cash and cash equivalents at end of the financial period	<u>2,696,974</u>	<u>3,311,207</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	2,301,974	2,096,207
Deposits and placements with banks and other financial institutions	395,000	1,215,000
	<u>2,696,974</u>	<u>3,311,207</u>
Less: Deposits with original maturity more than 3 months	-	-
	<u>2,696,974</u>	<u>3,311,207</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2016.

Explanatory Notes

A1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Bank for the financial year ended 31 March 2016.

A1.1 Significant Accounting Policies

The significant accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the most recent audited annual financial statements for the financial year ended 31 March 2016 except for the adoption of the following new standards and amendments to published standards which became effective for the first time for the Bank on 1 April 2016:

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Amendments to MFRS 101 *Disclosure Initiative*
- Annual Improvements to MFRSs 2012-2014 Cycle

The adoption of these new standards and amendments to published standards did not have any material impact on the financial statements of the Bank. The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards and amendments to published standards.

The nature of the new standards and amendments to published standards relevant to the Bank are described below:

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in MFRS 116 and MFRS 138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The existing method of depreciation and amortisation applied by the Bank comply with these requirements.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

Amendments to MFRS 101 Disclosure Initiative

The amendments introduce five narrow-focus improvements to the disclosure requirements and ensure that entities are able to apply professional judgement in determining the extent of information to be disclosed in the financial statements.

The amendments also clarify the requirements for presenting an entity's share of items of other comprehensive income of associates and joint ventures, whereby they are required to be grouped based on whether the items will or will not subsequently be reclassified to profit or loss. As the Bank does not have any associate or joint ventures, this amendment does not have any financial impact on the Bank.

Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

(i) MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

The amendment clarifies that a reclassification of an asset directly from being held for sale to being held for distribution to owners (or vice versa) is not a change to the disposal plan and shall be treated as a continuation of the original plan, and the change in disposal method does not change the date of classification as held for sale or held for distribution to owners. This amendment does not result in any impact as there is no reclassification of asset between held for sale and held for distribution during the financial quarter ended 30 September 2016.

(ii) MFRS 7 *Financial Instruments: Disclosures*

The amendment clarifies that a servicing contract may constitute continuing involvement in a derecognised financial asset, and an entity shall assess the nature of the arrangement and the fees to determine whether disclosures are required. The amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in condensed interim financial statements.

(iii) MFRS 119 *Employee Benefits*

The amendment clarifies that the depth of the market for high quality corporate bonds for the purpose of determining the rate used to discount post-employment benefit obligations shall be assessed based on the currency in which the obligation is denominated instead of the country where the obligation is located.

(iv) MFRS 134 *Interim Financial Reporting*

The amendment clarifies that the selected information other than significant events and transactions shall be disclosed either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statements that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. These amendment does not result in any impact as such information of the Bank is disclosed in the interim financial statements.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

Standards issued but not yet effective

Description	Effective for financial year ending
- Amendments to MFRS 107 <i>Disclosure Initiative</i>	31 March 2018
- Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	31 March 2018
- MFRS 15 <i>Revenue from Contracts with Customers</i>	31 March 2019
- MFRS 9 <i>Financial Instruments</i>	31 March 2019
- Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	31 March 2019
- MFRS 16 <i>Leases</i>	31 March 2020
- Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by MASB

The nature of the standards that are issued and relevant to the Bank but not yet effective are described below. The Bank is assessing the financial effects of their adoption.

(a) Standards effective for financial year ending 31 March 2018

Amendments to MFRS 107 *Disclosure Initiative*

The amendments to MFRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted.

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The amendments shall be applied retrospectively.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

(b) Standards effective for financial year ending 31 March 2019

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities.

Due to the complexity of the requirements of MFRS 9, the extent of the financial effects of its adoption are still being assessed by the Bank.

A1. BASIS OF PREPARATION (CONT'D.)

A1.1 Significant Accounting Policies (Cont'd.)

(b) Standards effective for financial year ending 31 March 2019 (Cont'd.)

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the measurement basis and the effects of vesting conditions on the measurement of cash-settled share-based payments, as well as the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in MFRS 2 that will require an award to be treated as if it was wholly equity-settled when an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The amendments are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The transition provisions specify that the amendments apply to awards that are not settled as at the date of first application or to modifications that happen after the date of first application, without restatement of prior periods. Notwithstanding, the amendments can be applied retrospectively provided that this is possible without hindsight.

(c) Standards effective for financial year ending 31 March 2020

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

A1. BASIS OF PREPARATION (CONT'D.)

A1.2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the condensed interim financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, the significant judgements, estimates and assumptions made by management were the same as those applied to the annual financial statements for the financial year ended 31 March 2016.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Bank were not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items during the current financial quarter and period.

A5. CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter and period.

A6. ISSUANCE, REPURCHASE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

On 30 September 2016, the Bank early redeemed its Tier 2 Subordinated Sukuk Musharakah on its first call date with nominal value of RM480.0 million.

There were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

A7. DIVIDENDS

The director do not recommend the payment of any dividend in respect of the financial quarter ended 30 September 2016 and no dividends were paid in the current financial quarter and period.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	30 September 2016 RM'000	31 March 2016 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	155,360	84,166
Unquoted Securities:		
In Malaysia:		
Private debt securities	132,220	90,384
	<u>287,580</u>	<u>174,550</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	30 September 2016 RM'000	31 March 2016 RM'000
At fair value:		
Money Market Instruments:		
Government Investment Issues	301,964	422,674
Islamic Negotiable instruments of deposit	648,078	1,984,615
	<u>950,042</u>	<u>2,407,289</u>
Unquoted Securities:		
In Malaysia:		
Private debt securities	703,688	770,227
	<u>1,653,730</u>	<u>3,177,516</u>

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE (CONT'D.)

