Company No. 295576–U

AmBank Islamic Berhad

(Incorporated in Malaysia)

Interim Financial Statements
For the Financial Period
1 April 2017 to
31 December 2017

(In Ringgit Malaysia)

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 RM'000	31 March 2017 (Restated) RM'000	1 April 2016 (Restated) RM'000
ASSETS				
Cash and short-term funds		3,790,128	2,286,658	4,098,552
Deposits and placements with banks and other financial institutions		150,000	635,000	500,000
Derivative financial assets		91,933	42,381	57,273
Financial assets held-for-trading	A8	999,774	681,465	174,550
Financial investments available-for-sale	A9	4,187,300	2,435,724	3,177,516
Financial investments held-to-maturity	A10	1,088,030	1,278,221	1,263,639
Financing and advances	A11	27,362,240	27,239,756	27,391,553
Receivables: Investments not quoted in active markets	A12	791,563	814,720	468,141
Statutory deposit with Bank Negara Malaysia		766,000	810,000	842,000
Deferred tax asset		2,104	-	-
Other assets	A13	566,996	311,664	329,821
Property and equipment		447	320	351
Intangible assets		958	448	14
TOTAL ASSETS		39,797,473	36,536,357	38,303,410
LIABILITIES AND EQUITY				
Deposits from customers	A14	28,779,291	26,836,697	28,383,783
Investment accounts of customers	A15	21,168	24,374	18,411
Deposits and placements of banks and other financial institutions	A16	1,854,082	1,266,337	993,510
Investment account due to a licensed bank	A17	2,959,806	1,600,000	1,000,000
Recourse obligation on financing sold to Cagamas Berhad		609,493	617,713	1,127,824
Derivative financial liabilities		98,723	47,870	67,685
Term funding		1,080,000	1,985,000	2,300,000
Subordinated Sukuk		849,798	979,679	1,399,528
Deferred tax liability		-	89	5,883
Other liabilities	A18	277,899	274,296	354,525
Provision for zakat		2,853	1,286	1,343
TOTAL LIABILITIES		36,533,113	33,633,341	35,652,492
Share capital		1,387,107	1,187,107	462,922
Reserves		1,877,253	1,715,909	2,187,996
Equity attributable to equity holder of the Bank		3,264,360	2,903,016	2,650,918
TOTAL LIABILITIES AND EQUITY		39,797,473	36,536,357	38,303,410
COMMITMENTS AND CONTINGENCIES	A31	11,844,050	9,860,517	8,365,766
NET ASSETS PER SHARE (RM)		6.60	6.27	5.73

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2017.

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

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

		Individual Quarter		Cumulative Quarter	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	A19	433,394	395,870	1,275,147	1,261,130
Income derived from investment of investment account funds	A20	27,971	16,384	66,986	45,460
Income derived from investment of shareholder's funds	A21	30,527	18,030	87,084	69,618
Allowance for impairment on financing and advances	A22	(32,907)	(16,175)	(56,136)	(27,867)
Provision for commitments and contingencies - charge		(496)	(1,306)	(251)	(319)
Total distributable income		458,489	412,803	1,372,830	1,348,022
Income attributable to the depositors and others	A23	(242,622)	(214,558)	(699,110)	(701,418)
Income attributable to the investment account holders	A24	(25,031)	(14,600)	(59,831)	(40,497)
Total net income		190,836	183,645	613,889	606,107
Other operating expenses	A25	(101,578)	(97,998)	(323,354)	(306,572)
Finance cost		(23,728)	(31,798)	(87,776)	(105,525)
Profit before zakat and taxation		**65,530**	**53,849**	**202,759**	**194,010**
Zakat		(400)	(318)	(1,567)	(1,196)
Taxation		(13,378)	(10,853)	(40,544)	(40,629)
Profit for the financial period		**51,752**	**42,678**	**160,648**	**152,185**
Basic earnings per share (sen)	A26	**10.47**	**9.22**	**33.92**	**32.87**

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 March 2017.

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	Individual Quarter		Cumulative Quarter	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	51,752	42,678	160,648	152,185
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Financial investments available-for-sale:				
Net unrealised (loss)/gain on changes in fair value	(1,220)	(20,875)	3,366	(3,933)
Transfer to profit or loss upon disposal	(676)	-	(2,408)	(2,226)
Income tax effect	455	5,010	(230)	1,478
Other comprehensive (loss)/income for the period, net of tax	(1,441)	(15,865)	728	(4,681)
Total comprehensive income for the financial period	50,311	26,813	161,376	147,504

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 2017.

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	Attributable to Equity Holder of the Bank						
		Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for-sale reserve/(deficit) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2016	462,922	724,185	483,345	-	(1,589)	982,055	2,650,918
Profit for the financial period	-	-	-	-	-	152,185	152,185
Other comprehensive loss, net of tax	-	-	-	-	(4,681)	-	(4,681)
Total comprehensive income for the financial period	-	-	-	-	(4,681)	152,185	147,504
At 31 December 2016	462,922	724,185	483,345	-	(6,270)	1,134,240	2,798,422
At 1 April 2017	1,187,107	-	483,345	58,430	(5,149)	1,179,283	2,903,016
Profit for the financial period	-	-	-	-	-	160,648	160,648
Other comprehensive income, net of tax	-	-	-	-	728	-	728
Total comprehensive income for the financial period	-	-	-	-	728	160,648	161,376
Issuance of ordinary shares	200,000						200,000
Transfer to retained earnings	-	-	(483,345)	-	-	483,345	-
Transfer to regulatory reserve	-	-	-	264,753	-	(264,753)	-
Transfer of AMMB Holdings Berhad ("AMMB") Excecutive Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(32)	(32)
Transactions with owner and other equity movements	200,000	-	(483,345)	264,753	-	218,560	199,968
At 31 December 2017	1,387,107	-	-	323,183	(4,421)	1,558,491	3,264,360

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 2017.

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

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2017

	31 December 2017 RM'000	31 December 2016 (Restated) RM'000
Profit before zakat and taxation	202,759	194,010
Adjustments for non-operating and non-cash items	61,203	69,675
Operating profit before working capital changes	263,962	263,685
Changes in working capital:		
Net change in operating assets	(779,523)	(143,847)
Net change in operating liabilities	2,987,188	(3,151,869)
Taxation paid	(53,084)	(11,677)
Net cash generated from/(used in) operating activities	2,418,543	(3,043,708)
Net cash generated from/(used in) investing activities	(1,470,073)	1,306,575
Net cash from/(used in) financing activities	70,000	(470,000)
Net increase/(decrease) in cash and cash equivalents	1,018,470	(2,207,133)
Cash and cash equivalents at beginning of the financial year	2,921,658	4,598,552
Cash and cash equivalents at end of the financial period	3,940,128	2,391,419
Cash and cash equivalents comprise:		
Cash and short-term funds	3,790,128	1,891,419
Deposits and placements with banks and other financial institutions with original maturity of less than 3 months	150,000	500,000
	3,940,128	2,391,419

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 2017.

