

Company No. 295576-U

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

**Interim Financial Statements**  
**For the Financial Period**  
**1 April 2018 to**  
**30 June 2018**  
(In Ringgit Malaysia)

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

		<b>30 June 2018</b>	<b>31 March 2018</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds	A8	658,337	1,588,429
Deposits and placements with banks and other financial institutions		530,000	200,000
Derivative financial assets		64,641	87,408
Financial assets at fair value through profit or loss	A9	4,172,317	-
Financial assets held-for-trading	A10	-	1,584,632
Financial investments at fair value through other comprehensive income	A11	3,085,896	-
Financial investments available-for-sale	A12	-	2,838,566
Financial investments at amortised cost	A13	1,699,449	-
Financial investments held-to-maturity	A14	-	1,090,010
Financing and advances	A15	28,056,975	27,775,836
Receivables: Investments not quoted in active markets	A16	-	790,833
Statutory deposit with Bank Negara Malaysia		871,000	821,000
Deferred tax asset		28,333	-
Other assets	A17	173,262	270,731
Property and equipment		790	426
Intangible assets		1,328	1,207
<b>TOTAL ASSETS</b>		<b>39,342,328</b>	<b>37,049,078</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A18	28,506,160	26,493,802
Investment accounts of customers	A19	190,606	138,956
Deposits and placements of banks and other financial institutions	A20	2,324,036	1,223,524
Investment account due to a licensed bank	A21	1,846,698	2,859,110
Recourse obligation on financing sold to Cagamas Berhad		519,920	520,405
Derivative financial liabilities		69,284	92,939
Term funding		1,180,000	1,080,000
Subordinated Sukuk		999,880	999,839
Deferred tax liability		-	2,947
Other liabilities	A22	404,451	294,273
Provision for zakat		2,153	1,513
<b>TOTAL LIABILITIES</b>		<b>36,043,188</b>	<b>33,707,308</b>
Share capital		1,387,107	1,387,107
Reserves		1,912,033	1,954,663
<b>Equity attributable to equity holder of the Bank</b>		<b>3,299,140</b>	<b>3,341,770</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,342,328</b>	<b>37,049,078</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A36	12,507,407	11,346,899
<b>NET ASSETS PER SHARE (RM)</b>		<b>6.67</b>	<b>6.76</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 2018.

**UNAUDITED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2018**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Income derived from investment of depositors' funds	A23	417,542	416,314	417,542	416,314
Income derived from investment of investment account funds	A24	31,271	19,008	31,271	19,008
Income derived from investment of shareholder's funds	A25	44,708	25,051	44,708	25,051
Allowance for impairment on financing and advances	A26	(23,716)	(32,365)	(23,716)	(32,365)
Impairment losses on financial investments	A27	(466)	-	(466)	-
Provision for commitments and contingencies - allowance/ (writeback)	A28	(2,288)	1,924	(2,288)	1,924
<b>Total distributable income</b>		<b>467,051</b>	<b>429,932</b>	<b>467,051</b>	<b>429,932</b>
Income attributable to the depositors and others	A29	(242,243)	(219,948)	(242,243)	(219,948)
Income attributable to the investment account holders	A30	(25,186)	(16,946)	(25,186)	(16,946)
<b>Total net income</b>		<b>199,622</b>	<b>193,038</b>	<b>199,622</b>	<b>193,038</b>
Other operating expenses	A31	(86,162)	(111,073)	(86,162)	(111,073)
Finance cost		(24,079)	(32,638)	(24,079)	(32,638)
<b>Profit before zakat and taxation</b>		<b>89,381</b>	<b>49,327</b>	<b>89,381</b>	<b>49,327</b>
Zakat		(640)	(735)	(640)	(735)
Taxation		(18,872)	(9,996)	(18,872)	(9,996)
<b>Profit for the financial period</b>		<b>69,869</b>	<b>38,596</b>	<b>69,869</b>	<b>38,596</b>
<b>Basic/Diluted earnings per share (sen)</b>	A32	<b>14.13</b>	<b>8.34</b>	<b>14.13</b>	<b>8.34</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 2018.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2018**

	Individual Quarter		Cumulative Quarter	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	69,869	38,596	69,869	38,596
Other comprehensive income/(loss):				
<b>Items that may be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Financial investments at fair value				
through other comprehensive income:				
Net unrealised (loss)/gain on changes				
in fair value	(13,522)	-	(13,522)	-
Expected credit loss	455	-	455	-
Transfer from profit or loss				
upon disposal	1	-	1	-
Income tax effect	3,245	-	3,245	-
Financial investments available-for-sale:				
Net unrealised (loss)/gain on changes				
in fair value	-	4,028	-	4,028
Transfer to profit or loss				
upon disposal	-	(8)	-	(8)
Income tax effect	-	(965)	-	(965)
Other comprehensive				
(loss)/income for the period,				
net of tax	(9,821)	3,055	(9,821)	3,055
Total comprehensive income				
for the financial period	60,048	41,651	60,048	41,651

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 2018.

UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2018

	Attributable to Equity Holder of the Bank						
	Non-distributable					Distributable	
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for-sale reserve/(deficit) RM'000	Fair value reserve	Retained earnings RM'000	Total equity RM'000
At 1 April 2017	1,187,107	483,345	58,430	(5,149)	-	1,179,283	2,903,016
Profit for the financial period	-	-	-	-	-	38,596	38,596
Other comprehensive income, net of tax	-	-	-	3,055	-	-	3,055
Total comprehensive income for the financial period	-	-	-	3,055	-	38,596	41,651
Transfer to retained earnings	-	(483,345)	-	-	-	483,345	-
Transfer of AMMB Holdings Berhad ("AMMB") Executives' Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(32)	(32)
Transactions with owner and other equity movements	-	(483,345)	-	-	-	483,313	(32)
At 30 June 2017	1,187,107	-	58,430	(2,094)	-	1,701,192	2,944,635
Balance at 1 April 2018							
- as previously stated	1,387,107	-	327,683	(5,492)	-	1,632,472	3,341,770
- Impact of adopting MFRS 9 at 1 April 2018	-	-	(162,530)	5,492	15,535	38,894	(102,609)
Restated balance at 1 April 2018	1,387,107	-	165,153	-	15,535	1,671,366	3,239,161
Profit for the financial period	-	-	-	-	-	69,869	69,869
Other comprehensive loss, net of tax	-	-	-	-	(9,821)	-	(9,821)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(9,821)	69,869	60,048
Transfer from regulatory reserve	-	-	(116)	-	-	116	-
Transfer of AMMB Holdings Berhad ("AMMB") Executive Share Scheme ("ESS") shares recharged - difference on purchase price of shares vested	-	-	-	-	-	(69)	(69)
Transactions with owner and other equity movements	-	-	(116)	-	-	47	(69)
<b>At 30 June 2018</b>	<b>1,387,107</b>	<b>-</b>	<b>165,037</b>	<b>-</b>	<b>5,714</b>	<b>1,741,282</b>	<b>3,299,140</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 2018.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2018**

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before zakat and taxation	89,381	49,327
Adjustments for non-operating and non-cash items	14,438	46,352
Operating profit before working capital changes	<u>103,819</u>	<u>95,679</u>
Changes in working capital:		
Net change in operating assets	(3,003,040)	(456,437)
Net change in operating liabilities	2,357,613	996,880
Taxation paid	<u>(7,175)</u>	<u>(33,781)</u>
Net cash generated from/(used in) operating activities	<u>(548,783)</u>	<u>602,341</u>
Net cash generated from/(used in) investing activities	<u>(51,305)</u>	<u>(71,544)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(600,088)</u>	<u>530,797</u>
Cash and cash equivalents at beginning of the financial year	1,788,429	2,921,658
Changes in expected credit losses for cash and cash equivalent:		
Impact of adopting MFRS 9	(3)	-
Movement for the financial period	(1)	-
Closing balance	(4)	-
Cash and cash equivalents at end of the financial period	<u>1,188,337</u>	<u>3,452,455</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	658,337	2,622,455
Deposits and placements with banks and other financial institutions with original maturity of less than 3 months	<u>530,000</u>	<u>830,000</u>
	<u>1,188,337</u>	<u>3,452,455</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 2018.

## **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 2018.

#### **A1.1 Significant Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new standards, amendments to published standards, and new interpretation which became effective for the first time for the Bank on 1 April 2018:

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
- Transfers of Investment Property (Amendments to MFRS 140)
- Annual Improvements to MFRSs 2014-2016 Cycle - amendments to MFRS 1 and MFRS 128
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The adoption of these new standards, amendments to published standards and new interpretation did not have any material impact on the financial statements of the Bank except for those arising from the adoption of MFRS 9 as disclosed below. Other than the adoption of new accounting policies as disclosed in Note A1.2, the Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other amendments to published standards and new interpretation.

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

#### **MFRS 9 Financial Instruments**

MFRS 9 replaces the provisions of MFRS 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement, as well as derecognition of financial instruments, impairment of financial assets and hedge accounting. As permitted by the transitional provision of MFRS 9, comparative information have not been restated. The impact arising from the adoption of MFRS 9 is as follows:

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

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

#### **MFRS 9 Financial Instruments (Cont'd.)**

(i) Classification and measurement

MFRS 9 requires 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 are 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 profit. 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 profit, the assets are measured at fair value through other comprehensive income ("FVOCI"). Any financial assets that are not measured at amortised cost or FVOCI are measured at fair value through profit or loss ("FVTPL"). Instruments that qualify for amortised cost or FVOCI may irrevocably designate 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.

Financing and advances, which form a substantial portion of the Bank's financial assets, satisfied the conditions for classification at amortised cost and hence there is no change to the accounting of these assets. Similarly, investments in sukuk classified as held-to-maturity under MFRS 139 also met the conditions for classification at amortised cost under MFRS 9.