During financial year ended 31 March 2014, the Bank had reclassified securities amounting to RM7.6 million out of financial investments available-for-sale category to the financing and receivables category as the Bank has the intention to hold the securities until maturity.

As at 30 September 2016, the fair value gain that would have been recognised in other comprehensive income for the current period if the securities had not been reclassified amounted to RM264,000 (31 March 2016: RM505,000).

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	30 September 2016 RM'000	31 March 2016 RM'000
At amortised cost:		
Unquoted Securities:		
In Malaysia:		
Private debt securities	<u>1,270,882</u>	<u>1,263,639</u>

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A11. FINANCING AND ADVANCES

A11a. Financing and advances by type and Shariah contracts are as follows:

30 September 2016

	Bai' Bithaman		Musharakah	Al-Ijarah		Others	Total
	Ajil	Murabahah	Mutanaqisah	Thummah Al-	Bai' Al-Inah		
	RM'000	RM'000	RM'000	Bai' (AITAB)	RM'000	RM'000	RM'000
				RM'000			
At amortised cost:							
Cash lines	-	-	-	-	1,048,719	-	1,048,719
Term financing	2,143,355	2,618,675	11,235	-	3,655,515	76,879	8,505,659
Revolving credit	72,647	1,593,949	-	-	2,653,591	-	4,320,187
Housing financing	2,648,998	3,792	53,205	-	-	-	2,705,995
Hire purchase receivables	4	-	-	8,463,289	-	-	8,463,293
Bills receivables	-	-	-	-	-	4,317	4,317
Credit card receivables	-	-	-	-	-	266,618	266,618
Trust receipts	-	168,291	-	-	-	-	168,291
Claims on customers under acceptance credits	-	1,080,405	-	-	-	124,457	1,204,862
Gross financing and advances*	<u>4,865,004</u>	<u>5,465,112</u>	<u>64,440</u>	<u>8,463,289</u>	<u>7,357,825</u>	<u>472,271</u>	<u>26,687,941</u>
Allowance for impairment on financing and advances							
- Individual allowance							(59,541)
- Collective allowance							(315,577)
Net financing and advances							<u>26,312,823</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

31 March 2016

	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al- Bai' (AITAB) RM'000	Bai' Al-Inah RM'000	Others RM'000	Total RM'000
At amortised cost:							
Cash lines	-	-	-	-	1,048,140	-	1,048,140
Term financing	2,359,827	2,251,556	9,987	-	3,925,881	80,224	8,627,475
Revolving credit	191,617	1,585,145	-	-	3,045,921	-	4,822,683
Housing financing	2,113,486	-	47,256	-	-	-	2,160,742
Hire purchase receivables	4	-	-	9,455,955	-	-	9,455,959
Bills receivables	-	-	-	-	-	13,134	13,134
Credit card receivables	-	-	-	-	-	260,129	260,129
Trust receipts	-	152,071	-	-	-	-	152,071
Claims on customers under acceptance credits	-	1,114,116	-	-	-	130,211	1,244,327
Gross financing and advances*	<u>4,664,934</u>	<u>5,102,888</u>	<u>57,243</u>	<u>9,455,955</u>	<u>8,019,942</u>	<u>483,698</u>	<u>27,784,660</u>
Allowance for impairment on financing and advances							
- Individual allowance							(63,715)
- Collective allowance							(329,392)
Net financing and advances							<u>27,391,553</u>

* Included in financing and advances are exposures to the Restricted Investment Account ("RIA") arrangement between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,003.7 million (31 March 2016: RM1,004.0 million). Under the RIA contract, the profit is shared based on a pre-agreed ratio. AmBank is exposed to the risks and rewards on the RIA financing and it shall account for all allowance for impairment arising from the RIA financing. Further details of the RIA are disclosed in Note A15.

A11. FINANCING AND ADVANCES (CONT'D.)

A11b. Gross financing and advances analysed by type of customer are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Domestic non-bank financial institutions	519,389	457,764
Domestic business enterprises		
- Small medium enterprises ("SME")	4,514,747	4,608,019
- Others	8,156,356	8,762,780
Government and statutory bodies	802,502	833,361
Individuals	12,577,089	12,990,697
Other domestic entities	30,519	43,815
Foreign individuals and entities	87,339	88,224
	<u>26,687,941</u>	<u>27,784,660</u>

A11c. All financing and advances reside in Malaysia.