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 2017.

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 2017 except for the adoption of the following amendments to published standards which became effective for the first time for the Bank on 1 April 2017:

- Disclosure Initiative (Amendments to MFRS 107)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 12

The adoption of these 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 amendments to published standards.

The nature of the amendments to published standards relavant to the Bank are described below:

Disclosure Initiative (Amendments to MFRS 107)

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. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Bank.

A1. BASIS OF PREPARATION (CONT'D.)

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

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

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 existing policy applied by the Bank in respect of the recognition of deferred tax assets comply with these requirements.

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which 1 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 disclosure requirements 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. The adoption of these amendments did not have any financial impact on the Bank as the Bank does not have interests in other entities.

A1. BASIS OF PREPARATION (CONT'D.)

Standards issued but not yet effective

Description	**Effective for annual periods beginning on or after**
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128	1 January 2018
- MFRS 15 Revenue from Contracts with Customers	1 January 2018
- MFRS 9 Financial Instruments	1 January 2018
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
- Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
- MFRS 16 Leases	1 January 2019
- IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
- Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
- Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
- MFRS 17 Insurance Contracts	1 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	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 2019

Annual Improvements to MFRSs 2014-2016 Cycle

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting 3 MFRSs, in which 2 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.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

Annual Improvements to MFRSs 2014-2016 Cycle (Cont'd.)

(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.

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 depicts 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.

The assessment on the financial implication for adopting MFRS 15 is currently ongoing. Based on the assessment to date, the profile of revenue recognition is expected to change as a result of the new guidance in connection with the allocation of revenue to the distinct elements in the contract, as well as the specific requirements on the recognition of variable or uncertain revenues. In addition, certain sales commissions will have to be capitalised due to the new requirement to capitalise costs associated with obtaining a contract. Nevertheless, the financial impact to the Bank is not expected to be material.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

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

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments 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. Retrospective application is required, but comparative information is not compulsory.

MFRS 9 will require all financial assets, other than equity instruments and derivatives, to be classified on the basis of two criteria, namely the entity's business model for managing the assets, as well as the instruments' contractual cash flow characteristics. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest. If the financial assets are held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, the assets shall be measured at fair value through other comprehensive income ("FVOCI"). Any financial assets that are not measured at amortised cost or FVOCI will be measured at fair value through profit or loss ("FVTPL"). MFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL; nevertheless entities are allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to the statement of profit or loss.

MFRS 9 will fundamentally change the financing loss impairment methodology. The standard will replace MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The impairment requirements based on ECL approach is applicable for all financing and other debt financial assets not held at FVTPL, as well as financing commitments and financial guarantee contracts. The allowance for expected losses shall be determined based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the remaining lifetime of the asset.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

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

MFRS 9 Financial Instruments (Cont'd.)

The AmBank Group has set up a multidisciplinary Programme Working Group ("PWG") to prepare for MFRS 9 Implementation with the involvement from Risk, Finance and Operations personnel, as well as the assistance from external consultants. The PWG regularly reports to the Programme Steering Committee ("PSC") chaired by the Group Chief Financial Officer. The Programme has clear individual work streams for classification and measurement, impairment, hedge accounting and disclosures. The Bank has also engaged its external auditor to independently verify and validate the accounting policies and solution tools to be developed under the Programme and to report on whether they comply with the requirements of MFRS 9.

The initial assessment and analysis stage was completed during the previous financial year. As the initial assessment was based on available information then, the outcome is subject to changes arising from further analysis or additional information being made available currently.

Having completed its initial assessment, the Bank expects that:

- the majority of financing and advances that are classified as financing and receivables under MFRS 139 are expected to be measured at amortised cost under MFRS 9
- investments in sukuk held for liquidity management purposes, some of which are currently classified as held to maturity under MFRS 139, are expected to be measured at FVOCI under MFRS 9
- the majority of investments in sukuk classified as available-for-sale under MFRS 139 are expected to be measured at FVOCI. Some sukuk, however, will be classified as FVTPL
- financial assets and liabilities held for trading (if any) are expected to be continue to be measured at FVTPL.

The impairment requirements are expected to result in a higher allowance for impairment losses. The Bank is currently finalising the detailed assessment to determine and quantify the extent of the impact.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

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

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

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 Interpretaion is 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.)

Standards issued but not yet effective (Cont'd.)

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

MFRS 16 Leases

MFRS 16 'Leases' 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/profit 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. The Bank is in the process of assessing the financial implications for adopting MFRS 16.

IC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on how to recognise and measure deferred and current income tax assets and liabilities in situations where there is uncertainty over whether the tax treatment applied by an entity will be accepted by the tax authority. If it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, the accounting for income taxes shall be determined consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made, by applying the most likely amount method or the expected value method.

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. Entities can choose to apply the Interpretation on full retrospective basis if possible without the use of hindsight, or retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

(b) Standards effective for financial year ending 31 March 2020 (Cont'd.)

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under the current MFRS 9 requirements, the "solely payments of principal and interest on the principal amount outstanding" ("SPPI") condition is not met if the lender has to make a settlement payment in the event of early termination by the borrower. The existing requirements are amended to enable entities, to measure at amortised cost or at fair value through other comprehensive income (depending on the business model), some prepayable financial assets with negative compensation if the negative compensation is a reasonable compensation for early termination of the contract. An example of such reasonable compensation is an amount that reflects the effect of the change in the relevant benchmark rate of interest at the time of termination; the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The amendments shall be applied retrospectively.

Annual Improvements to MFRSs 2015-2017 Cycle

The Annual Improvements to MFRSs 2015-2017 Cycle include minor amendments affecting 4 MFRSs, which are effective for annual periods beginning on or after 1 January 2019, as summarised below:

(i) MFRS 3 Business Combinations
The amendments clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer shall remeasure its previously held interest in the joint operation at fair value at the acquisition date.

(ii) MFRS 11 Joint Arrangements
The amendments clarified that the party obtaining joint control of a business that is a joint operation shall not remeasure any previously held interest in the joint operation.

A1. BASIS OF PREPARATION (CONT'D.)

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

Standards issued but not yet effective (Cont'd.)

Annual Improvements to MFRSs 2015-2017 Cycle (Cont'd.)

(iii) MFRS 112 Income Taxes
The amendments clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated the distributable amounts were recognised. Hence the tax consequences are recognised in profit or loss only when an entity determines payments on such instruments are distributions of profits.

