

Company No. 295576-U

**AmBank Islamic Berhad**  
(Incorporated in Malaysia)

**Interim Financial Statements**  
**For the Financial Period**  
**1 April 2016 to**  
**31 December 2016**  
(In Ringgit Malaysia)

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

|  |             | <b>31 December</b> | <b>31 March</b>   |
|--|-------------|--------------------|-------------------|
|  |             | <b>2016</b>        | <b>2016</b>       |
|  | <b>Note</b> | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>ASSETS</b>  |             |                    |                   |
| Cash and short-term funds  |             | 1,891,419          | 4,098,552         |
| Deposits and placements with banks<br>and other financial institutions |             | 500,000            | 500,000           |
| Derivative financial assets  |             | 72,686             | 57,273            |
| Financial assets held-for-trading                                      | A8          | 192,080            | 174,550           |
| Financial investments available-for-sale                               | A9          | 1,899,682          | 3,177,516         |
| Financial investments held-to-maturity                                 | A10         | 1,274,618          | 1,263,639         |
| Financing and advances   | A11         | 27,391,849         | 27,391,553        |
| Receivables: Investments not quoted in active markets                  | A12         | 464,081            | 468,141           |
| Statutory deposit with Bank Negara Malaysia                            |             | 838,000            | 842,000           |
| Other assets   | A13         | 333,825            | 329,821           |
| Property and equipment   |             | 328                | 351               |
| Intangible assets  |             | 258                | 14                |
| <b>TOTAL ASSETS</b>  |             | <b>34,858,826</b>  | <b>38,303,410</b> |
| <b>LIABILITIES AND EQUITY</b>  |             |                    |                   |
| Deposits and placements of banks and other<br>financial institutions   | A14         | 1,628,381          | 1,443,510         |
| Investment account due to a licensed bank                              | A15         | 2,000,000          | 1,000,000         |
| Recourse obligation on financing sold to<br>Cagamas Berhad             |             | 620,326            | 1,127,824         |
| Derivative financial liabilities                                       |             | 79,267             | 67,685            |
| Deposits from customers  | A16         | 24,624,953         | 28,383,783        |
| Investment accounts of customers                                       | A17         | 22,610             | 18,411            |
| Term funding   |             | 1,850,000          | 1,850,000         |
| Subordinated Sukuk   |             | 929,641            | 1,399,528         |
| Deferred tax liability   |             | 2,255              | 5,883             |
| Other liabilities  | A18         | 300,432            | 354,525           |
| Provision for zakat  |             | 2,539              | 1,343             |
| <b>TOTAL LIABILITIES</b>   |             | <b>32,060,404</b>  | <b>35,652,492</b> |
| Share capital  |             | 462,922            | 462,922           |
| Reserves   |             | 2,335,500          | 2,187,996         |
| <b>Equity attributable to equity holder of the Bank</b>                |             | <b>2,798,422</b>   | <b>2,650,918</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    |             | <b>34,858,826</b>  | <b>38,303,410</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                   | A31         | <b>10,604,575</b>  | <b>8,365,766</b>  |
| <b>NET ASSETS PER SHARE (RM)</b>                                       |             | <b>6.05</b>        | <b>5.73</b>       |

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 31 DECEMBER 2016**

|  | Note | Individual Quarter            |   | Cumulative Quarter            |   |
|--|------|-------------------------------|---|-------------------------------|---|
|  |      | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 |
| Income derived from investment of depositors' funds                      | A19  | 395,870                       | 467,893                                     | 1,261,130                     | 1,361,087                                   |
| Income derived from investment of investment account funds               | A20  | 16,384                        | 18,001                                      | 45,460                        | 52,567                                      |
| Income derived from investment of shareholder's funds                    | A21  | 18,030                        | 26,971                                      | 69,618                        | 74,735                                      |
| (Allowance for)/Writeback of impairment on financing and advances        | A22  | (16,175)                      | 24,771                                      | (27,867)                      | (20,248)                                    |
| (Provision for)/Writeback of provision for commitments and contingencies |      | (1,306)                       | (309)                                       | (319)                         | 2,139                                       |
| Transfer to profit equalisation reserve                                  |      | -                             | -   | -                             | (1,406)                                     |
| <b>Total distributable income</b>  |      | <b>412,803</b>                | <b>537,327</b>                              | <b>1,348,022</b>              | <b>1,468,874</b>                            |
| Income attributable to the depositors and others                         | A23  | (214,558)                     | (281,075)                                   | (701,418)                     | (794,868)                                   |
| Income attributable to the investment account holders                    | A24  | (14,600)                      | (16,037)                                    | (40,497)                      | (46,933)                                    |
| <b>Total net income</b>  |      | <b>183,645</b>                | <b>240,215</b>                              | <b>606,107</b>                | <b>627,073</b>                              |
| Other operating expenses   | A25  | (97,998)                      | (148,285)                                   | (306,572)                     | (315,938)                                   |
| Finance cost   |      | (31,798)                      | (34,148)                                    | (105,525)                     | (101,270)                                   |
| <b>Profit before zakat and taxation</b>                                  |      | <b>53,849</b>                 | <b>57,782</b>                               | <b>194,010</b>                | <b>209,865</b>                              |
| Zakat  |      | (318)                         | (183)                                       | (1,196)                       | (961)                                       |
| Taxation   |      | (10,853)                      | (23,847)                                    | (40,629)                      | (55,398)                                    |
| <b>Profit for the period</b>   |      | <b>42,678</b>                 | <b>33,752</b>                               | <b>152,185</b>                | <b>153,506</b>                              |
| <b>Basic earnings per share (sen)</b>                                    | A26  | <b>9.22</b>                   | <b>7.29</b>                                 | <b>32.87</b>                  | <b>33.16</b>                                |

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 31 DECEMBER 2016**

|   | Individual Quarter  |                     | Cumulative Quarter  |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 December<br>2016 | 31 December<br>2015 | 31 December<br>2016 | 31 December<br>2015 |
|   | RM'000              | RM'000              | RM'000              | RM'000              |
| Profit for the period                     | 42,678              | 33,752              | 152,185             | 153,506             |
| Other comprehensive income/(loss):        |                     |                     |                     |                     |
| <b>Items that may be reclassified</b>     |                     |                     |                     |                     |
| <b>subsequently to profit or loss:</b>    |                     |                     |                     |                     |
| Financial investments available-for-sale: |                     |                     |                     |                     |
| Net change in revaluation                 | (20,875)            | 5,064               | (3,933)             | (11,228)            |
| (Gain)/Loss transfer to statement of      |                     |                     |                     |                     |
| profit or loss upon disposal              | -                   | -                   | (2,226)             | 853                 |
| Income tax relating to the                |                     |                     |                     |                     |
| components of other                       |                     |                     |                     |                     |
| comprehensive income/(loss)               | 5,010               | (1,216)             | 1,478               | 2,490               |
| Other comprehensive                       |                     |                     |                     |                     |
| income/(loss) for the period,             |                     |                     |                     |                     |
| net of tax                                | (15,865)            | 3,848               | (4,681)             | (7,885)             |
| Total comprehensive income                |                     |                     |                     |                     |
| for the period                            | 26,813              | 37,600              | 147,504             | 145,621             |

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 31 DECEMBER 2016

|   | Attributable to Equity Holder of the Bank |                         |                             |                                       |                                      |                             | Total equity<br>RM'000 |
|---|---|-------------------------|-----------------------------|---------------------------------------|--------------------------------------|-----------------------------|------------------------|
|   | Non-distributable                         |                         |                             | Distributable                         |                                      |                             |                        |
|   | Share capital<br>RM'000                   | Share premium<br>RM'000 | Statutory reserve<br>RM'000 | Profit equalisation reserve<br>RM'000 | Available-for-sale deficit<br>RM'000 | Retained earnings<br>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   | -   | -                       | -                           | -                                     | -                                    | 153,506                     | 153,506                |
| Other comprehensive loss  | -   | -                       | -                           | -                                     | (7,885)                              | -                           | (7,885)                |
| Total comprehensive income/(loss) for the period  | -   | -                       | -                           | -                                     | (7,885)                              | 153,506                     | 145,621                |
| 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 31 December 2015   | 462,922                                   | 724,185                 | 483,345                     | -                                     | (14,477)                             | 902,514                     | 2,558,489              |
| At 1 April 2016   | 462,922                                   | 724,185                 | 483,345                     | -                                     | (1,589)                              | 982,055                     | 2,650,918              |
| Profit for the period   | -   | -                       | -                           | -                                     | -                                    | 152,185                     | 152,185                |
| Other comprehensive loss  | -   | -                       | -                           | -                                     | (4,681)                              | -                           | (4,681)                |
| Total comprehensive income/(loss) for the period  | -   | -                       | -                           | -                                     | (4,681)                              | 152,185                     | 147,504                |
| <b>At 31 December 2016</b>  | <b>462,922</b>                            | <b>724,185</b>          | <b>483,345</b>              | <b>-</b>                              | <b>(6,270)</b>                       | <b>1,134,240</b>            | <b>2,798,422</b>       |