A11d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Fixed rate		
- Housing financing	234,002	241,629
- Hire purchase receivables	7,874,612	8,783,117
- Other financing	2,937,377	3,091,632
Variable rate		
- Base rate and base financing rate plus	5,507,451	5,127,588
- Cost plus	8,981,337	9,498,853
- Other variable rates	1,153,162	1,041,841
	<u>26,687,941</u>	<u>27,784,660</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11e. Gross financing and advances analysed by sector are as follows:

	30 September	31 March
	2016	2016
	RM'000	RM'000
Agriculture	1,566,523	1,549,925
Mining and quarrying	1,549,989	1,546,980
Manufacturing	2,818,380	2,854,552
Electricity, gas and water	110,475	129,373
Construction	1,234,504	1,931,581
Wholesale and retail trade and hotel and restaurants	1,107,258	958,268
Transport, storage and communication	904,927	775,103
Finance and insurance	519,389	457,858
Real estate	2,494,347	2,698,165
Business activities	398,719	458,730
Education and health	1,225,737	1,252,321
Household of which:	12,663,127	13,064,790
- Purchase of residential properties	2,685,240	2,149,764
- Purchase of transport vehicles	8,134,317	9,060,015
- Others	1,843,570	1,855,011
Others	94,566	107,014
	<u>26,687,941</u>	<u>27,784,660</u>

A11f. Gross financing and advances analysed by residual contractual maturity are as follows:

	30 September	31 March
	2016	2016
	RM'000	RM'000
Maturing within one year	9,850,140	9,416,629
Over one year to three years	2,449,255	3,144,241
Over three years to five years	5,610,532	5,460,974
Over five years	8,778,014	9,762,816
	<u>26,687,941</u>	<u>27,784,660</u>

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A11. FINANCING AND ADVANCES (CONT'D.)

A11g. Movements in impaired financing and advances are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Balance at beginning of the financial year	605,200	606,455
Impaired during the period/year	173,417	414,127
Reclassified as non-impaired	(35,274)	(59,820)
Recoveries	(79,063)	(126,010)
Amount written off	(90,032)	(229,552)
Balance at end of the financial period/year	<u>574,248</u>	<u>605,200</u>
Gross impaired financing and advances as % of gross financing and advances	<u>2.2%</u>	<u>2.2%</u>
Financing loss coverage	<u>65.3%</u>	<u>65.0%</u>

A11h. All impaired financing and advances reside in Malaysia.

A11i. Impaired financing and advances by sector are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Agriculture	71	150
Mining and quarrying	3,730	3,450
Manufacturing	19,991	29,434
Electricity, gas and water	9,271	16,233
Construction	13,227	4,813
Wholesale and retail trade and hotel and restaurants	8,100	4,350
Transport, storage and communication	4,433	6,998
Finance and insurance	8	-
Real estate	365,176	378,700
Business activities	789	2,670
Education and health	4,283	3,305
Household of which :	140,869	154,228
- Purchase of residential properties	25,601	22,597
- Purchase of transport vehicles	98,684	116,266
- Others	16,584	15,365
Others	4,300	869
	<u>574,248</u>	<u>605,200</u>

A11. FINANCING AND ADVANCES (CONT'D.)

A11j. Movements in the allowances for impaired financing and advances are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Individual allowance		
Balance at beginning of the financial year	63,715	66,075
Allowance during the period/year, net	3,407	27,588
Amount written off	(7,581)	(29,948)
Balance at end of the financial period/year	<u>59,541</u>	<u>63,715</u>
Collective allowance		
Balance at beginning of the financial year	329,392	458,453
Allowance made during the period/year, net	68,267	77,975
Transferred from AmBank *	-	17
Foreign exchange differences	4	(5)
Amount written off	(82,086)	(207,048)
Balance at end of the financial period/year**	<u>315,577</u>	<u>329,392</u>
Collective allowance as % of gross financing and advances (excluding RIA financing) less individual allowance	<u>1.2%</u>	<u>1.2%</u>

* On 31 December 2015, the Bank entered into a RIA contract for the sum of RM300.0 million with AmBank. Arising from this contract, the Bank transferred collective allowance of approximately RM2.46 million for the financing funded to AmBank. On 15 March 2016, AmBank early redeemed the RIA and derecognised the collective allowance previously recognised in its financial statements of RM2.48 million.

** As at 30 September 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM1,003.7 million and RM1.5 million respectively (31 March 2016: RM1,004.0 million and RM1.5 million respectively).

There was no individual allowance provided for the RIA financing. Further details of the RIA are disclosed in Note A15.

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	30 September 2016 RM'000	31 March 2016 RM'000
Unquoted private debt securities in Malaysia	456,649	456,649
Fair value changes arising from fair value hedge	15,965	11,492
	<u>472,614</u>	<u>468,141</u>

The Bank had undertaken a fair value hedge on the profit rate risk of unquoted securities of RM350.0 million using profit rate swaps with AmBank. The gain/(loss) arising from the fair value hedge during the current financial period is as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Relating to hedged item	4,473	4,159
Relating to hedging instrument	(4,466)	(4,186)
	<u>7</u>	<u>(27)</u>

A13. OTHER ASSETS

	30 September 2016 RM'000	31 March 2016 RM'000
Other receivables, deposits and prepayments	12,791	15,867
Amount due from related companies	-	91,708
Amount due from originators	122,874	127,791
Profit receivable	28,088	31,603
Tax recoverable	-	10,903
Deferred charges	42,931	51,949
	<u>206,684</u>	<u>329,821</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2016 RM'000	31 March 2016 RM'000
<u>Non-Mudarabah</u>		
Licensed investment bank	289,249	280,646
Other financial institutions	1,329,282	1,140,837
Bank Negara Malaysia	19,900	22,027
Total	<u>1,638,431</u>	<u>1,443,510</u>

A15. INVESTMENT ACCOUNT DUE TO A LICENSED BANK

	30 September 2016 RM'000	31 March 2016 RM'000
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	<u>1,000,000</u>	<u>1,000,000</u>
Investment asset:		
Financing	<u>1,000,000</u>	<u>1,000,000</u>
Total investment	<u>1,000,000</u>	<u>1,000,000</u>

Profit Sharing Ratio and Average Rate of Return for the investment account are as follows:

	Investment account holder		
		30 September 2016	31 March 2016
	Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity: between 2 to 5 years	90	5.17	4.56

The RIA is a contract based on the Shariah concept of Mudarabah between two parties, that is, capital provider and entrepreneur to finance a business venture where the business venture is managed solely by the Bank as the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio. Losses shall be borne solely by the capital provider.