(iv) MFRS 123 Borrowing Costs
The amendments clarified that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

A1.2 Significant Changes in Regulatory Requirements

A1.2a Bank Negara Malaysia ("BNM") Policy Document on Capital Funds

On 3 May 2017, BNM issued revised policy document, Capital Funds for Islamic Banks which is applicable for licensed Islamic banks. The key change in the revised policy document is the removal of the requirement for banking institutions to maintain a reserve fund. The Bank had previously maintained the reserve fund via transfer from retained earnings to Statutory Reserve. Arising from this change, during the current financial quarter, the Bank had reclassified the balance in Statutory Reserve to Retained earnings.

A1.2b BNM circular on Classification and Regulatory Treatment for Structured Products under the Financial Services Act ("FSA") and Islamic Financial Services Act ("IFSA")

On 21 June 2017, BNM issued a circular to clarify that structured products that do not guarantee the full repayment of the principal amount on demand do not fulfil the definition of deposits under Section 2 of the FSA and IFSA and must not be classified as deposits.

The Bank had previously classified structured products issued to customers and other financial institutions which are principal protected if held to maturity as Deposits from customers and Deposits and placement of banks and other financial institutions. Accordingly, during the current financial quarter, the Bank had reclassified all structured products that do not fulfill the definition of the deposits under Section 2 of the IFSA to Term Funding. The comparatives were also restated as per Note A34b.

A1. BASIS OF PREPARATION (CONT'D.)

A1.3 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 2017.

A2. AUDIT QUALIFICATION

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2017 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

Repayment of Sukuk

On 6 September 2017, the Bank redeemed the third tranche of the Senior Islamic securities issuance ("Senior Sukuk") with nominal value amounting to RM300.0 million.

On 20 September 2017, the Bank redeemed the first tranche of the Senior Sukuk with nominal value amounting to RM550.0 million.

These two tranches of Senior Sukuk were issued under the Senior Sukuk Musharakah programme with nominal value of up to RM3.0 billion.

On 26 December 2017, the Bank redeemed the third tranche of the RM2.0 billion nominal amount of subodinated Sukuk Musharakah programme ("Sukuk Musharakah") with nominal value amounting to RM130.0 million.

Issuance of equity securities

On 29 September 2017, the Bank increased its issued and paid-up ordinary share capital by RM200.0 million from RM1,187,107,330 to RM1,387,107,331 by way of issuance of 31,446,541 new ordinary shares at an issue price of RM6.36 per ordinary share. The new ordinary shares issued during the current financial period rank pari passu in all respects with the existing ordinary shares of the Bank.

Other than as disclosed, 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 2017 and no dividends were paid in the current financial quarter and period.

A8. FINANCIAL ASSETS HELD-FOR-TRADING

	31 December 2017 RM'000	31 March 2017 RM'000
At fair value:		
Money Market Instruments:		
Malaysian Islamic Treasury bills	-	47,509
Malaysian Government Investment Issues	251,192	494,074
	251,192	541,583
Unquoted Securities:		
In Malaysia:		
Sukuk	748,582	139,882
	999,774	681,465

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2017 RM'000	31 March 2017 RM'000
At fair value:		
Money Market Instruments:		
Malaysian Government Investment Issues	443,424	422,300
Islamic Negotiable instruments of deposit	2,827,080	1,096,546
	3,270,504	1,518,846
Unquoted Securities:		
In Malaysia:		
Sukuk	916,796	916,878
	4,187,300	2,435,724

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

The Bank had previously 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 2017, the fair value gain that would have been recognised in other comprehensive income for the current financial period if the securities had not been reclassified amounted to RM420,000 (31 March 2017: RM533,000).

The Bank was appointed as Islamic Principal Dealer ("iPD") for specified securities issued by the Government, BNM and BNM Sukuk Berhad for the period 1 January 2017 to 31 December 2018.

As iPD, the Bank is required to undertake certain obligations and was also accorded incentives. One of the incentives accorded was the eligibility to maintain specified amounts of the Statutory Reserve Requirement ("SRR") balances in the form of Malaysian Government Securities ("MGS") and/or Malaysian Government Investment Issues ("MGII") instead of cash. As at 31 December 2017, the Bank maintained a total carrying amount of RM79,414,000 (31 March 2017: RM79,743,000) in the form of MGII for SRR purposes.

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	31 December 2017 RM'000	31 March 2017 RM'000
At amortised cost:		
Unquoted Securities:		
In Malaysia:		
Sukuk	1,088,030	1,278,221

A11. FINANCING AND ADVANCES

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

31 December 2017

	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al -Bai' ("AITAB") RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
At amortised cost:							
Cash lines	-	170,363	-	-	1,034,985	-	1,205,348
Term financing	1,379,952	4,201,170	10,689	-	3,125,955	66,740	8,784,506
Revolving credit	72,104	2,733,892	-	-	1,964,328	-	4,770,324
Housing financing	3,031,522	1,361,988	51,237	-	-	-	4,444,747
Hire purchase receivables	4	-	-	6,524,282	-	-	6,524,286
Bills receivables	-	20,804	-	-	-	270	21,074
Credit card receivables	-	-	-	-	-	383,835	383,835
Trust receipts	-	99,790	-	-	-	-	99,790
Claims on customers under acceptance credits	-	1,227,200	-	-	-	170,274	1,397,474
Gross financing and advances*	4,483,582	9,815,207	61,926	6,524,282	6,125,268	621,119	27,631,384
Allowance for impairment on financing and advances							
- Individual allowance							(25,300)
- Collective allowance							(243,844)
Net financing and advances							27,362,240

A11. FINANCING AND ADVANCES (CONT'D.)

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

31 March 2017

	Bai' Bithaman Ajil RM'000	Murabahah RM'000	Musharakah Mutanaqisah RM'000	Al-Ijarah Thummah Al -Bai' ("AITAB") RM'000	Bai' Inah RM'000	Others RM'000	Total RM'000
At amortised cost:							
Cash lines	-	12,471	-	-	1,054,583	-	1,067,054
Term financing	2,022,144	2,917,793	11,005	-	3,491,124	72,791	8,514,857
Revolving credit	72,161	2,704,642	-	-	2,494,580	-	5,271,383
Housing financing	2,917,596	379,211	52,052	-	-	-	3,348,859
Hire purchase receivables	4	-	-	7,595,444	-	-	7,595,448
Bills receivables	-	-	-	-	-	9,293	9,293
Credit card receivables	-	-	-	-	-	297,225	297,225
Trust receipts	-	93,655	-	-	-	-	93,655
Claims on customers under acceptance credits	-	1,160,474	-	-	-	149,829	1,310,303
Gross financing and advances*	5,011,905	7,268,246	63,057	7,595,444	7,040,287	529,138	27,508,077
Allowance for impairment on financing and advances							
- Individual allowance							(16,041)
- Collective allowance							(252,280)
Net financing and advances							27,239,756

* Included in financing and advances are exposures to the Restricted Investment Account ("RIA") arrangement between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM2,970.2 million (31 March 2017: RM1,604.4 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 A17.