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 31 DECEMBER 2016**

|   | <b>31 December<br/>2016</b> | <b>31 December<br/>2015<br/>(Restated)</b> |
|---|-----------------------------|--|
|   | <b>RM'000</b>               | <b>RM'000</b>                              |
| Profit before zakat and taxation  | 194,010                     | 209,865                                    |
| Adjustments for non-operating and non-cash items                        | 69,675                      | 27,053                                     |
| Operating profit before working capital changes                         | <u>263,685</u>              | <u>236,918</u>                             |
| Changes in working capital:   |                             |  |
| Net change in operating assets  | 356,153                     | 540,511                                    |
| Net change in operating liabilities                                     | (3,151,869)                 | (481,599)                                  |
| Taxation paid   | (11,677)                    | (50,826)                                   |
| Net cash generated from/(used in) operating activities                  | <u>(2,543,708)</u>          | <u>245,004</u>                             |
| Net cash generated from investing activities                            | 1,306,575                   | 1,293,463                                  |
| Net cash generated from/(used in) financing activities                  | (470,000)                   | 250,000                                    |
| Net increase/(decrease) in cash and cash equivalents                    | <u>(1,707,133)</u>          | <u>1,788,467</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>2,391,419</u>            | <u>5,850,149</u>                           |
| Cash and cash equivalents comprise:                                     |                             |  |
| Cash and short-term funds   | 1,891,419                   | 5,500,149                                  |
| Deposits and placements with banks and other financial institutions     | 500,000                     | 350,000                                    |
|   | <u>2,391,419</u>            | <u>5,850,149</u>                           |
| Less: Deposits and placements with original maturity more than 3 months | -                           | -  |
|   | <u>2,391,419</u>            | <u>5,850,149</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 nine months ended 31 December 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. The 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**

| <b>Description</b>  | <b>Effective for financial year ending</b> |
|---|--|
| - 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                              |
| - Annual Improvements to MFRSs 2014-2016 Cycle  |  |
| - amendments to MFRS 12   | 31 March 2018                              |
| - amendments to MFRS 1 and MFRS 128   | 31 March 2019                              |
| - MFRS 15 <i>Revenue from Contracts with Customers</i>  | 31 March 2019                              |
| - MFRS 9 <i>Financial Instruments</i>   | 31 March 2019                              |
| - Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>                               | 31 March 2019                              |
| - Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>                                  | 31 March 2019                              |
| - Amendments to MFRS 140 <i>Transfers of Investment Property</i>  | 31 March 2019                              |
| - IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</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 statement of financial position for liabilities arising from financing activities.

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

**A1. BASIS OF PREPARATION (CONT'D.)**

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

**(a) Standards effective for financial year ending 31 March 2018 (Cont'd.)**

**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.

**Annual Improvements to MFRSs 2014-2016 Cycle**

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which one of them is effective for annual periods beginning on or after 1 January 2017, as summarised below:

**(i) MFRS 12 Disclosure of Interests in Other Entities**

The amendment clarified that the disclosures requirement of MFRS 12 are applicable to interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other MFRS 12 requirements were applicable for these interests.

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

**Annual Improvements to MFRSs 2014-2016 Cycle**

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which two of them is effective for annual periods beginning on or after 1 January 2018, as summarised below:

**(i) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards**

The amendments deleted short-term exemptions covering transition provisions of MFRS 7, MFRS 10, and MFRS 119. These transition provisions were available to entities for past reporting periods and are therefore no longer applicable.

**(ii) MFRS 128 Investments in Associates and Joint Ventures**

MFRS 128 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The amendments clarified that this election should be made separately for each associate or joint venture at initial recognition.

**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.)**

***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 this, the amendments can be applied retrospectively provided that this is possible without hindsight.

***IC Interpretation 22 Foreign Currency Transactions and Advance***

The Interpretation provides guidance on how to determine the date of the transaction when applying MFRS 121 in situations where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. For the purpose of determining the exchange rate to use on initial recognition of the related item, the Interpretation states that the date of the transaction shall be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration.

The amendments are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Entities can choose to apply the Interpretation retrospectively, prospectively to items that are initially recognised on or after the beginning of the reporting period in which the Interpretation is first applied, or prospectively from the beginning of a prior reporting period presented as comparative information.

**A1. BASIS OF PREPARATION (CONT'D.)**

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

**(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.

**A1.2 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 with nominal value of RM480.0 million on its first call date.

On 30 December 2016, the Bank had issued Tranche 4 of the Subordinated Sukuk with a nominal value of RM10.0 million under its Subordinated Sukuk Murabahah programme of RM3.0 billion. The profit rate of this tranche is at 5.50% per annum, payable semi-annually and has a tenure of ten (10) years.

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 Directors do not recommend the payment of any dividend in respect of the financial quarter ended 31 December 2016 and no dividends were paid in the current financial quarter and period.

**A8. FINANCIAL ASSETS HELD-FOR-TRADING**

|                                  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|----------------------------------|--|-------------------------------------|
| <b>At fair value:</b>            |  |                                     |
| Money Market Instruments:        |  |                                     |
| Malaysian Islamic Treasury bills | 47,156                                 | -                                   |
| Government Investment Issues     | 139,953                                | 84,166                              |
|                                  | <u>187,109</u>                         | <u>84,166</u>                       |
| Unquoted Securities:             |  |                                     |
| In Malaysia:                     |  |                                     |
| Sukuk                            | 4,971                                  | 90,384                              |
|                                  | <u>192,080</u>                         | <u>174,550</u>                      |

**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| <b>At fair value:</b>                     |  |                                     |
| Money Market Instruments:                 |  |                                     |
| Government Investment Issues              | 422,204                                | 422,674                             |
| Islamic Negotiable instruments of deposit | 786,387                                | 1,984,615                           |
|   | <u>1,208,591</u>                       | <u>2,407,289</u>                    |
| Unquoted Securities:                      |  |                                     |
| In Malaysia:                              |  |                                     |
| Sukuk                                     | 691,091                                | 770,227                             |
|   | <u>1,899,682</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 31 December 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 RM398,000 (31 March 2016: RM505,000).