On 16 December 2015, a new contract for the sum of RM1.0 billion was entered into by the Bank with AmBank. This new contract is for a period of 5 years.

A16. DEPOSITS FROM CUSTOMERS

	30 September 2016 RM'000	31 March 2016 RM'000
(i) By type of deposit:		
Savings deposit		
Wadiah	2,038,936	1,950,534
Demand deposit		
Wadiah	3,927,533	3,911,360
Term Deposit:		
Commodity Murabahah	17,064,867	22,515,493
Qard	923,666	-
Negotiable instruments of deposits		
Bai' Bithaman Ajil	-	6,396
Structured deposit		
Murabahah	55,000	-
Total	<u>24,010,002</u>	<u>28,383,783</u>
	30 September 2016 RM'000	31 March 2016 RM'000
(ii) The deposits are sourced from the following types of customers:		
Government and statutory bodies	6,039,599	7,074,020
Business enterprises	10,215,960	12,665,778
Individuals	7,082,538	6,994,982
Others	671,905	1,649,003
	<u>24,010,002</u>	<u>28,383,783</u>
(iii) The maturity structure of all term deposits is as follows:		
Due within six months	14,153,894	17,909,235
Over six months to one year	2,259,191	3,040,322
Over one year to three years	1,518,453	1,505,779
Over three years to five years	111,995	66,553
	<u>18,043,533</u>	<u>22,521,889</u>

A17. INVESTMENT ACCOUNTS OF CUSTOMERS

	30 September 2016 RM'000	31 March 2016 RM'000
Unrestricted investment account without maturity - Wakalah	<u>21,765</u>	<u>18,411</u>
Investment asset:		
Interbank placement	<u>21,765</u>	<u>18,411</u>
Total investment	<u>21,765</u>	<u>18,411</u>

Average Rate of Return and Average Performance Incentive Fee for the investment accounts are as follows:

	Investment account holder			
	30 September 2016		31 March 2016	
	Average rate of return (%)	Average Performance incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity: less than 3 months	0.05	3.12	0.05	3.18

A18. OTHER LIABILITIES

	30 September 2016 RM'000	31 March 2016 RM'000
Profit payable	229,149	297,896
Other creditors and accruals	41,757	42,531
Advance rental	1,739	1,814
Amount due to related companies	100,276	681
Provision for commitments and contingencies	10,568	11,603
Provision for taxation	5,524	-
	<u>389,013</u>	<u>354,525</u>

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2016 RM'000	30 September 2015 (Restated) RM'000	30 September 2016 RM'000	30 September 2015 (Restated) RM'000
Income derived from investment of:				
- General investment deposits	-	73	-	138,293
- Other deposits	421,265	445,590	859,618	754,901
	<u>421,265</u>	<u>445,663</u>	<u>859,618</u>	<u>893,194</u>

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015 (Restated)	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of general investment deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	-	61	-	115,985
- Financing income on impaired financing	-	-	-	494
Financial assets held- for-trading	-	1	-	508
Financial investments available-for-sale	-	2	-	1,818
Financial investments held-to-maturity	-	2	-	4,363
Deposits and placements with banks and other financial institutions	-	5	-	11,755
Others	-	-	-	454
Total finance income and hibah	-	71	-	135,377
<u>Other operating income:</u>				
Fee and commission income:				
- Fees on financing, advances and securities	-	-	-	1,580
- Guarantee fees	-	1	-	762
- Remittances	-	-	-	7
- Service charges and fees	-	-	-	192
- Others	-	-	-	341
Foreign exchange	-	1	-	196
Gain from disposal of financial assets held-for-trading	-	-	-	301
Loss on revaluation of financial assets held-for-trading	-	-	-	(29)
Loss from disposal of financial investments available-for-sale	-	-	-	(23)
Net loss on derivatives	-	-	-	(419)
Others	-	-	-	8
Total other operating income	-	2	-	2,916
Total	-	73	-	138,293

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONT'D.)

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015 (Restated)	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of other deposits				
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	349,688	364,731	710,104	618,985
- Financing income on impaired financing	3,236	2,645	6,544	4,808
Financial assets held- for-trading	2,002	2,036	4,191	3,183
Financial investments available-for-sale	(5,046)	13,848	(1,699)	17,407
Financial investments held-to-maturity	14,024	13,890	27,952	23,305
Deposits and placements with banks and other financial institutions	25,448	30,237	57,071	55,930
Others	7,052	7,052	14,027	13,572
Total finance income and hibah	396,404	434,439	818,190	737,190
<u>Other operating income:</u>				
Fee and commission income:				
- Brokerage fees, commission and rebates	19	1	23	1
- Fees on financing, advances and securities	6,768	6,902	11,617	10,271
- Guarantee fees	2,725	2,321	5,278	3,966
- Remittances	21	22	42	36
- Service charges and fees	772	727	1,470	1,138
- Others	1,060	944	2,211	1,660
Foreign exchange	1,406	4,127	9,458	5,237
Gain/(Loss) from disposal of financial assets held-for-trading	4,518	(1,305)	5,433	(798)
Gain/(Loss) on revaluation of financial assets held-for-trading	2,282	(1,966)	1,857	(2,163)
Loss from disposal of financial investments available-for-sale	(248)	-	(209)	(30)
Net gain/(loss) on derivatives	5,754	(628)	4,197	(1,628)
Others	(216)	6	51	21
Total other operating income	24,861	11,151	41,428	17,711
Total	421,265	445,590	859,618	754,901