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A11. FINANCING AND ADVANCES (CONT'D.)

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

	31 December 2017 RM'000	31 March 2017 RM'000
Domestic non-bank financial institutions	1,328,040	1,544,039
Domestic business enterprises		
- Small medium enterprises ("SME")	4,809,680	4,582,846
- Others	7,842,985	8,582,585
Government and statutory bodies	548,296	300,962
Individuals	13,013,207	12,409,237
Other domestic entities	1,528	13,137
Foreign individuals and entities	87,648	75,271
	27,631,384	27,508,077

A11c. All financing and advances reside in Malaysia.

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

	31 December 2017 RM'000	31 March 2017 RM'000
Fixed rate		
- Housing financing	210,357	223,038
- Hire purchase receivables	6,116,655	7,106,297
- Other financing	2,644,690	2,654,145
Variable rate		
- Base rate and base financing rate plus	7,855,483	6,122,200
- Cost plus	9,015,433	9,878,868
- Other variable rates	1,788,766	1,523,529
	27,631,384	27,508,077

A11. FINANCING AND ADVANCES (CONT'D.)

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

	31 December 2017 RM'000	31 March 2017 RM'000
Agriculture	1,901,046	2,027,331
Mining and quarrying	1,111,131	894,872
Manufacturing	3,088,251	3,022,927
Electricity, gas and water	115,867	105,722
Construction	953,838	1,121,287
Wholesale and retail trade and hotel and restaurants	1,254,012	1,238,007
Transport, storage and communication	1,049,891	1,578,905
Finance and insurance	1,328,040	1,544,039
Real estate	2,327,560	2,391,868
Business activities	436,091	385,129
Education and health	959,561	707,017
Household of which:	13,101,879	12,473,022
- Purchase of residential properties	4,404,434	3,326,314
- Purchase of transport vehicles	6,223,948	7,292,033
- Others	2,473,497	1,854,675
Others	4,217	17,951
	27,631,384	27,508,077

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

	31 December 2017 RM'000	31 March 2017 RM'000
Maturing within one year	9,975,643	10,819,946
Over one year to three years	3,110,749	2,403,919
Over three years to five years	4,462,487	5,210,480
Over five years	10,082,505	9,073,732
	27,631,384	27,508,077

A11. FINANCING AND ADVANCES (CONT'D.)

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

	31 December 2017 RM'000	31 March 2017 RM'000
Balance at beginning of the financial year	488,700	605,200
Impaired during the period/year	293,337	265,280
Reclassified as non-impaired	(15,910)	(92,536)
Recoveries	(58,122)	(70,415)
Amount written off	(122,761)	(218,829)
Balance at end of the financial period/year	585,244	488,700
Gross impaired financing and advances as % of gross financing and advances	2.12%	1.78%
Financing loss coverage (including regulatory reserve)	101.2%	66.9%

A11h. All impaired financing and advances reside in Malaysia.

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

	31 December 2017 RM'000	31 March 2017 RM'000
Agriculture	647	206
Mining and quarrying	3,385	3,873
Manufacturing	5,300	6,137
Electricity, gas and water	7,030	7,863
Construction	9,158	10,550
Wholesale and retail trade and hotel and restaurants	15,665	13,820
Transport, storage and communication	78,401	5,302
Real estate	307,392	307,959
Business activities	1,644	2,064
Education and health	5,776	5,715
Household of which :	150,844	125,210
- Purchase of residential properties	42,772	28,549
- Purchase of transport vehicles	77,789	80,919
- Others	30,283	15,742
Others	2	1
	585,244	488,700

A11. FINANCING AND ADVANCES (CONT'D.)

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

	31 December 2017 RM'000	31 March 2017 RM'000
Individual allowance		
Balance at beginning of the financial year	16,041	63,715
Allowance during the period/year, net	25,393	16,108
Amount written off	(16,134)	(63,782)
Balance at end of the financial period/year	25,300	16,041
Collective allowance		
Balance at beginning of the financial year	252,280	329,392
Allowance made during the period/year, net	109,454	78,288
Transferred to AmBank *	(1,856)	-
Foreign exchange differences	(4)	9
Amount written off	(116,030)	(155,409)
Balance at end of the financial period/year**	243,844	252,280
Collective allowance (including regulatory reserve) as % of gross financing and advances excluding RIA financing less individual allowance	2.30%	1.20%

* On 29 September 2017 and 19 December 2017, the Bank entered into RIA contracts for the sum of RM529.4 million and RM857.6 million respectively, with AmBank. Arising from this contract, the Bank transferred collective allowance of approximately RM0.9 million and RM1.0 million respectively for the financing funded to AmBank.

** As at 31 December 2017, the gross exposure and collective allowance relating to the RIA financing amounted to RM2,970.2 million and RM2.8 million respectively (31 March 2017: RM1,604.4 million and RM2.3 million respectively).

There was no individual allowance provided for the RIA financing. Further details of the RIA are disclosed in Note A17.

A12. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS

	31 December 2017 RM'000	31 March 2017 RM'000
Unquoted sukuk in Malaysia	782,502	806,649
Fair value changes arising from fair value hedge	9,061	8,071
	791,563	814,720

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 (M) Berhad ("AmBank"). The gain/(loss) arising from the fair value hedge during the current financial period is as follows:

	31 December 2017 RM'000	31 March 2017 RM'000
Relating to hedged item	990	(3,421)
Relating to hedging instrument	(1,019)	3,322
	(29)	(99)

A13. OTHER ASSETS

	31 December 2017 RM'000	31 March 2017 RM'000
Other receivables, deposits and prepayments	22,513	5,667
Amount due from related companies	346,666	116,749
Amount due from originators	109,486	117,712
Profit receivable	60,270	35,683
Deferred charges	28,061	35,853
	566,996	311,664

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A14. DEPOSITS FROM CUSTOMERS

	31 December 2017 RM'000	31 March 2017 (Restated) RM'000
(i) By type of deposit:		
Savings deposit		
Wadiah	-	2,119,573
Commodity Murabahah	1,977,787	-
Qard	9,462	-
Demand deposit		
Wadiah	-	4,245,545
Commodity Murabahah	4,767,358	-
Qard	30,326	-
Term Deposits:		
Commodity Murabahah	21,441,777	20,008,971
Qard	552,581	462,608
Total	28,779,291	26,836,697

(ii) The deposits are sourced from the following types of customers:

Government and statutory bodies	4,233,216	5,505,230
Business enterprises	12,865,525	11,000,848
Individuals	10,866,905	9,634,498
Others	813,645	696,121
	28,779,291	26,836,697

(iii) The maturity structure of all term deposits is as follows:

Due within six months	14,788,257	13,020,116
Over six months to one year	5,593,477	6,293,829
Over one year to three years	639,752	645,709
Over three years to five years	972,872	511,925
	21,994,358	20,471,579

A15. INVESTMENT ACCOUNTS OF CUSTOMERS

	31 December 2017 RM'000	31 March 2017 RM'000
Unrestricted investment account without maturity		
- Wakalah	21,168	24,374

The investments accounts are sourced from the following types of customers:

Business enterprises	238	443
Individuals	20,930	23,931
	21,168	24,374

A15. INVESTMENT ACCOUNTS OF CUSTOMERS (CONT'D.)