**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

|                           | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---------------------------|--|-------------------------------------|
| <b>At amortised cost:</b> |  |                                     |
| Unquoted Securities:      |  |                                     |
| In Malaysia:              |  |                                     |
| Sukuk                     | <u>1,274,618</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:

**31 December 2016**

|  | <b>Bai' Bithaman</b> |                  | <b>Musharakah</b>  | <b>Al-Ijarah</b>    |                     | <b>Others</b>  | <b>Total</b>      |
|--|----------------------|------------------|--------------------|---------------------|---------------------|----------------|-------------------|
|  | <b>Ajil</b>          | <b>Murabahah</b> | <b>Mutanaqisah</b> | <b>Thummah Al-</b>  | <b>Bai' Al-Inah</b> | <b>RM'000</b>  | <b>RM'000</b>     |
|  | <b>RM'000</b>        | <b>RM'000</b>    | <b>RM'000</b>      | <b>Bai' (AITAB)</b> | <b>RM'000</b>       |                | <b>RM'000</b>     |
|  |                      |                  |                    | <b>RM'000</b>       |                     |                |                   |
| <b>At amortised cost:</b>                          |                      |                  |                    |                     |                     |                |                   |
| Cash lines   | -                    | 501              | -                  | -                   | 993,470             | -              | 993,971           |
| Term financing                                     | 2,055,240            | 2,754,090        | 11,142             | -                   | 3,577,470           | 74,823         | 8,472,765         |
| Revolving credit                                   | 82,100               | 3,103,711        | -                  | -                   | 2,492,181           | -              | 5,677,992         |
| Housing financing                                  | 2,821,907            | 133,692          | 51,294             | -                   | -                   | -              | 3,006,893         |
| Hire purchase receivables                          | 4                    | -                | -                  | 7,994,525           | -                   | -              | 7,994,529         |
| Bills receivables                                  | -                    | -                | -                  | -                   | -                   | 11,388         | 11,388            |
| Credit card receivables                            | -                    | -                | -                  | -                   | -                   | 288,529        | 288,529           |
| Trust receipts                                     | -                    | 109,634          | -                  | -                   | -                   | -              | 109,634           |
| Claims on customers under acceptance credits       | -                    | 1,080,405        | -                  | -                   | -                   | 139,638        | 1,220,043         |
| Gross financing and advances*                      | <u>4,959,251</u>     | <u>7,182,033</u> | <u>62,436</u>      | <u>7,994,525</u>    | <u>7,063,121</u>    | <u>514,378</u> | <u>27,775,744</u> |
| Allowance for impairment on financing and advances |                      |                  |                    |                     |                     |                |                   |
| - Individual allowance                             |                      |                  |                    |                     |                     |                | (65,687)          |
| - Collective allowance                             |                      |                  |                    |                     |                     |                | (318,208)         |
| Net financing and advances                         |                      |                  |                    |                     |                     |                | <u>27,391,849</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**

|   | <b>Bai' Bithaman<br/>Ajil<br/>RM'000</b> | <b>Murabahah<br/>RM'000</b> | <b>Musharakah<br/>Mutanaqisah<br/>RM'000</b> | <b>Al-Ijarah<br/>Thummah Al-<br/>Bai' (AITAB)<br/>RM'000</b> | <b>Bai' Al-Inah<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|-----------------------------|--|--|--------------------------------|--------------------------|-------------------------|
| <b>At amortised cost:</b>                             |  |                             |  |  |                                |                          |                         |
| 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<br>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<br>financing and advances |  |                             |  |  |                                |                          |                         |
| - Individual allowance                                |  |                             |  |  |                                |                          | (63,715)                |
| - Collective allowance                                |  |                             |  |  |                                |                          | <u>(329,392)</u>        |
| 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 RM2,006.0 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:

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Domestic non-bank financial institutions | 1,521,519                              | 457,764                             |
| Domestic business enterprises            |  |                                     |
| - Small medium enterprises ("SME")       | 4,263,573                              | 4,608,019                           |
| - Others                                 | 8,638,528                              | 8,762,780                           |
| Government and statutory bodies          | 810,206                                | 833,361                             |
| Individuals                              | 12,427,128                             | 12,990,697                          |
| Other domestic entities                  | 27,317                                 | 43,815                              |
| Foreign individuals and entities         | 87,473                                 | 88,224                              |
|  | <u>27,775,744</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:

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Fixed rate                               |  |                                     |
| - Housing financing                      | 229,535                                | 241,629                             |
| - Hire purchase receivables              | 7,456,526                              | 8,783,117                           |
| - Other financing                        | 2,854,650                              | 3,091,632                           |
| Variable rate                            |  |                                     |
| - Base rate and base financing rate plus | 5,662,862                              | 5,127,588                           |
| - Cost plus                              | 10,372,556                             | 9,498,853                           |
| - Other variable rates                   | 1,199,615                              | 1,041,841                           |
|  | <u>27,775,744</u>                      | <u>27,784,660</u>                   |

**A11. FINANCING AND ADVANCES (CONT'D.)**

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

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Agriculture  | 1,574,401                              | 1,549,925                           |
| Mining and quarrying                                 | 1,519,985                              | 1,546,980                           |
| Manufacturing  | 2,868,037                              | 2,854,552                           |
| Electricity, gas and water                           | 106,445                                | 129,373                             |
| Construction   | 1,246,899                              | 1,931,581                           |
| Wholesale and retail trade and hotel and restaurants | 1,071,003                              | 958,268                             |
| Transport, storage and communication                 | 1,410,269                              | 775,103                             |
| Finance and insurance                                | 1,521,519                              | 457,858                             |
| Real estate  | 2,270,218                              | 2,698,165                           |
| Business activities                                  | 396,556                                | 458,730                             |
| Education and health                                 | 1,186,423                              | 1,252,321                           |
| Household of which:                                  | 12,513,720                             | 13,064,790                          |
| - Purchase of residential properties                 | 2,980,040                              | 2,149,764                           |
| - Purchase of transport vehicles                     | 7,685,653                              | 9,060,015                           |
| - Others   | 1,848,027                              | 1,855,011                           |
| Others   | 90,269                                 | 107,014                             |
|  | 27,775,744                             | 27,784,660                          |

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

|                                | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--------------------------------|--|-------------------------------------|
| Maturing within one year       | 11,258,532                             | 9,416,629                           |
| Over one year to three years   | 2,257,934                              | 3,144,241                           |
| Over three years to five years | 5,697,944                              | 5,460,974                           |
| Over five years                | 8,561,334                              | 9,762,816                           |
|                                | 27,775,744                             | 27,784,660                          |

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**A11. FINANCING AND ADVANCES (CONT'D.)**

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

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| Balance at beginning of the financial year                                    | 605,200                                | 606,455                             |
| Impaired during the period/year   | 229,549                                | 414,127                             |
| Reclassified as non-impaired  | (64,830)                               | (59,820)                            |
| Recoveries  | (92,361)                               | (126,010)                           |
| Amount written off  | (127,336)                              | (229,552)                           |
| Balance at end of the financial period/year                                   | <u>550,222</u>                         | <u>605,200</u>                      |
| <br>  |  |                                     |
| Gross impaired financing and advances<br>as % of gross financing and advances | <u>1.98%</u>                           | <u>2.18%</u>                        |
| <br>  |  |                                     |
| Financing loss coverage   | <u>69.8%</u>                           | <u>65.0%</u>                        |

A11h. All impaired financing and advances reside in Malaysia.

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

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Agriculture  | 86                                     | 150                                 |
| Mining and quarrying                                 | 3,785                                  | 3,450                               |
| Manufacturing  | 20,113                                 | 29,434                              |
| Electricity, gas and water                           | 8,022                                  | 16,233                              |
| Construction   | 13,536                                 | 4,813                               |
| Wholesale and retail trade and hotel and restaurants | 14,960                                 | 4,350                               |
| Transport, storage and communication                 | 3,794                                  | 6,998                               |
| Finance and insurance                                | 7                                      | -                                   |
| Real estate  | 345,735                                | 378,700                             |
| Business activities                                  | 4,525                                  | 2,670                               |
| Education and health                                 | 3,368                                  | 3,305                               |
| Household of which :                                 | 127,902                                | 154,228                             |
| - Purchase of residential properties                 | 24,324                                 | 22,597                              |
| - Purchase of transport vehicles                     | 89,112                                 | 116,266                             |
| - Others   | 14,466                                 | 15,365                              |
| Others   | 4,389                                  | 869                                 |
|  | <u>550,222</u>                         | <u>605,200</u>                      |

**A11. FINANCING AND ADVANCES (CONT'D.)**

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

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| <b>Individual allowance</b>   |  |                                     |
| Balance at beginning of the financial year  | 63,715                                 | 66,075                              |
| Allowance during the period/year, net   | 9,649                                  | 27,588                              |
| Amount written off  | (7,677)                                | (29,948)                            |
| Balance at end of the financial period/year   | <u>65,687</u>                          | <u>63,715</u>                       |
| <b>Collective allowance</b>   |  |                                     |
| Balance at beginning of the financial year  | 329,392                                | 458,453                             |
| Allowance made during the period/year, net  | 108,196                                | 77,975                              |
| Transferred from AmBank *   | -                                      | 17                                  |
| Foreign exchange differences  | 10                                     | (5)                                 |
| Amount written off  | (119,390)                              | (207,048)                           |
| Balance at end of the financial period/year**   | <u>318,208</u>                         | <u>329,392</u>                      |
| <br>  |  |                                     |
| Collective allowance as % of gross financing<br>and advances (excluding RIA financing)<br>less individual allowance | <u>1.24%</u>                           | <u>1.23%</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 31 December 2016, the gross exposure and collective allowance relating to the RIA financing amounted to RM2,006.01 million and RM1.87 million respectively (31 March 2016: RM1,003.98 million and RM1.47 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**