A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015 (Restated)	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- Restricted investment account	14,274	17,656	28,768	34,415
- Unrestricted investment accounts	153	148	308	151
	<u>14,427</u>	<u>17,804</u>	<u>29,076</u>	<u>34,566</u>

Income derived from investment of restricted investment account

Finance income and hibah:

Financing and advances

- Financing income	<u>14,274</u>	<u>17,656</u>	<u>28,768</u>	<u>34,415</u>
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Total finance income and hibah	<u>14,274</u>	<u>17,656</u>	<u>28,768</u>	<u>34,415</u>
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Income derived from investment of unrestricted investment accounts

Finance income and hibah:

Deposits and placements with
banks and other financial
institutions

	<u>153</u>	<u>148</u>	<u>308</u>	<u>151</u>
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Total finance income and hibah	<u>153</u>	<u>148</u>	<u>308</u>	<u>151</u>
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A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Finance income and hibah:</u>				
Financial investments available-for-sale	26,239	23,745	51,870	46,617
Total finance income and hibah	26,239	23,745	51,870	46,617
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	346	250	1,623	335
- Remittances	633	755	1,314	771
- Service charges and fees	304	535	1,006	1,557
Gain/(Loss) from disposal of financial investments available-for-sale	1,379	-	2,435	(800)
Unrealised gain/(loss) on fair value hedge	97	7	7	(113)
Net loss on derivatives	(552)	(157)	(1,025)	(603)
Total other operating income	2,207	1,390	5,360	1,147
Total	28,446	25,135	57,230	47,764

A22. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	(5,690)	5,439	3,407	4,375
Collective allowance, net	36,886	29,201	68,267	94,589
Impaired financing and advances recovered, net	(28,830)	(25,589)	(59,982)	(53,945)
Total	2,366	9,051	11,692	45,019

A23. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015 (Restated)	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposit from customers				
- Mudarabah fund	-	40	-	63,067
- Non-Mudarabah fund	201,340	243,380	430,042	416,165
	<u>201,340</u>	<u>243,420</u>	<u>430,042</u>	<u>479,232</u>
Deposits and placements of banks and other financial institutions				
- Mudarabah fund	-	44	-	7,662
- Non-Mudarabah fund	21,345	11,919	35,367	13,232
	<u>21,345</u>	<u>11,963</u>	<u>35,367</u>	<u>20,894</u>
Others	<u>10,785</u>	<u>5,191</u>	<u>21,451</u>	<u>13,667</u>
Total	<u>233,470</u>	<u>260,574</u>	<u>486,860</u>	<u>513,793</u>

A24. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Individual Quarter		Cumulative Quarter	
	30 September 2016	30 September 2015 (Restated)	30 September 2016	30 September 2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Unrestricted</u>				
Customers - transactional investment accounts	3	2	5	3
<u>Restricted</u>				
Licensed bank - investment account	12,847	15,891	25,892	30,893
	<u>12,850</u>	<u>15,893</u>	<u>25,897</u>	<u>30,896</u>

A25. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel costs:				
- Salaries, allowances and bonuses	2,769	207	5,150	2,620
- Amortisation for share and options granted under AMMB ESS - written back	(229)	(62)	(366)	(27)
- Contributions to EPF	441	8	822	415
- Social security cost	15	10	28	20
- Others	381	61	789	106
	<u>3,377</u>	<u>224</u>	<u>6,423</u>	<u>3,134</u>
Establishment costs:				
- Amortisation of intangible assets	11	1	17	3
- Cleaning, maintenance and security	15	4	24	12
- Computerisation costs	144	78	205	144
- Depreciation of property and equipment	20	24	40	46
- Rental of premises	165	155	331	310
- Others	5	5	15	12
	<u>360</u>	<u>267</u>	<u>632</u>	<u>527</u>
Marketing and communication expenses:				
- Communication, advertising and marketing	2,096	1,262	3,460	1,885
- Others	38	26	68	34
	<u>2,134</u>	<u>1,288</u>	<u>3,528</u>	<u>1,919</u>
Administration and general expenses:				
- Card operation charges from a related company	-	3,622	3,821	8,521
- Professional services	2,207	705	3,282	1,877
- Others	6,345	5,053	18,109	12,748
	<u>8,552</u>	<u>9,380</u>	<u>25,212</u>	<u>23,146</u>
Service transfer pricing expenses, net	<u>88,492</u>	<u>70,170</u>	<u>172,779</u>	<u>138,927</u>
	<u>102,915</u>	<u>81,329</u>	<u>208,574</u>	<u>167,653</u>

A26. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to the equity holder of the Bank by the number of ordinary shares at beginning of financial year and end of the period.