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

	Investment account holder			
	31 December 2017		31 March 2017	
	Average rate of return (%)	Average Performance incentive fee (%)	Average rate of return (%)	Average Performance incentive fee (%)
Maturity:				
less than 3 months	0.05	2.99	0.05	3.03

A16. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2017 RM'000	31 March 2017 (Restated) RM'000
Non-Mudarabah		
Licensed Islamic banks	496,317	397,889
Licensed banks	199,943	-
Licensed investment bank	491,589	350,022
Other financial institutions	659,458	500,679
Bank Negara Malaysia	6,775	17,747
Total	1,854,082	1,266,337

A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK

	31 December 2017 RM'000	31 March 2017 RM'000
Restricted investment account		
- Mudarabah Muqayyadah	2,959,806	1,600,000
Investment asset:		
Financing	2,959,806	1,600,000
Total investment	2,959,806	1,600,000

A17. INVESTMENT ACCOUNT DUE TO A LICENSED BANK (CONT'D.)

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

	Investment account holder		
		31 December 2017	31 March 2017
	Profit sharing ratio (%)	Average rate of return (%)	Average rate of return (%)
Maturity:			
up to 1 year	90	4.50	-
between 1 year to 2 years	90	4.48	-
over 2 years to 5 years	90	4.35	4.8
more than 5 years	90	4.65	-

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, a related company.

On 29 September 2017, the Bank entered into a new contract with AmBank for the sum of RM529.4 million. This contract is for a period of 367 days.

On 19 December 2017, the Bank entered another new contract with AmBank for the sum of RM857.6 million. This contract's tenure is based on the contractual maturity of the financing funded which ranges between 3 months to 14 years.

As at 31 December 2017, the tenure of the RIA contracts is for a period of 3 months to 14 years (31 March 2017: 2 years to 4 years).

A18. OTHER LIABILITIES

	31 December 2017 RM'000	31 March 2017 RM'000
Profit payable	209,927	195,442
Other creditors and accruals	49,117	49,749
Advance rental	2,285	1,934
Amount due to related companies	666	1,384
Provision for commitments and contingencies	11,755	11,521
Provision for taxation	4,149	14,266
	277,899	274,296

A19. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah:				
Financing and advances				
- Financing income	338,649	344,105	1,034,260	1,054,209
- Financing income on impaired financing	814	2,066	979	8,610
Financial assets held-for-trading	7,328	1,588	23,138	5,779
Financial investments available-for-sale	17,189	-	21,212	3,668
Financial investments held-to-maturity	12,712	14,148	40,930	42,100
Deposits and placements with banks and other financial institutions	20,721	20,019	60,652	77,090
Receivables: Investments not quoted in active markets	12,508	7,051	37,572	21,078
Total finance income and hibah	409,921	388,977	1,218,743	1,212,534
Other operating income:				
Fee and commission income:				
- Brokerage fees, commission and rebates	-	15	2	38
- Fees on financing, advances and securities	7,412	9,033	20,903	20,650
- Guarantee fees	3,136	2,440	8,452	7,718
- Remittances	23	22	65	64
- Service charges and fees	585	790	1,950	2,260
- Others	1,226	1,028	3,376	3,239
Foreign exchange	5,610	(5,221)	14,151	4,237
Gain/(Loss) from disposal of financial assets held-for-trading	765	(3,307)	2,549	2,126
Gain/(loss) on revaluation of financial assets held-for-trading	976	(2,806)	1,163	(949)
Gain from disposal of financial investments available-for-sale	268	-	472	66
Net gain on derivatives	3,760	4,890	3,587	9,087
Others	(288)	9	(266)	60
Total other operating income	23,473	6,893	56,404	48,596
Total	433,394	395,870	1,275,147	1,261,130

A20. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Income derived from investment of:				
- Restricted investment account	27,809	16,221	66,469	44,989
- Unrestricted investment accounts	162	163	517	471
	27,971	16,384	66,986	45,460

Income derived from investment of restricted investment account

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah:				
Financing and advances				
- Financing income	27,809	16,221	66,469	44,989
Total finance income and hibah	27,809	16,221	66,469	44,989

Income derived from investment of unrestricted investment accounts

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah:				
Deposits and placements with banks and other financial institutions	162	163	517	471
Total finance income and hibah	162	163	517	471

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A21. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Finance income and hibah:				
Financial investments available-for-sale	27,860	16,775	77,360	63,278
Total finance income and hibah	27,860	16,775	77,360	63,278
Other operating income:				
Fee and commission income:				
- Bancassurance commission	1,615	619	5,647	2,242
- Fees on financing, advances and securities	17	17	17	17
- Remittances	439	682	2,032	1,996
- Service charges and fees	964	810	2,302	1,816
Gain from disposal of financial investments available-for-sale	408	-	1,936	2,160
Unrealised loss on fair value hedge	(51)	(131)	(29)	(124)
Net loss on derivatives	(725)	(742)	(2,181)	(1,767)
Total other operating income	2,667	1,255	9,724	6,340
Total	30,527	18,030	87,084	69,618

A22. ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	12,200	6,242	25,393	9,649
Collective allowance	42,593	39,929	109,454	108,196
Impaired financing and advances recovered, net	(21,886)	(29,996)	(78,711)	(89,978)
Total	32,907	16,175	56,136	27,867

A23. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS

	Individual Quarter		Cumulative Quarter	
	31 December 2017	31 December 2016 (Restated)	31 December 2017	31 December 2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	221,922	190,333	648,606	620,375
Deposits and placements of banks and other financial institutions	10,468	11,546	25,584	34,373
	232,390	201,879	674,190	654,748
Others	10,232	12,679	24,920	46,670
Total	242,622	214,558	699,110	701,418

A24. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS

	Individual Quarter		Cumulative Quarter	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
<u>Unrestricted</u>				
Customers - transactional investment accounts	3	2	9	7
<u>Restricted</u>				
Licensed bank - investment account	25,028	14,598	59,822	40,490
	25,031	14,600	59,831	40,497