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Unquoted Sukuk in Malaysia                       | 456,649                                | 456,649                             |
| Fair value changes arising from fair value hedge | 7,432                                  | 11,492                              |
|  | <u>464,081</u>                         | <u>468,141</u>                      |

The Bank had undertaken a fair value hedge on the profit rate risk of unquoted sukuk 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:

|                                | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--------------------------------|--|-------------------------------------|
| Relating to hedged item        | (4,060)                                | 4,159                               |
| Relating to hedging instrument | 3,936                                  | (4,186)                             |
|                                | <u>(124)</u>                           | <u>(27)</u>                         |

**A13. OTHER ASSETS**

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| Other receivables, deposits and prepayments | 7,973                                  | 15,867                              |
| Amount due from related companies           | 121,016                                | 91,708                              |
| Amount due from originators                 | 120,325                                | 127,791                             |
| Profit receivable                           | 45,512                                 | 31,603                              |
| Tax recoverable                             | -                                      | 10,903                              |
| Deferred charges                            | 38,999                                 | 51,949                              |
|   | <u>333,825</u>                         | <u>329,821</u>                      |

**A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

|                              | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|------------------------------|--|-------------------------------------|
| <u>Non-Mudarabah</u>         |  |                                     |
| Licensed investment bank     | 296,933                                | 280,646                             |
| Other financial institutions | 1,312,903                              | 1,140,837                           |
| Bank Negara Malaysia         | 18,545                                 | 22,027                              |
| Total                        | <u>1,628,381</u>                       | <u>1,443,510</u>                    |

**A15. INVESTMENT ACCOUNT DUE TO A LICENSED BANK**

|                                      | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--------------------------------------|--|-------------------------------------|
| <u>Restricted investment account</u> |  |                                     |
| - Mudarabah Muqayyadah               | <u>2,000,000</u>                       | <u>1,000,000</u>                    |
| Investment asset:                    |  |                                     |
| Financing                            | 2,000,000                              | 1,000,000                           |
| Total investment                     | <u>2,000,000</u>                       | <u>1,000,000</u>                    |

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

|                                   | <b>Investment account holder</b>            |   |   |
|-----------------------------------|---|---|---|
|                                   |   | <b>31 December<br/>2016</b>               | <b>31 March<br/>2016</b>                  |
|                                   | <b>Profit<br/>sharing<br/>ratio<br/>(%)</b> | <b>Average rate<br/>of return<br/>(%)</b> | <b>Average rate<br/>of return<br/>(%)</b> |
| Maturity:<br>between 2 to 5 years | 90  | 5.03                                      | 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. The capital provider for the RIA contracts is AmBank (M) Berhad ("AmBank"), a related company.

On 13 December 2016, the Bank entered into another contract with AmBank for the sum of RM1.0 billion. This new contract is for a period of 3 years.

As at 31 December 2016, the tenure of the RIA contracts is for a period of 2 years to 4 years (31 March 2016: 4 years to 5 years).

**A16. DEPOSITS FROM CUSTOMERS**

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| (i) By type of deposit:  |  |                                     |
| Savings deposit  |  |                                     |
| Wadiah   | 2,058,408                              | 1,950,534                           |
| Demand deposit   |  |                                     |
| Wadiah   | 4,028,995                              | 3,911,360                           |
| Term Deposits:   |  |                                     |
| Commodity Murabahah  | 18,255,390                             | 22,515,493                          |
| Qard   | 227,160                                | -                                   |
| Negotiable instruments of deposits                                   |  |                                     |
| Bai' Bithaman Ajil   | -                                      | 6,396                               |
| Structured deposit   |  |                                     |
| Murabahah  | 55,000                                 | -                                   |
| Total  | <u>24,624,953</u>                      | <u>28,383,783</u>                   |
|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
| (ii) The deposits are sourced from the following types of customers: |  |                                     |
| Government and statutory bodies                                      | 5,846,559                              | 7,074,020                           |
| Business enterprises   | 10,909,718                             | 12,665,778                          |
| Individuals  | 7,080,903                              | 6,994,982                           |
| Others   | 787,773                                | 1,649,003                           |
|  | <u>24,624,953</u>                      | <u>28,383,783</u>                   |
| (iii) The maturity structure of all term deposits is as follows:     |  |                                     |
| Due within six months  | 12,550,797                             | 17,909,235                          |
| Over six months to one year  | 2,946,507                              | 3,040,322                           |
| Over one year to three years   | 2,910,511                              | 1,505,779                           |
| Over three years to five years                                       | 129,735                                | 66,553                              |
|  | <u>18,537,550</u>                      | <u>22,521,889</u>                   |

**A17. INVESTMENT ACCOUNTS OF CUSTOMERS**

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| Unrestricted investment account without maturity<br>- Wakalah | <u>22,610</u>                          | <u>18,411</u>                       |
| Investment asset:   |  |                                     |
| Interbank placement   | <u>22,610</u>                          | <u>18,411</u>                       |
| Total investment  | <u>22,610</u>                          | <u>18,411</u>                       |

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

|                                 | <b>Investment account holder</b>          |  |   |  |
|---------------------------------|---|--|---|--|
|                                 | <b>31 December<br/>2016</b>               |  | <b>31 March<br/>2016</b>                  |  |
|                                 | <b>Average rate<br/>of return<br/>(%)</b> | <b>Average<br/>Performance<br/>incentive fee<br/>(%)</b> | <b>Average rate<br/>of return<br/>(%)</b> | <b>Average<br/>Performance<br/>incentive fee<br/>(%)</b> |
| Maturity:<br>less than 3 months | 0.05                                      | 3.07   | 0.05                                      | 3.18   |

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**AmBank Islamic Berhad**  
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**A18. OTHER LIABILITIES**

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| Profit payable                              | 222,403                                | 297,896                             |
| Other creditors and accruals                | 42,561                                 | 42,531                              |
| Advance rental                              | 1,851                                  | 1,814                               |
| Amount due to related companies             | 1,538                                  | 681                                 |
| Provision for commitments and contingencies | 11,881                                 | 11,603                              |
| Provision for taxation                      | 20,198                                 | -                                   |
|   | <u>300,432</u>                         | <u>354,525</u>                      |

**A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS**

|                                    | <b>Individual Quarter</b>              |   | <b>Cumulative Quarter</b>              |   |
|------------------------------------|--|---|--|---|
|                                    | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 December<br/>2015<br/>(Restated)<br/>RM'000</b> | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 December<br/>2015<br/>(Restated)<br/>RM'000</b> |
| Income derived from investment of: |  |   |  |   |
| - General investment deposits      | -                                      | 6   | -                                      | 138,299   |
| - Other deposits                   | 395,870                                | 467,887   | 1,261,130                              | 1,222,788   |
|                                    | <u>395,870</u>                         | <u>467,893</u>  | <u>1,261,130</u>                       | <u>1,361,087</u>                                      |