	Individual Quarter		Cumulative Quarter	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
Net profit attributable to equity holder of the Bank (RM'000)	57,442	68,881	109,507	119,754
Number of ordinary shares at beginning of financial year and end of period ('000)	462,922	462,922	462,922	462,922
Basic earnings per share (sen)	12.41	14.88	23.66	25.87

A27. BUSINESS SEGMENT ANALYSIS

Segment information is presented in respect of the Bank's business segments. The business segment information is prepared based on internal management reports, which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

The Bank comprises the following main business segments:

(a) Retail Banking

Retail Banking will focus on building emerging affluent and small business customers and the mass market. Retail banking offers products and financial solutions which includes auto financing, mortgage and personal financing, credit cards, small business financing, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking and Markets:

(i) Corporate and Commercial Banking

Corporate and Commercial Banking offers a full range of products and services of corporate lending, trade finance, and cash management solutions to wholesale banking clients.

(ii) Markets

Markets includes proprietary trading as well as providing full range of products and services relating to treasury activities, including foreign exchange, derivatives, and fixed income.

(c) Group Funding and Others

Group Funding and Others comprise activities to maintain the liquidity of the Bank as well as support operations of its main business units and non-core operations of the Bank.

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 September 2016

	Wholesale banking				Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Group Funding and Others RM'000	
External revenue	383,952	385,645	47,042	129,285	945,924
Revenue from other segments	(68,330)	53,237	(19,702)	34,795	-
Total operating revenue	<u>315,622</u>	<u>438,882</u>	<u>27,340</u>	<u>164,080</u>	<u>945,924</u>
Net finance income	161,767	112,076	7,183	34,418	315,444
Other income	10,151	18,022	7,615	8,208	43,996
Net income	<u>171,918</u>	<u>130,098</u>	<u>14,798</u>	<u>42,626</u>	<u>359,440</u>
Other operating expenses of which:	(134,028)	(35,814)	(3,717)	(35,015)	(208,574)
<i>Depreciation of Property and Equipment</i>	(1)	-	-	(39)	(40)
<i>Amortisation of Intangible Assets</i>	-	-	-	(17)	(17)
Profit before impairment losses	<u>37,890</u>	<u>94,284</u>	<u>11,081</u>	<u>7,611</u>	<u>150,866</u>
(Allowance)/Writeback for impairment on financing and advances	(19,516)	13,930	-	(6,106)	(11,692)
(Allowance)/Writeback for provision for commitments and contingencies	(343)	1,330	-	-	987
Profit before zakat and taxation	<u>18,031</u>	<u>109,544</u>	<u>11,081</u>	<u>1,505</u>	<u>140,161</u>
Zakat and taxation	(4,327)	(26,291)	(2,659)	2,623	(30,654)
Profit for the period	<u>13,704</u>	<u>83,253</u>	<u>8,422</u>	<u>4,128</u>	<u>109,507</u>
Other information					
Total segment assets	12,817,821	13,919,595	1,521,302	5,521,357	33,780,075
Total segment liabilities	10,383,215	15,412,320	268,237	4,944,694	31,008,466
Cost to income ratio	78.0%	27.5%	25.1%	82.1%	58.0%
Gross financing and advances	12,911,221	13,825,467	-	(48,747)	26,687,941
Net financing and advances	12,774,927	13,728,063	-	(190,167)	26,312,823
Impaired financing and advances	155,474	418,774	-	-	574,248
Total deposits	10,289,545	15,125,588	220,000	13,300	25,648,433
Additions to :					
Property and Equipment	-	-	-	17	17
Intangible assets	-	-	-	205	205

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 September 2015
(Restated)

	Wholesale banking				Total RM'000
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Markets RM'000	Group Funding and Others RM'000	
External revenue	425,064	366,903	30,582	152,975	975,524
Revenue from other segments	(93,758)	116,047	(23,977)	1,688	-
Total operating revenue	331,306	482,950	6,605	154,663	975,524
Net finance income	177,558	116,773	5,853	38,457	338,641
Other income	9,178	13,070	(1,982)	4,806	25,072
Net income	186,736	129,843	3,871	43,263	363,713
Other operating expenses of which:	(120,936)	(27,127)	(2,318)	(17,272)	(167,653)
<i>Depreciation of Property and Equipment</i>	-	-	-	(46)	(46)
<i>Amortisation of Intangible Assets</i>	-	-	-	(3)	(3)
Profit before impairment losses and provision	65,800	102,716	1,553	25,991	196,060
(Allowance)/Writeback for impairment on financing and advances	(45,879)	(15,564)	-	16,424	(45,019)
(Allowance)/Writeback for provision for commitments and contingencies	(292)	2,740	-	-	2,448
Transfer to profit equalisation reserve	-	-	-	(1,406)	(1,406)
Profit before zakat and taxation	19,629	89,892	1,553	41,009	152,083
Zakat and taxation	(4,711)	(21,574)	(373)	(5,671)	(32,329)
Profit for the period	14,918	68,318	1,180	35,338	119,754

Other information

Total segment assets	13,869,660	13,839,935	1,658,470	9,073,603	38,441,668
Total segment liabilities	10,380,693	19,914,034	461,710	5,164,342	35,920,779
Cost to income ratio	64.8%	20.9%	59.9%	39.9%	46.1%
Gross financing and advances	13,993,317	13,845,169	-	(58,214)	27,780,272
Net financing and advances	13,778,429	13,706,250	-	(212,278)	27,272,401
Impaired financing and advances	206,131	434,366	-	-	640,497
Total deposits	10,230,371	19,609,877	340,000	6,494	30,186,742
Additions to :					
Property and Equipment	5	-	-	231	236

Notes:

- The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
- Operating revenue of the Bank comprise financing income and hibah and other operating income.
- Certain comparative figures have been restated to conform with current period's presentation.