A25. OTHER OPERATING EXPENSES

	Individual Quarter		Cumulative Quarter	
	31 December 2017 RM'000	**31 December 2016 RM'000**	**31 December 2017 RM'000**	**31 December 2016 RM'000**
Personnel costs:				
- Salaries, allowances and bonuses	2,874	2,751	9,319	7,901
- Amortisation for share and options granted under AMMB ESS - charge/(write back)	35	162	(120)	(204)
- Contributions to EPF/Private Retirement Scheme	453	435	1,479	1,257
- Social security cost	19	17	56	45
- Others	434	269	1,578	1,058
	3,815	3,634	12,312	10,057
Establishment costs:				
- Amortisation of intangible assets	27	13	59	30
- Cleaning, maintenance and security	13	28	31	52
- Computerisation costs	49	234	179	439
- Depreciation of property and equipment	28	20	71	60
- Rental of premises	186	138	558	469
- Others	12	26	40	41
	315	459	938	1,091
Marketing and communication expenses:				
- Communication, advertising and marketing	2,181	1,273	4,117	4,733
- Others	33	38	120	106
	2,214	1,311	4,237	4,839
Administration and general expenses:				
- Card operation charges from a related company	-	-	-	3,821
- Professional services	1,593	3,240	18,036	6,522
- Others	9,423	6,543	25,071	24,652
	11,016	9,783	43,107	34,995
Service transfer pricing expense, net	84,218	82,811	262,760	255,590
	101,578	97,998	323,354	306,572

A26. BASIC EARNINGS PER SHARE

Basic/Diluted

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 the financial year and end of the financial period.

Diluted earnings per share is calculated by dividing the adjusted net profit attributable

	Individual Quarter		Cumulative Quarter	
	31 December 2017	**31 December 2016**	**31 December 2017**	**31 December 2016**
Net profit attributable to equity holder of the Bank (RM'000)	51,752	42,678	160,648	152,185
Number of ordinary shares at beginning of the financial year ('000)	462,922	462,922	462,922	462,922
Effect of issuance of shares ('000)	31,447	-	10,749	-
Weighted average number of ordinary shares in issue at the end of the financial period ('000)	494,369	462,922	473,671	462,922
Basic earnings per share (sen)	**10.47**	**9.22**	**33.92**	**32.87**

A27. BUSINESS SEGMENT ANALYSIS

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

The Bank comprises the following main business segments:

(a) Retail Banking

Retail Banking 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.

Note:

(i) The revenue generated by a majority of the operating segments substantially comprise finance income. The Chief Operating Decision Maker relies primarily on the net finance income information to assess the performance of, and to make decisions about resources to be allocated to these operating segments.

(ii) The comparatives have been restated to conform with current business realignment and restatement as per note A34.

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A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 31 December 2017

		Wholesale banking				
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Islamic Capital Markets RM'000	Group Funding and Others RM'000	Total RM'000
External revenue	553,705	598,326	83,594	2,797	190,795	1,429,217
Revenue from other segments	4,685	(337,931)	279,997	(156)	53,405	-
Total operating revenue	558,390	260,395	363,591	2,641	244,200	1,429,217
Net finance income	254,125	195,808	12,177	74	56,116	518,300
Other income	20,570	23,479	2,032	2,567	15,552	64,200
Net income	274,695	219,287	14,209	2,641	71,668	582,500
Other operating expenses of which:	(214,431)	(41,447)	(5,639)	(5)	(61,832)	(323,354)
Depreciation of Property and Equipment	(1)	-	-	-	(70)	(71)
Amortisation of Intangible Assets	(10)	-	-	-	(49)	(59)
Profit before impairment losses	60,264	177,840	8,570	2,636	9,836	259,146
(Allowance)/Writeback for impairment on financing and advances	(41,283)	(24,224)	-	-	9,371	(56,136)
Provision for commitments and contingencies - (charge)/writeback	(612)	361	-	-	-	(251)
Profit before zakat and taxation	18,369	153,977	8,570	2,636	19,207	202,759
Zakat and taxation	(4,409)	(36,953)	(2,057)	(633)	1,941	(42,111)
Profit for the financial period	13,960	117,024	6,513	2,003	21,148	160,648
Other information						
Total segment assets	13,216,513	14,695,824	2,749,580	180	9,135,376	39,797,473
Total segment liabilities	13,872,670	2,903,982	13,438,355	63,669	6,254,437	36,533,113
Cost to income ratio	78.1%	18.9%	39.7%	0.2%	86.3%	55.5%
Gross financing and advances	13,339,369	14,292,015	-	-	-	27,631,384
Net financing and advances	13,183,880	14,233,276	-	-	(54,916)	27,362,240
Impaired financing and advances	164,568	420,676	-	-	-	585,244
Total deposits	13,770,245	2,753,487	13,215,423	-	894,218	30,633,373
Additions to :						
Property and Equipment	-	-	-	-	198	198
Intangible assets	-	-	-	-	739	739

A27. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 31 December 2016 (Restated)

		Wholesale banking				
	Retail Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Islamic Capital Markets RM'000	Group Funding and Others RM'000	Total RM'000
External revenue	568,142	570,397	64,383	1,902	171,384	1,376,208
Revenue from other segments	(127,216)	(331,280)	396,364	(219)	62,351	-
Total operating revenue	440,926	239,117	460,747	1,683	233,735	1,376,208
Net finance income	240,310	173,172	11,044	101	55,830	480,457
Other income	16,375	22,872	4,306	1,581	3,177	48,311
Net income	256,685	196,044	15,350	1,682	59,007	528,768
Other operating expenses of which:	(199,756)	(51,064)	(6,070)	(43)	(49,639)	(306,572)
Depreciation of Property and Equipment	(1)	-	-	-	(59)	(60)
Amortisation of Intangible Assets	(1)	-	-	-	(29)	(30)
Profit before impairment losses and provision	56,929	144,980	9,280	1,639	9,368	222,196
(Allowance)/Writeback for impairment on financing and advances	(42,736)	7,673	-	-	7,196	(27,867)
Provision for commitments and contingencies - (charge)/writeback	(224)	(95)	-	-	-	(319)
Profit before zakat and taxation	13,969	152,558	9,280	1,639	16,564	194,010
Zakat and taxation	(3,353)	(36,613)	(2,227)	(394)	762	(41,825)
Profit for the financial period	10,616	115,945	7,053	1,245	17,326	152,185
Other information						
Total segment assets	12,630,029	15,094,123	1,597,630	306	5,536,738	34,858,826
Total segment liabilities	9,604,078	2,415,363	14,603,333	63,669	5,373,961	32,060,404
Cost to income ratio	77.8%	26.0%	39.5%	2.6%	84.1%	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	9,520,204	2,255,467	14,323,663	-	19,000	26,118,334
Additions to :						
Property and Equipment	-	-	-	-	37	37
Intangible assets	57	-	-	-	217	274

Notes:
1. The financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.
2 Operating revenue of the Bank comprise financing income and hibah and other operating income.