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

|   | Individual Quarter            |   | Cumulative Quarter            |   |
|---|-------------------------------|---|-------------------------------|---|
|   | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 |
| <b>Income derived from investment of general investment deposits</b>      |                               |   |                               |   |
| <u>Finance income and hibah:</u>  |                               |   |                               |   |
| Financing and advances  |                               |   |                               |   |
| - Financing income  | -                             | 5   | -                             | 115,990                                     |
| - Financing income<br>on impaired financing                               | -                             | -   | -                             | 494   |
| Financial assets held-<br>for-trading                                     | -                             | -   | -                             | 508   |
| Financial investments<br>available-for-sale                               | -                             | -   | -                             | 1,818                                       |
| Financial investments<br>held-to-maturity                                 | -                             | -   | -                             | 4,363                                       |
| Deposits and placements with<br>banks and other financial<br>institutions | -                             | -   | -                             | 11,755                                      |
| Others  | -                             | 1   | -                             | 455   |
| Total finance income and hibah  | -                             | 6   | -                             | 135,383                                     |
| <u>Other operating income:</u>  |                               |   |                               |   |
| Fee and commission income:  |                               |   |                               |   |
| - Fees on financing,<br>advances and securities                           | -                             | -   | -                             | 1,580                                       |
| - Guarantee fees  | -                             | -   | -                             | 762   |
| - Remittances   | -                             | -   | -                             | 7   |
| - Service charges and fees  | -                             | -   | -                             | 192   |
| - Others  | -                             | -   | -                             | 341   |
| Foreign exchange  | -                             | -   | -                             | 196   |
| Gain from disposal of financial<br>assets held-for-trading                | -                             | -   | -                             | 301   |
| Loss on revaluation of financial<br>assets held-for-trading               | -                             | -   | -                             | (29)  |
| Loss from disposal of financial<br>investments available-for-sale         | -                             | -   | -                             | (23)  |
| Net loss on derivatives   | -                             | -   | -                             | (419)                                       |
| Others  | -                             | -   | -                             | 8   |
| Total other operating income  | -                             | -   | -                             | 2,916                                       |
| Total   | -                             | 6   | -                             | 138,299                                     |

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

|   | Individual Quarter            |   | Cumulative Quarter            |   |
|---|-------------------------------|---|-------------------------------|---|
|   | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 |
| <b>Income derived from investment of other deposits</b>                   |                               |   |                               |   |
| <u>Finance income and hibah:</u>  |                               |   |                               |   |
| Financing and advances  |                               |   |                               |   |
| - Financing income  | 344,105                       | 380,946                                     | 1,054,209                     | 999,931                                     |
| - Financing income<br>on impaired financing                               | 2,066                         | 2,624                                       | 8,610                         | 7,432                                       |
| Financial assets held-<br>for-trading                                     | 1,588                         | 2,979                                       | 5,779                         | 6,162                                       |
| Financial investments<br>available-for-sale                               | -                             | 7,609                                       | 3,668                         | 25,016                                      |
| Financial investments<br>held-to-maturity                                 | 14,148                        | 14,016                                      | 42,100                        | 37,321                                      |
| Deposits and placements with<br>banks and other financial<br>institutions | 20,019                        | 39,487                                      | 77,090                        | 95,417                                      |
| Others  | 7,051                         | 7,052                                       | 21,078                        | 20,624                                      |
| Total finance income and hibah  | <u>388,977</u>                | <u>454,713</u>                              | <u>1,212,534</u>              | <u>1,191,903</u>                            |
| <u>Other operating income:</u>  |                               |   |                               |   |
| Fee and commission income:  |                               |   |                               |   |
| - Brokerage fees, commission<br>and rebates                               | 15                            | 3   | 38                            | 4   |
| - Fees on financing,<br>advances and securities                           | 9,033                         | 8,322                                       | 20,650                        | 18,593                                      |
| - Guarantee fees  | 2,440                         | 2,621                                       | 7,718                         | 6,587                                       |
| - Remittances   | 22                            | 25  | 64                            | 61  |
| - Service charges and fees  | 790                           | 809   | 2,260                         | 1,947                                       |
| - Others  | 1,028                         | 1,333                                       | 3,239                         | 2,993                                       |
| Foreign exchange  | (5,221)                       | 282   | 4,237                         | 5,519                                       |
| Gain/(Loss) from disposal of financial<br>assets held-for-trading         | (3,307)                       | (1,619)                                     | 2,126                         | (2,417)                                     |
| Gain/(Loss) on revaluation of<br>financial assets held-for-trading        | (2,806)                       | 1,433                                       | (949)                         | (730)                                       |
| Loss from disposal of financial<br>investments available-for-sale         | -                             | -   | 66                            | (30)  |
| Net gain/(loss) on derivatives  | 4,890                         | (35)  | 9,087                         | (1,663)                                     |
| Others  | 9                             | -   | 60                            | 21  |
| Total other operating income  | <u>6,893</u>                  | <u>13,174</u>                               | <u>48,596</u>                 | <u>30,885</u>                               |
| Total   | <u>395,870</u>                | <u>467,887</u>                              | <u>1,261,130</u>              | <u>1,222,788</u>                            |

**A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

|                                       | Individual Quarter            |   | Cumulative Quarter            |   |
|---------------------------------------|-------------------------------|---|-------------------------------|---|
|                                       | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>(Restated)<br>RM'000 |
| Income derived from investment of:    |                               |   |                               |   |
| - Restricted investment account       | 16,221                        | 17,816                                      | 44,989                        | 52,231                                      |
| - Unrestricted investment<br>accounts | 163                           | 185   | 471                           | 336   |
|                                       | <u>16,384</u>                 | <u>18,001</u>                               | <u>45,460</u>                 | <u>52,567</u>                               |

**Income derived from investment of restricted investment account**

Finance income and hibah:

Financing and advances

|                                |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|
| - Financing income             | <u>16,221</u> | <u>17,816</u> | <u>44,989</u> | <u>52,231</u> |
| Total finance income and hibah | <u>16,221</u> | <u>17,816</u> | <u>44,989</u> | <u>52,231</u> |

**Income derived from investment of unrestricted investment accounts**

Finance income and hibah:

Deposits and placements with  
banks and other financial  
institutions

|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
|                                | <u>163</u> | <u>185</u> | <u>471</u> | <u>336</u> |
| Total finance income and hibah | <u>163</u> | <u>185</u> | <u>471</u> | <u>336</u> |

**A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 |
| <u>Finance income and hibah:</u>  |                               |                               |                               |                               |
| Financial investments<br>available-for-sale                                 | 16,775                        | 25,117                        | 63,278                        | 71,734                        |
| Total finance income and hibah  | 16,775                        | 25,117                        | 63,278                        | 71,734                        |
| <u>Other operating income:</u>  |                               |                               |                               |                               |
| Fee and commission<br>income:   |                               |                               |                               |                               |
| - Bancassurance commission  | 619                           | 980                           | 2,242                         | 1,315                         |
| - Fees on financing,<br>advances and securities                             | 17                            | -                             | 17                            | -                             |
| - Remittances   | 682                           | 783                           | 1,996                         | 1,554                         |
| - Service charges and fees  | 810                           | 636                           | 1,816                         | 2,193                         |
| Gain/(Loss) from disposal of<br>financial investments<br>available-for-sale | -                             | -                             | 2,160                         | (800)                         |
| Unrealised loss on<br>fair value hedge                                      | (131)                         | (94)                          | (124)                         | (207)                         |
| Net loss on derivatives   | (742)                         | (451)                         | (1,767)                       | (1,054)                       |
| Total other operating income  | 1,255                         | 1,854                         | 6,340                         | 3,001                         |
| Total   | 18,030                        | 26,971                        | 69,618                        | 74,735                        |

**A22. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES**

|  | Individual Quarter            |                               | Cumulative Quarter            |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 |
| Allowance for impairment on<br>financing and advances: |                               |                               |                               |                               |
| Individual allowance, net                              | 6,242                         | 2,374                         | 9,649                         | 6,749                         |
| Collective allowance, net                              | 39,929                        | (900)                         | 108,196                       | 93,689                        |
| Impaired financing and<br>advances recovered, net      | (29,996)                      | (26,245)                      | (89,978)                      | (80,190)                      |
| Total  | 16,175                        | (24,771)                      | 27,867                        | 20,248                        |

**A23. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS**

|   | Individual Quarter  |                                   | Cumulative Quarter  |                                   |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|
|   | 31 December<br>2016 | 31 December<br>2015<br>(Restated) | 31 December<br>2016 | 31 December<br>2015<br>(Restated) |
|   | RM'000              | RM'000                            | RM'000              | RM'000                            |
| Deposit from customers  |                     |                                   |                     |                                   |
| - Mudarabah fund  | -                   | 5                                 | -                   | 63,072                            |
| - Non-Mudarabah fund  | 190,333             | 258,642                           | 620,375             | 674,807                           |
|   | <u>190,333</u>      | <u>258,647</u>                    | <u>620,375</u>      | <u>737,879</u>                    |
| Deposits and placements<br>of banks and other<br>financial institutions |                     |                                   |                     |                                   |
| - Mudarabah fund  | -                   | -                                 | -                   | 7,662                             |
| - Non-Mudarabah fund  | 17,557              | 12,666                            | 52,924              | 25,898                            |
|   | <u>17,557</u>       | <u>12,666</u>                     | <u>52,924</u>       | <u>33,560</u>                     |
| Others  | <u>6,668</u>        | <u>9,762</u>                      | <u>28,119</u>       | <u>23,429</u>                     |
| Total   | <u>214,558</u>      | <u>281,075</u>                    | <u>701,418</u>      | <u>794,868</u>                    |