A28a. PERFORMANCE REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2016

The Bank's profit before zakat and taxation for the six months period ended 30 September 2016 of RM140.2 million was lower by RM11.9 million or 7.8% as compared to the corresponding six months period ended 30 September 2015. The lower Bank's profit before zakat and taxation was mainly due to lower net financing income and higher other operating expenses partially offset by higher other operating income and lower allowance for impairment on financing and advances.

In the opinion of the directors, the results of operations of the AMMB Group for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

A28b. PROSPECTS FOR THE FINANCIAL YEAR ("FY") ENDING 31 MARCH 2017

In the second quarter of 2016, the Malaysian economy registered 4.0% growth (first quarter FY2016("1Q2016"): 4.2%) supported by private consumption, which grew by 6.3% (1Q2016: 5.3%) driven by wage inflation, employment growth as well as additional disposable income from several Government initiatives. Private investment grew moderately by 5.6% (1Q2016: 2.2%) led by capital spending in services and manufacturing services.

For the calendar year 2016, the Gross Domestic Product has been forecasted to grow at between 4.0% - 4.5% (2015: 5.0%) supported by healthy government spending, relief from the stabilisation of oil prices and private expenditure. These are expected to cushion weaker exports clouded by subdued global growth and weak private consumption. Inflation is projected between 2.0% - 2.5% for 2016. In the short term, the banking system's net profit margin is expected to contract given the timing difference between the downward adjustment in floating profit rates and re-pricing of fixed/term deposit rates before normalising.

Loans/Financing and deposits are expected to grow at a moderate pace as business outlook is improving among various business activities. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

Despite the earlier headwinds, there are some bright spots and opportunities in the economy and amongst them will be the SME sector; which has consistently outpaced the GDP growth since 2005, and still has room for growth. The Budget 2017 provides continued impetus to domestic consumption with emphasis on affordable homes and infrastructure projects.

Our asset quality remains well positioned with financing growing at system or less as we continue to uphold the AMMB Group's disciplined risk-based pricing framework and underwriting strategies targeting growth in better quality assets.

For Retail Banking, the AMMB Group will continue to focus on the secondary and primary mortgage markets via strategic business partnerships and improvement of sales productivity. For our credit cards business, we aim to increase the issuance of cards to preferred segments, grow receivables and expand acquiring merchant business through new focused solutions. Branches and sales teams will focus more on sales especially on bancassurance and wealth management.

A28b. PROSPECTS FOR THE FINANCIAL YEAR ("FY") ENDING 31 MARCH 2017 (CONT'D.)

Growing deposits focusing on CASA continues to be a core agenda for FY2017 as we tap into our existing and new customer base to ensure our customers "bank" with us. Ongoing process simplification initiatives will support this growth as we look towards enhancing the customer experience with online deposit functionality as part of our virtual banking aspirations.

Wholesale Banking continues to focus on building and developing strong relationships with clients and continuously strives for excellence in offering innovative, quality and differentiated products solutions and services. The continued support for SMEs to expand as demonstrated in the Budget 2017 paves the way for higher market penetration opportunities for our new core segment. AMMB Group have built up new capabilities and have 70 liability led SME ready branches and 12 full fledged SME ready branches.

We have kept and will continue to keep a tighter rein on costs as we strive to operate more efficiently through our "running the bank better" and "changing the bank" initiatives. The AMMB Group remains focused on our 4 year strategic growth themes.

A29. VALUATION OF PROPERTY AND EQUIPMENT

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

A30. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to the reporting date.

A31. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Bank's assets.

The principal/notional amounts of the commitments and contingencies of the Bank are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Contingent Liabilities		
Direct credit substitutes	263,232	235,448
Transaction related contingent items	696,848	746,826
Short-term self liquidating trade-related contingencies	61,397	121,004
	<u>1,021,477</u>	<u>1,103,278</u>
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,652,699	2,846,242
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,161,002	999,782
Unutilised credit card lines	591,497	476,806
Forward asset purchase	41,743	10,460
	<u>5,446,941</u>	<u>4,333,290</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	1,618,061	1,679,198
Profit rate related contracts		
- Over one year to five years	540,000	900,000
- Over five years	350,000	350,000
	<u>2,508,061</u>	<u>2,929,198</u>
Total	<u>8,976,479</u>	<u>8,365,766</u>

A32. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities measured at fair value that are recognised on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data.

A32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

a) The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

	Valuation techniques			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30 September 2016				
Assets measured at fair value				
Derivative financial assets	-	28,258	-	28,258
Financial assets held- for-trading				
- Money market securities	-	155,360	-	155,360
- Unquoted private debt securities	-	132,220	-	132,220
Financial investments available-for-sale				
- Money market securities	-	950,042	-	950,042
- Unquoted private debt securities	-	703,688	-	703,688
	<u>-</u>	<u>1,969,568</u>	<u>-</u>	<u>1,969,568</u>
Liabilities measured at fair value				
Derivative financial liabilities	<u>-</u>	<u>43,349</u>	<u>-</u>	<u>43,349</u>
31 March 2016				
Assets measured at fair value				
Derivative financial assets	-	57,273	-	57,273
Financial assets held-for-trading				
- Money market securities	-	84,166	-	84,166
- Unquoted private debt securities	-	90,384	-	90,384
Financial investments available-for-sale				
- Money market securities	-	2,407,289	-	2,407,289
- Unquoted private debt securities	-	770,227	-	770,227
	<u>-</u>	<u>3,409,339</u>	<u>-</u>	<u>3,409,339</u>
Liabilities measured at fair value				
Derivative financial liabilities	<u>-</u>	<u>67,685</u>	<u>-</u>	<u>67,685</u>

There were no transfers between Level 1 and Level 2 during the current financial period and previous financial year for the Bank.