A28a. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

The Bank reported a higher profit before zakat and taxation of RM202.8 million for the financial period ended 31 December 2017 which was RM8.8 million or 4.5% higher as compared to the corresponding period ended 31 December 2016 of RM194.0 million. The higher profit was mainly due to higher net finance income of RM37.8 million and higher other operating income of RM15.9 million, offset by higher allowance for impairment on financing and advances of RM28.3 million (mainly from lower impaired financing and advances recovered and higher individually assessed customers) and higher other operating expenses of RM16.8 million incurred mainly for regulatory and compliance costs.

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 ENDING 31 MARCH 2018 ("FY2018")

Malaysia’s Gross Domestic Product ("GDP") is projected to grow strongly in 2017 by 5.9% (2016: 4.2%) supported by private consumption benefitting from healthy wages and income support measures, infrastructure spending, strong exports on the back of improving global demand, firm commodity prices and private investment. The economy is poised to continue expanding favorably in 2018 by 5.5% aided by private expenditure, infrastructure spending, more business-friendly regulatory environment and exports.

Meanwhile, inflation is expected to rise by 2.5% - 2.8% in 2018 (2017: 3.8%) on the back of firmer Malaysian Ringgit against the US Dollar, stable oil and commodity prices, fading cost-push pressures and base effect.

In the meantime, the banking system is poised to register decent growth in 2017 coming from the retail segment namely the mortgage financing from affordable homes and business financing in particular infrastructure and exports that is benefitting from improving global growth and firmer commodity prices. We anticipate financing to grow between 5% and 6% in 2017 on the back of 5.9% GDP growth. For 2018, we project financing to grow circa 5% based on our view that GDP will continue to expand by 5.5% in 2018.

Furthermore, banks have sufficient liquid assets with an industry liquidity coverage ratio of 134.0% as at end December 2017, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's financing-to-fund ratio and financing-to-fund and equity ratio standing at 84.0% and 73.7% respectively as at December 2017.

We foresee the banks' net finance margin to improve modestly in 2018 as a result of the banks' repricing their financing to compensate for higher provisioning under MFRS 9 and milder pressure on banks' funding cost from deposit competition. The latter is due to the delay in implementation of net stable funding ratio requirement to no earlier than 1 January 2019 but to a lesser extent in terms of intensity.

Following Bank Negara's 25bps rate hike in January, we believe the central bank will adopt the ‘wait-and-see’ attitude to determine the need to further reprice the policy rate which is at 3.25%. A key point highlighted in the Bank Negara's MPC is that the economy is on a firm growth path and the need to normalise the current monetary accommodation. We believe the normalisation rate is around 3.50%.

A28b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018 ("FY2018") (CONT'D.)

For FY2018, AmBank Group will maintain its laser-sharp focus on its Top 4 Strategy. We will be accelerating penetration into our targeted segments and expanding in area where we are already strong. We will focus on growth of quality assets, our deposit mix, maximising fees and, optimising and improving our risk-adjusted returns.

Wholesale Banking's strategic priorities for FY2018 are:

- Corporate Finance will continue to leverage on our full-fledged advisory services to enhance value for all stakeholders and utilise our underwriting abilities to provide total solutions.
- Capital Markets Group will maintain its role as a key player in the bond, sukuk and loan/Islamic financing markets as well as exploring new opportunities.
- Global Markets will continue to build on the momentum of our commercial and mid-market segments and focus on growing flow business.
- Funds Management will continue to develop innovative Shariah compliant products and services and to grow retail business.
- Transaction Banking's trade financing desk is focusing on more trade financing-i related offerings in addition to expanding our JomPAY list to utility companies and welfare agencies.

In line with our Top 4 Strategy, we have created a new division called Business Banking to enhance our focus on the small and medium-sized enterprises ("SME") segment. This is a key growth area for AmBank Group and is also in line with the government's strategic initiative to encourage entrepreneursip. Our Business Banking division started operations in April 2017 and comprises two focus areas:

- Enterprise Banking: Focuses on companies with a business turnover of less than RM50 million and primarily looks at working capital loans under programme lending which will drive flow business of FX and trade.
- Commercial Banking: Focuses on companies with a business turnover of RM50 million to RM150 million and primarily looks at liabilities and discretionary lending.

Retail Banking will continue to focus on growth in our mass affluent, affluent and retail SME segments, while strengthening our market positions in current accounts and savings accounts, cards and wealth management. These propositions are supported by enhanced sales and distribution capabilities, including leveraging on customer data analytics and improved efficiency through process reengineering and digitalisation.

Islamic Banking will intensify focus on SME and mid corp clients via transaction banking solutions, FX, vendor and contract financing. New target areas will include Islamic wealth management which entails the distribution of Islamic unit trusts and bancatakaful products, and term financing-i for investment in Amanah Saham Bumiputera ("ASB") and ASB2.

For our people, we will be investing further to nurture our internal talent and attract external talent where necessary. In the digital arena, our transformation initiatives will focus on unrivalled customer experience and internal efficiencies, creating a digitally enabled workforce and embedding innovation into our way of working. In compliance, we will continue to implement programmes to invest in our compliance culture and infrastructure.

With our FY2018 strategic priorities in place, the Group remains focused on running the bank better and changing the bank in our effort to deliver on our Top 4 aspirations and to progressively deliver optimal returns for our shareholders.

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).

A30a. SIGNIFICANT EVENT

Approval from Bank Negara Malaysia ("BNM") for AMMB Holdings Berhad ("AMMB"), the Bank's holding company, to commence negotiations with RHB Bank Berhad ("RHB") for a possible merger of their business and undertakings

On 1 June 2017, AMMB announced that BNM has, vide its letter dated 1 June 2017, stated that it has no objection for the AMMB to commence negotiations with RHB for a possible merger of their businesses and undertakings ('Proposed Merger'). The approval is valid until 30 November 2017.

(AMMB and RHB, collectively defined as the 'Parties')

Pursuant to BNM's approval, the Parties have on the same day, entered into an exclusivity agreement to negotiate and finalise pricing, structure, and other relevant terms and conditions for the Proposed Merger from and including the date of this announcement until 5.00 p.m. on 30 August 2017 (unless otherwise agreed by the Parties) ("Exclusivity Period"). There will be an automatic extension of the Exclusivity Period upon a submission being made to BNM for an application for the approval of the Minister of Finance for the Proposed Merger by any or both the Parties, until the date of execution of the relevant definitive agreement(s) to effect the Proposed Merger.

On 22 August 2017, the Parties had mutually agreed to end the negotiations and not to proceed with the Proposed Merger. The Exclusivity Period pursuant to the exclusivity agreement between the Parties dated 1 June 2017 was lapsed with immediate effect.