**A24. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS**

|  | Individual Quarter  |                                   | Cumulative Quarter  |                                   |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
|  | 31 December<br>2016 | 31 December<br>2015<br>(Restated) | 31 December<br>2016 | 31 December<br>2015<br>(Restated) |
|  | RM'000              | RM'000                            | RM'000              | RM'000                            |
| <u>Unrestricted</u>                              |                     |                                   |                     |                                   |
| Customers - transactional<br>investment accounts | 2                   | 3                                 | 7                   | 6                                 |
| <u>Restricted</u>                                |                     |                                   |                     |                                   |
| Licensed bank - investment<br>account            | 14,598              | 16,034                            | 40,490              | 46,927                            |
|  | <u>14,600</u>       | <u>16,037</u>                     | <u>40,497</u>       | <u>46,933</u>                     |

**A25. OTHER OPERATING EXPENSES**

|   | Individual Quarter            |                               | Cumulative Quarter            |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 | 31 December<br>2016<br>RM'000 | 31 December<br>2015<br>RM'000 |
| Personnel costs:  |                               |                               |                               |                               |
| - Salaries, allowances and bonuses  | 2,751                         | 1,900                         | 7,901                         | 4,520                         |
| - Amortisation for share and options granted under AMMB ESS - (written back)/charge | 162                           | 35                            | (204)                         | 8                             |
| - Contributions to EPF  | 435                           | 306                           | 1,257                         | 721                           |
| - Social security cost  | 17                            | 11                            | 45                            | 31                            |
| - Others  | 269                           | 387                           | 1,058                         | 493                           |
|   | <u>3,634</u>                  | <u>2,639</u>                  | <u>10,057</u>                 | <u>5,773</u>                  |
| Establishment costs:  |                               |                               |                               |                               |
| - Amortisation of intangible assets   | 13                            | 2                             | 30                            | 5                             |
| - Cleaning, maintenance and security  | 28                            | 22                            | 52                            | 34                            |
| - Computerisation costs   | 234                           | 109                           | 439                           | 253                           |
| - Depreciation of property and equipment  | 20                            | 17                            | 60                            | 63                            |
| - Rental of premises  | 138                           | 158                           | 469                           | 468                           |
| - Others  | 26                            | 12                            | 41                            | 24                            |
|   | <u>459</u>                    | <u>320</u>                    | <u>1,091</u>                  | <u>847</u>                    |
| Marketing and communication expenses:   |                               |                               |                               |                               |
| - Communication, advertising and marketing  | 1,273                         | 1,075                         | 4,733                         | 2,960                         |
| - Others  | 38                            | 39                            | 106                           | 73                            |
|   | <u>1,311</u>                  | <u>1,114</u>                  | <u>4,839</u>                  | <u>3,033</u>                  |
| Administration and general expenses:  |                               |                               |                               |                               |
| - Card operation charges from a related company                                     | -                             | 5,671                         | 3,821                         | 14,192                        |
| - Professional services   | 3,240                         | 1,499                         | 6,522                         | 3,376                         |
| - Others (Note 1)   | 6,543                         | 55,847                        | 24,652                        | 68,595                        |
|   | <u>9,783</u>                  | <u>63,017</u>                 | <u>34,995</u>                 | <u>86,163</u>                 |
| Service transfer pricing expense, net   | <u>82,811</u>                 | <u>81,195</u>                 | <u>255,590</u>                | <u>220,122</u>                |
|   | <u>97,998</u>                 | <u>148,285</u>                | <u>306,572</u>                | <u>315,938</u>                |

Note 1 :

Included for the financial period ended 31 December 2015 was RM49.7 million administrative monetary penalty imposed by BNM arising from non-compliance with certain regulations.

**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.

|   | <b>Individual Quarter</b>   |                             | <b>Cumulative Quarter</b>   |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <b>31 December<br/>2016</b> | <b>31 December<br/>2015</b> | <b>31 December<br/>2016</b> | <b>31 December<br/>2015</b> |
| Net profit attributable to equity holder of the Bank (RM'000)                     | <u>42,678</u>               | <u>33,752</u>               | <u>152,185</u>              | <u>153,506</u>              |
| Number of ordinary shares at beginning of financial year and end of period ('000) | <u>462,922</u>              | <u>462,922</u>              | <u>462,922</u>              | <u>462,922</u>              |
| Basic earnings per share (sen)  | <u><b>9.22</b></u>          | <u><b>7.29</b></u>          | <u><b>32.87</b></u>         | <u><b>33.16</b></u>         |

## **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 continues to focus on building mass affluent, affluent and small business customers. Retail Banking offers products and financial solutions which includes auto finance, mortgages, personal loans, credit cards, small business loans, 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) Global Markets

Global Markets includes proprietary trading as well as providing full range of Shariah compliant products and services relating to treasury activities, including foreign exchange, derivatives and fixed income. It also offers Shariah compliant customised investment solutions for customers.

(iii) Islamic Capital Markets

Islamic Capital markets offer Islamic advisory services and a wide range of Shariah-compliant financial and investment solutions that include sukuk origination, Islamic equity or equity related capital markets offerings, Islamic structured finance and Islamic syndicated financing.

(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 31 December 2016

|  | Wholesale banking        |  |                             |                                      |                                       | Total<br>RM'000 |
|--|--------------------------|--|-----------------------------|--------------------------------------|---------------------------------------|-----------------|
|  | Retail Banking<br>RM'000 | Corporate and<br>Commercial<br>Banking<br>RM'000 | Global<br>Markets<br>RM'000 | Islamic Capital<br>Markets<br>RM'000 | Group Funding<br>and Others<br>RM'000 |                 |
| External revenue   | 568,141                  | 570,542  | 64,384                      | 1,902                                | 171,239                               | 1,376,208       |
| Revenue from other segments                                    | (104,982)                | 73,560   | (30,709)                    | (219)                                | 62,350                                | -               |
| Total operating revenue  | 463,159                  | 644,102  | 33,675                      | 1,683                                | 233,589                               | 1,376,208       |
| Net finance income   | 241,793                  | 171,920  | 10,813                      | 101                                  | 55,830                                | 480,457         |
| Other income   | 16,375                   | 23,018   | 4,306                       | 1,581                                | 3,031                                 | 48,311          |
| Net income   | 258,168                  | 194,938  | 15,119                      | 1,682                                | 58,861                                | 528,768         |
| Other operating expenses of which:                             | (199,610)                | (51,707)   | (5,406)                     | (43)                                 | (49,806)                              | (306,572)       |
| <i>Depreciation of Property and Equipment</i>                  | (1)                      | -  | -                           | -                                    | (59)                                  | (60)            |
| <i>Amortisation of Intangible Assets</i>                       | (1)                      | -  | -                           | -                                    | (29)                                  | (30)            |
| Profit before impairment losses                                | 58,558                   | 143,231  | 9,713                       | 1,639                                | 9,055                                 | 222,196         |
| (Allowance)/Writeback for impairment on financing and advances | (42,736)                 | 7,673  | -                           | -                                    | 7,196                                 | (27,867)        |
| Provision for commitments and contingencies                    | (224)                    | (95)   | -                           | -                                    | -                                     | (319)           |
| Profit before zakat and taxation                               | 15,598                   | 150,809  | 9,713                       | 1,639                                | 16,251                                | 194,010         |
| Zakat and taxation   | (3,744)                  | (36,194)   | (2,331)                     | (394)                                | 838                                   | (41,825)        |
| Profit for the period  | 11,854                   | 114,615  | 7,382                       | 1,245                                | 17,089                                | 152,185         |
| <b>Other information</b>                                       |                          |  |                             |                                      |                                       |                 |
| Total segment assets   | 12,629,955               | 15,094,218                                       | 1,597,534                   | 306                                  | 5,536,813                             | 34,858,826      |
| Total segment liabilities                                      | 10,352,551               | 16,117,747                                       | 216,070                     | -                                    | 5,374,036                             | 32,060,404      |
| Cost to income ratio   | 77.3%                    | 26.5%  | 35.8%                       | 2.6%                                 | 84.6%                                 | 58.0%           |
| Gross financing and advances                                   | 12,742,712               | 15,077,281                                       | -                           | -                                    | (44,249)                              | 27,775,744      |
| Net financing and advances                                     | 12,590,868               | 14,973,447                                       | -                           | -                                    | (172,466)                             | 27,391,849      |
| Impaired financing and advances                                | 143,535                  | 406,687  | -                           | -                                    | -                                     | 550,222         |
| Total deposits   | 10,268,752               | 15,830,582                                       | 135,000                     | -                                    | 19,000                                | 26,253,334      |
| Additions to :   |                          |  |                             |                                      |                                       |                 |
| Property and Equipment   | -                        | -  | -                           | -                                    | 37                                    | 37              |
| Intangible assets  | 57                       | -  | -                           | -                                    | 217                                   | 274             |