A33. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Bank are as follows:

	30 September 2016	31 March 2016
Common Equity Tier 1 Capital ratio	10.547%	9.846%
Tier 1 Capital ratio	10.547%	9.846%
Total Capital ratio	15.072%	15.320%

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

With effect from 1 January 2016, pursuant to Bank Negara Malaysia's ("BNM") guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 13 October 2015, the minimum capital adequacy ratio to be maintained under the guidelines is 4.5% for CET1 capital, 6.0% for Tier 1 capital and 8% for total capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

- (a) a Capital Conservation Buffer ("CCB") of 2.5%; and
- (b) a Countercyclical Capital Buffer (CCyB) determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the Bank has credit exposures.

The CCB requirements under transitional arrangements shall be phased-in starting from 1 January 2016 as follows:

	CCB
Calendar year 2016	0.625%
Calendar year 2017	1.25%
Calendar year 2018	1.875%
Calendar year 2019 onwards	2.5%

A33. CAPITAL ADEQUACY (CONT'D.)

(b) The components of Common Equity Tier 1 Capital, Tier 2 Capital and Total Capital of the Bank are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>		
Ordinary shares	462,922	462,922
Share premium	724,185	724,185
Retained earnings	1,091,562	982,055
Available for sale reserve/(deficit)	9,595	(1,589)
Statutory reserve	483,345	483,345
Less : Regulatory adjustments applied on CET1 Capital		
- Intangible assets	(202)	(14)
- 55% of cumulative gains of available-for-sale financial instruments	(5,277)	-
CET1 Capital/ Tier 1 Capital	<u>2,766,130</u>	<u>2,650,904</u>
<u>Tier 2 Capital</u>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	600,000	600,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	320,000	600,000
Collective allowance	266,712	273,963
Tier 2 Capital	<u>1,186,712</u>	<u>1,473,963</u>
Total Capital	<u>3,952,842</u>	<u>4,124,867</u>

The breakdown of the risk weighted assets ("RWA") in various categories of risk are as follows:

	30 September 2016 RM'000	31 March 2016 RM'000
Credit RWA	25,628,383	26,112,657
Less : Credit RWA absorbed by Restricted Investment Account	(1,003,656)	(1,003,979)
Total Credit RWA	<u>24,624,727</u>	<u>25,108,678</u>
Market RWA	130,857	296,231
Operational RWA	1,470,038	1,519,148
Total Risk Weighted Assets	<u>26,225,622</u>	<u>26,924,057</u>

A34. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	30 September 2016	31 March 2016
Outstanding credit exposures with connected parties (RM'000)	1,002,312	523,176
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	3.48	1.76
Percentage of outstanding credit exposures with connected parties which is non-performing or in default (%)	0.01	0.01

The credit exposures above are based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

A35. RESTATEMENT OF COMPARATIVE INFORMATION

- (a) The Bank had restated the placement received from a related company, previously classified as Deposits and placements of banks and other financial institutions to Investment account due to a licensed bank as the placement is not principal guaranteed and both parties did not enter into a new investment account contract upon expiry of the transition period until 30 June 2015 to comply with Islamic Financial Services Act 2013 ("IFSA") and BNM standards on Shariah and policy document on Investment Account. The non-principal guaranteed placement by the same related company as at 31 March 2015 and 1 April 2014 were reclassified to and restated as Investment account to provide more meaningful information.
- (b) For the purpose of the statement of cash flows, the Bank has restated deposits and placements with banks and other financial institutions with original maturity of less than 3 months to conform with current financial period of presentation.
- (i) The comparatives to statement of profit or loss were restated to conform with the changes in presentation as follows:

	As previously reported RM'000	Note A35 (a) RM'000	As restated RM'000
For the individual quarter ended 30 September 2015			
Income derived from investment of depositors' funds	463,467	(17,804)	445,663
Income derived from investment of investment account funds	-	17,804	17,804
Income attributable to the depositors and others	(276,467)	15,893	(260,574)
Income attributable to the investment account holders	-	(15,893)	(15,893)

A35. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

- (i) The comparatives to statement of profit or loss were restated to conform with the changes in presentation as follows (Cont'd.):

	As previously reported RM'000	Note A35 (a) RM'000	As restated RM'000
For the cumulative quarter ended 30 September 2015			
Income derived from investment of depositors' funds	927,760	(34,566)	893,194
Income derived from investment of investment account funds	-	34,566	34,566
Income attributable to the depositors and others	(544,689)	30,896	(513,793)
Income attributable to the investment account holders	-	(30,896)	(30,896)

- (ii) The comparatives to statement of cash flows were restated to conform with the changes in presentation as follows:

	As previously reported RM'000	Note A35 (b) RM'000	As restated RM'000
For the cumulative quarter ended 30 September 2015			
Changes in working capital: Net change in operating assets	(103,639)	1,215,000	1,111,361