A30b. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2017, AMMB has offered its eligible employees in the Banking group a Mutual Separation Scheme ("MSS"). The MSS exercise is fully voluntary and is aimed to right size the AMMB whilst providing employees the opportunity to pursue personal goals as an option.

Other than as disclosed above, there has not arisen in the interval between the end of the financial period and the date of this report any items, transaction of event of a material and unusual natural likely, in the opinion of the directors, to affect substantially the results of the operations of the Bank for the current period.

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:

	31 December 2017 RM'000	31 March 2017 RM'000
Contingent Liabilities		
Direct credit substitutes	295,028	231,275
Transaction related contingent items	769,232	812,765
Short-term self liquidating trade-related contingencies	80,318	50,029
Obligations under on-going underwriting agreements	-	65,000
	1,144,578	1,159,069
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	5,288,784	3,621,122
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,061,569	858,147
Unutilised credit card lines	1,177,298	715,072
Forward asset purchase	162,195	10,022
	7,689,846	5,204,363
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	1,677,227	1,880,550
- Over one year to five years	722,399	696,535
Profit rate related contracts		
- Over one year to five years	260,000	370,000
- Over five years	350,000	550,000
	3,009,626	3,497,085
Total	11,844,050	9,860,517

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 prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
31 December 2017				
Assets measured at fair value				
Derivative financial assets	-	91,933	-	91,933
Financial assets held-for-trading				
- Money market securities	-	251,192	-	251,192
- Unquoted sukuk	-	748,582	-	748,582
Financial investments available-for-sale				
- Money market securities	-	3,270,504	-	3,270,504
- Unquoted sukuk	-	916,796	-	916,796
	-	5,279,007	-	5,279,007
Liabilities measured at fair value				
Derivative financial liabilities	-	98,723	-	98,723
31 March 2017				
Assets measured at fair value				
Derivative financial assets	-	42,381	-	42,381
Financial assets held-for-trading				
- Money market securities	-	541,583	-	541,583
- Unquoted sukuk	-	139,882	-	139,882
Financial investments available-for-sale				
- Money market securities	-	1,518,846	-	1,518,846
- Unquoted sukuk	-	916,878	-	916,878
	-	3,159,570	-	3,159,570
Liabilities measured at fair value				
Derivative financial liabilities	-	47,870	-	47,870

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:

	31 December 2017	31 March 2017
Common Equity Tier 1 ("CET 1") Capital ratio	11.063%	10.498%
Tier 1 Capital ratio	11.063%	10.498%
Total Capital ratio	15.437%	15.069%

Notes:

(i) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued by the Prudential Financial Policy Department on 13 October 2015, which is based on the Basel III capital accord. The Bank has adopted the Standardised Approach for Credit and Market Risks and the Basic Indicator Approach for Operational Risk, based on BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Basel II - Risk Weighted Assets).

(ii) Pursuant to the above BNM's guidelines, the minimum capital adequacy ratio to be maintained under the guidelines are 4.5% for CET1 Capital, 6.0% for Tier 1 Capital and 8% for Total Capital ratio. Banking institutions are also required to maintain capital buffers. The capital buffers shall comprise the sum of the following:

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

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

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

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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:

	31 December 2017 RM'000	31 March 2017 RM'000
Common Equity Tier 1 Capital		
Ordinary shares	1,387,107	1,187,107
Retained earnings	1,558,491	1,179,283
Available for sale deficit	(4,421)	(5,149)
Statutory reserve	-	483,345
Regulatory reserve	323,183	58,430
Less : Regulatory adjustments applied on CET1 Capital		
- Intangible assets	(958)	(448)
- Deferred tax assets	(2,135)	(448)
- Regulatory reserve attributable to financing and advances	(323,183)	(58,430)
CET 1 Capital/ Tier 1 Capital	2,938,084	2,843,690
Tier 2 Capital		
Tier 2 Capital instruments meeting all relevent criteria for inclusion	850,000	850,000
Tier 2 Capital instruments (subject to gradual phase-out treatment)	-	130,000
Collective allowance and regulatory reserve	311,844	258,458
Tier 2 Capital	1,161,844	1,238,458
Total Capital	4,099,928	4,082,148

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

	31 December 2017 RM'000	31 March 2017 RM'000
Credit RWA	27,917,743	27,107,178
Less : Credit RWA absorbed by Restricted Investment Account	(2,970,216)	(1,604,369)
Total Credit RWA	24,947,527	25,502,809
Market RWA	227,483	178,976
Operational RWA	1,383,830	1,410,237
Total Risk Weighted Assets	26,558,840	27,092,022

A34. RESTATEMENT OF COMPARATIVE INFORMATION

Certain comparative figures were restated arising from the following:

a. The Bank had included deposits and placements with banks and other financial institutions with original maturity of less than 3 months as part of cash and cash equivalents for purposes of the statement of cash flows.

b. Reclassification of the Bank's structured products that do not guarantee the full repayment of the principal amount on demand as per BNM circular dated 21 June 2017 on Classification and Regulatory Treatment for Structured Products under the FSA and IFSA, from Deposits from customers and Deposits and placement of banks and other financial institutions to Term Funding. These products do not qualify as deposits under Section 2 of the IFSA.

The effect arising from the restatement of comparative information are as follows:

(i) Reconciliation of statement of cash flows

	As previously reported RM'000	Reclassification (Note A34a) RM'000	As restated RM'000
For the financial quarter ended 31 December 2016			
Changes in working capital:			
Net change in operating assets	356,153	(500,000)	(143,847)

A34. RESTATEMENT OF COMPARATIVE INFORMATION (CONT'D.)

The effect arising from the restatement of comparative information are as follows (cont'd.):

(ii) Reconciliation of statement of financial position

	As previously reported RM'000	Reclassification (Note A34b) RM'000	As restated RM'000
As at 1 April 2016			
Deposits and placements of banks and other financial institutions	1,443,510	(450,000)	993,510
Term funding	1,850,000	450,000	2,300,000
As at 31 March 2017			
Deposits from customers	26,891,697	(55,000)	26,836,697
Deposits and placements of banks and other financial institutions	1,346,337	(80,000)	1,266,337
Term funding	1,850,000	135,000	1,985,000

(iii) Reconciliation of statement of profit or loss

	As previously reported RM'000	Reclassification (Note A34b) RM'000	As restated RM'000
For the individual quarter ended 31 December 2016			
Income attributable to the depositors and others:			
Deposits and placements of banks and other financial institutions	17,557	(6,011)	11,546
Others	6,668	6,011	12,679
For the cumulative quarter ended 31 December 2016			
Income attributable to the depositors and others:			
Deposits and placements of banks and other financial institutions	52,924	(18,551)	34,373
Others	28,119	18,551	46,670