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 31 December 2015  
(Restated)

|   | Wholesale banking        |  |                             |                                      |                                       | Total<br>RM'000 |
|---|--------------------------|--|-----------------------------|--------------------------------------|---------------------------------------|-----------------|
|   | Retail Banking<br>RM'000 | Corporate and<br>Commercial<br>Banking<br>RM'000 | Global<br>Markets<br>RM'000 | Islamic Capital<br>Markets<br>RM'000 | Group Funding<br>and Others<br>RM'000 |                 |
| External revenue  | 639,520                  | 566,696  | 50,325                      | 887                                  | 230,961                               | 1,488,389       |
| Revenue from other segments   | (141,705)                | 179,699  | (36,747)                    | (604)                                | (643)                                 | -               |
| Total operating revenue   | 497,815                  | 746,395  | 13,578                      | 283                                  | 230,318                               | 1,488,389       |
| Net finance income  | 268,590                  | 172,573  | 8,772                       | 135                                  | 54,662                                | 504,732         |
| Other income  | 15,473                   | 22,121   | (1,337)                     | 148                                  | 4,181                                 | 40,586          |
| Net income  | 284,063                  | 194,694  | 7,435                       | 283                                  | 58,843                                | 545,318         |
| Other operating expenses of which:                                    | (188,077)                | (42,700)   | (3,519)                     | 33                                   | (81,675)                              | (315,938)       |
| <i>Depreciation of Property and Equipment</i>                         | (1)                      | -  | -                           | -                                    | (62)                                  | (63)            |
| <i>Amortisation of Intangible Assets</i>                              | -                        | -  | -                           | -                                    | (5)                                   | (5)             |
| Profit before impairment losses and provision                         | 95,986                   | 151,994  | 3,916                       | 316                                  | (22,832)                              | 229,380         |
| (Allowance)/Writeback for impairment on financing and advances        | (23,297)                 | (23,399)   | -                           | -                                    | 26,448                                | (20,248)        |
| (Provision)/Writeback for provision for commitments and contingencies | (479)                    | 2,618  | -                           | -                                    | -                                     | 2,139           |
| Transfer to profit equalisation reserve                               | -                        | -  | -                           | -                                    | (1,406)                               | (1,406)         |
| Profit before zakat and taxation                                      | 72,210                   | 131,213  | 3,916                       | 316                                  | 2,210                                 | 209,865         |
| Zakat and taxation  | (17,331)                 | (31,491)   | (940)                       | (76)                                 | (6,521)                               | (56,359)        |
| Profit for the period   | 54,879                   | 99,722   | 2,976                       | 240                                  | (4,311)                               | 153,506         |
| <b>Other information</b>  |                          |  |                             |                                      |                                       |                 |
| Total segment assets  | 13,515,159               | 14,321,149                                       | 1,823,116                   | 89,450                               | 9,922,737                             | 39,671,611      |
| Total segment liabilities   | 10,315,802               | 20,745,585                                       | 427,705                     | -                                    | 5,624,030                             | 37,113,122      |
| Cost to income ratio  | 66.2%                    | 21.9%  | 47.3%                       | -11.7%                               | 138.8%                                | 57.9%           |
| Gross financing and advances  | 13,620,450               | 14,340,430                                       | -                           | -                                    | (55,729)                              | 27,905,151      |
| Net financing and advances  | 13,448,634               | 14,186,959                                       | -                           | -                                    | (190,967)                             | 27,444,626      |
| Impaired financing and advances                                       | 184,620                  | 439,206  | -                           | -                                    | -                                     | 623,826         |
| Total deposits  | 10,228,452               | 20,389,274                                       | 340,000                     | -                                    | 6,544                                 | 30,964,270      |
| Additions to :  |                          |  |                             |                                      |                                       |                 |
| Property and Equipment  | 5                        | -  | -                           | -                                    | 241                                   | 246             |
| Intangible assets   | -                        | -  | -                           | -                                    | 1                                     | 1               |

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 31 DECEMBER 2016**

The Bank's profit before zakat and taxation for the nine months period ended 31 December 2016 of RM194.0 million was lower by RM15.9 million or 7.6% compared to the corresponding period ended 31 December 2015. The lower Bank's profit before zakat and taxation was mainly due to lower net financing income and higher allowance for impairment on financing and advances, partly mitigated by lower other operating expenses and higher other operating income.

In the opinion of the directors, the results of operations of the Bank 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 third quarter of 2016, the Malaysian economy registered 4.3% growth (2Q2016: 4.0%) supported by private consumption, which grew by 6.4% (2Q2016: 6.3%) reinforced by wage and employment growth as well as the increase in minimum wage with effect from 1 July 2016. Private investment moderated to 4.7% (2Q2016: 5.6%) led by capital spending in services and manufacturing. For the calendar year 2017, the Gross Domestic Product has been forecasted to grow at 4%–5% (2016: 4.2%) led by the domestic demand, primarily coming from the private sector while the public sector continues to consolidate. Exports will complement growth on the back of steady demand and stabilising commodity prices. Inflation is envisaged to average around 2%–3% in 2017.

For the banking system, margin compression is expected to continue due to deposit competition which will impact deposit rates, whilst the high financing to deposit ratio of the banks may lead to banks raising funding from longer term securities which could add upwards pressure on funding costs. The system's financing and deposits are expected to grow at a moderate pace on the back of a modest economic growth. We expect credit costs to normalise from lower recoveries, while some sectors may experience stress in asset quality.

We are making good progress on the initial phase of our "Top4", four year strategy plan. Retail Bank's strategic priorities will focus on mass affluent, affluent and SME propositions, supported by wealth management, merchant and cards solutions, and CASA growth via payroll. Wholesale Banking will continue its focus on expanding its transaction banking capabilities, and developing stronger client relationships with new product solutions and services, particularly in the SME and mid corporate segments. We remain focused on harnessing the opportunities in niche segments which hitherto were untapped and on enhancing initiatives in existing spaces. The Bank continues to complement AMMB Holdings Berhad Group's initiatives to grow Islamic banking business in existing spaces.

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

We are anticipating our financing growth to be below system as we remain focused on generating sustainable returns in our preferred sectors. With active recovery efforts, consistent credit underwriting standards and portfolio rebalancing strategy, our asset quality remains well positioned. CASA remains a core focus as we work towards enhancing customer experience with online deposit functionality and process simplification initiatives as part of our virtual banking aspirations.

The Bank is well capitalised to support our strategic agenda and subject to market conditions, we will continuously strive to deliver optimal returns for our shareholders as we progress towards achieving our business goals.

**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:

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| <b>Contingent Liabilities</b>  |  |                                     |
| Direct credit substitutes  | 284,237                                | 235,448                             |
| Transaction related contingent items   | 742,947                                | 746,826                             |
| Short-term self liquidating<br>trade-related contingencies   | 49,151                                 | 121,004                             |
|  | <u>1,076,335</u>                       | <u>1,103,278</u>                    |
| <b>Commitments</b>   |  |                                     |
| Other commitments, such as formal<br>standby facilities and credit lines, with an<br>original maturity of up to one year | 4,657,509                              | 2,846,242                           |
| Other commitments, such as formal<br>standby facilities and credit lines, with an<br>original maturity of over one year  | 1,137,544                              | 999,782                             |
| Unutilised credit card lines   | 647,265                                | 476,806                             |
| Forward asset purchase   | 19,712                                 | 10,460                              |
|  | <u>6,462,030</u>                       | <u>4,333,290</u>                    |
| <b>Derivative Financial Instruments</b>  |  |                                     |
| Foreign exchange related contracts:  |  |                                     |
| - One year or less   | 2,346,210                              | 1,679,198                           |
| Profit rate related contracts  |  |                                     |
| - Over one year to five years  | 370,000                                | 900,000                             |
| - Over five years  | 350,000                                | 350,000                             |
|  | <u>3,066,210</u>                       | <u>2,929,198</u>                    |
| <b>Total</b>   | <u>10,604,575</u>                      | <u>8,365,766</u>                    |

### **A32. FAIR VALUE MEASUREMENTS 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 VALUE MEASUREMENTS 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<br>RM'000  |
|---|----------------------|-------------------|-------------------|------------------|
|   | Level 1<br>RM'000    | Level 2<br>RM'000 | Level 3<br>RM'000 |                  |
| <b>31 December 2016</b>                     |                      |                   |                   |                  |
| <b>Assets measured at fair value</b>        |                      |                   |                   |                  |
| Derivative financial assets                 | -                    | 72,686            | -                 | 72,686           |
| Financial assets held-<br>for-trading       |                      |                   |                   |                  |
| - Money market securities                   | -                    | 187,109           | -                 | 187,109          |
| - Sukuk                                     | -                    | 4,971             | -                 | 4,971            |
| Financial investments<br>available-for-sale |                      |                   |                   |                  |
| - Money market securities                   | -                    | 1,208,591         | -                 | 1,208,591        |
| - Sukuk                                     | -                    | 691,091           | -                 | 691,091          |
|   | <u>-</u>             | <u>2,164,448</u>  | <u>-</u>          | <u>2,164,448</u> |
| <b>Liabilities measured at fair value</b>   |                      |                   |                   |                  |
| Derivative financial liabilities            | <u>-</u>             | <u>79,267</u>     | <u>-</u>          | <u>79,267</u>    |
| <b>31 March 2016</b>                        |                      |                   |                   |                  |
| <b>Assets measured at fair value</b>        |                      |                   |                   |                  |
| Derivative financial assets                 | -                    | 57,273            | -                 | 57,273           |
| Financial assets held-for-trading           |                      |                   |                   |                  |
| - Money market securities                   | -                    | 84,166            | -                 | 84,166           |
| - Sukuk                                     | -                    | 90,384            | -                 | 90,384           |
| Financial investments<br>available-for-sale |                      |                   |                   |                  |
| - Money market securities                   | -                    | 2,407,289         | -                 | 2,407,289        |
| - Sukuk                                     | -                    | 770,227           | -                 | 770,227          |
|   | <u>-</u>             | <u>3,409,339</u>  | <u>-</u>          | <u>3,409,339</u> |
| <b>Liabilities measured at fair value</b>   |                      |                   |                   |                  |
| 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:

|  | <b>31 December<br/>2016</b> | <b>31 March<br/>2016</b> |
|--|-----------------------------|--------------------------|
| Common Equity Tier 1 ("CET 1") Capital ratio | 10.474%                     | 9.846%                   |
| Tier 1 Capital ratio                         | 10.474%                     | 9.846%                   |
| Total Capital ratio                          | 15.020%                     | 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:

|                                   | <b>CCB</b> |
|-----------------------------------|------------|
| <b>Calendar year 2016</b>         | 0.625%     |
| <b>Calendar year 2017</b>         | 1.25%      |
| <b>Calendar year 2018</b>         | 1.875%     |
| <b>Calendar year 2019 onwards</b> | 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:

|   | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|---|--|-------------------------------------|
| <b><u>Common Equity Tier 1 ("CET1") Capital</u></b>                       |  |                                     |
| Ordinary shares   | 462,922                                | 462,922                             |
| Share premium   | 724,185                                | 724,185                             |
| Retained earnings   | 1,091,562                              | 982,055                             |
| Available for sale deficit  | (6,270)                                | (1,589)                             |
| Statutory reserve   | 483,345                                | 483,345                             |
| Less : Regulatory adjustments applied on CET1<br>Capital                  |  |                                     |
| - Intangible assets   | (258)                                  | (14)                                |
| <b>CET1 Capital/ Tier 1 Capital</b>                                       | <b><u>2,755,486</u></b>                | <b><u>2,650,904</u></b>             |
| <b><u>Tier 2 Capital</u></b>  |  |                                     |
| Tier 2 Capital instruments meeting all relevant criteria<br>for inclusion | 610,000                                | 600,000                             |
| Tier 2 Capital instruments (subject to gradual phase-out<br>treatment)    | 320,000                                | 600,000                             |
| Collective allowance  | 266,154                                | 273,963                             |
| <b>Tier 2 Capital</b>   | <b><u>1,196,154</u></b>                | <b><u>1,473,963</u></b>             |
| <b>Total Capital</b>  | <b><u>3,951,640</u></b>                | <b><u>4,124,867</u></b>             |

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

|  | <b>31 December<br/>2016<br/>RM'000</b> | <b>31 March<br/>2016<br/>RM'000</b> |
|--|--|-------------------------------------|
| Credit RWA   | 26,811,047                             | 26,112,657                          |
| Less : Credit RWA absorbed by Restricted<br>Investment Account | (2,006,013)                            | (1,003,979)                         |
| Total Credit RWA   | 24,805,034                             | 25,108,678                          |
| Market RWA   | 59,506                                 | 296,231                             |
| Operational RWA  | 1,443,878                              | 1,519,148                           |
| <b>Total Risk Weighted Assets</b>                              | <b><u>26,308,418</u></b>               | <b><u>26,924,057</u></b>            |

**A34. 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:

|   | <b>As previously<br/>reported<br/>RM'000</b> | <b>Note A34 (a)<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|---|--|--------------------------------|-------------------------------|
| <b>For the individual quarter<br/>ended 31 December 2015</b>  |  |                                |                               |
| Income derived from investment of<br>depositors' funds        | 485,894                                      | (18,001)                       | 467,893                       |
| Income derived from investment of<br>investment account funds | -  | 18,001                         | 18,001                        |
| Income attributable to the depositors and<br>others           | (297,112)                                    | 16,037                         | (281,075)                     |
| Income attributable to the investment<br>account holders      | -  | (16,037)                       | (16,037)                      |
|   | <u>-</u>                                     | <u>(16,037)</u>                | <u>(16,037)</u>               |

**A34. 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.):

|   | <b>As previously<br/>reported<br/>RM'000</b> | <b>Note A34 (a)<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|---|--|--------------------------------|-------------------------------|
| <b>For the cumulative quarter<br/>ended 31 December 2015</b>  |  |                                |                               |
| Income derived from investment of<br>depositors' funds        | 1,413,654                                    | (52,567)                       | 1,361,087                     |
| Income derived from investment of<br>investment account funds | -  | 52,567                         | 52,567                        |
| Income attributable to the depositors and<br>others           | (841,801)                                    | 46,933                         | (794,868)                     |
| Income attributable to the investment<br>account holders      | -  | (46,933)                       | (46,933)                      |
|   | <u>-</u>                                     | <u>(46,933)</u>                | <u>(46,933)</u>               |

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

|   | <b>As previously<br/>reported<br/>RM'000</b> | <b>Note A34 (b)<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|---|--|--------------------------------|-------------------------------|
| <b>For the cumulative quarter<br/>ended 31 December 2015</b>  |  |                                |                               |
| Changes in working capital:<br>Net change in operating assets | 190,511                                      | 350,000                        | 540,511                       |
|   | <u>190,511</u>                               | <u>350,000</u>                 | <u>540,511</u>                |