Certain investments in sukuk that were classified as available-for-sale under MFRS 139 qualified for classification at amortised cost under MFRS 9. The reclassification has been effected by way of a retrospective application of the effective profit method and accordingly, the related cumulative fair value loss has been reversed on 1 April 2018. Other investments in sukuk that were classified as available-for-sale satisfies the conditions for classification at FVOCI and hence there is no change to the accounting of these assets.

The majority of the Bank's debt investments not quoted in active market that were measured at amortised cost under MFRS 139 satisfied the conditions for classification at FVOCI and the related fair value gains have be recognised in fair value reserve on 1 April 2018. However, certain debt investments did not meet the cash flow characteristics criterion to be classified either at FVOCI or at amortised cost and have been accordingly classified at FVTPL with related fair value loss recognised in retained earnings on 1 April 2018.

All financial assets held for trading comprising derivatives, as well as investments in debt and equity instruments, continued to be measured at FVTPL.

There is no impact on the Bank's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Bank do not have any such liabilities at this juncture.

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

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

#### **MFRS 9 Financial Instruments (Cont'd.)**

(ii) Impairment

The financing loss impairment methodology is fundamentally changed under MFRS 9 as it replaces 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 allowances for expected losses are 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 lifetime of the asset.

The Bank has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. To calculate ECL, the Bank has estimated the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e. the difference between the contractual cash flows that are due to the Bank under the contract and the cash flows that the Bank expects to receive, discounted at the effective profit rate of the financial asset.

Following the adoption of MFRS 9, the Bank recorded an additional loss allowance in respect of financing and advances, as well as investments in debt securities that are not classified at FVTPL and other financial assets, which has been adjusted to retained earnings on 1 April 2018.

(iii) Hedge accounting

All existing hedge relationships that were designated in effective hedging relationships under MFRS 139 continued to qualify for hedge accounting under MFRS 9. As MFRS 9 did not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of MFRS 9 did not result in any significant impact on the Bank's financial statements.

The financial impacts of the adoption of MFRS 9 on the financial statements of the Bank are as disclosed in Note A39.

#### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 established a new five-step model that applies to revenue arising from contracts with customers, based on the underlying principle that an entity should recognise revenue in a manner 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. The standard also specified the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

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

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

**MFRS 15 Revenue from Contracts with Customers (Cont'd.)**

In accordance with the transitional provision in MFRS 15, the Bank has adopted the standard using the modified retrospective approach without any restatement to the comparative information. The adoption of MFRS 15 has resulted in changes in the Bank's accounting policies. Nevertheless, no adjustment has been made to the amounts recognised in the financial statements as the adoption of MFRS 15 did not have any material financial impact because the Group has been recognising its revenue in a manner consistent with the principles of MFRS 15.

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

The Annual Improvements to MFRSs 2014-2016 Cycle include minor amendments affecting three MFRSs, in which two of them are 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. The deletion has no impact as the Bank has transitioned into MFRS in the past.
  
- (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. The amendment has no impact as such election is not available to the Bank.

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

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 adoption of this Interpretation did not have any material financial impact to the Bank.

**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 annual periods beginning on or after</b>
- 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
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
- Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
- Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
- 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 new standards, amendments to published standards and new interpretation 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 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.

**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 2020 (Cont'd.)**

**MFRS 16 Leases (Cont'd.)**

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. At this stage, the Bank do not intend to adopt the standard before its effective date. The Bank intends to apply the simplified transition approach and will not restate comparative amounts.

The Bank are in the process of assessing the financial implication for adopting MFRS 16. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard.

**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.)**

**(a) 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 profit 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 profit 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.
- (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. 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 2021**

**Amendments to References to the Conceptual Framework in MFRS Standards**

The amendments, affecting nine published standards and five published interpretations, were issued as a consequence to the issuance of the revised Conceptual Framework for Financial Reporting ("Conceptual Framework") on 30 April 2018. The references and quotations in these published standards and interpretations to the Conceptual Framework have been updated so as to clarify the version of the Conceptual Framework these published standards and interpretations refer to. The amendments are effective for annual periods beginning on or after 1 January 2020 for entities that develop an accounting policy by reference to the Conceptual Framework.

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018**

The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those as disclosed in the annual financial statements of the Bank for the financial year ended 31 March 2018 except for the following new accounting policies which has been applied from 1 April 2018 following the adoption of the new standards and amendments to published standards which are effective for annual periods beginning on or after 1 January 2018:

**(a) Financial instruments – initial recognition and measurement**

**(i) Initial recognition**

Financial assets and financial liabilities are recognised when the Bank become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets. The Bank apply trade date accounting for derivative financial instruments and investments in equity instruments, and settlement date accounting for investments in debt instruments.

**(ii) Initial measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(a) Financial instruments – initial recognition and measurement (Cont'd.)**

**(iii) “Day 1” profit or loss**

At initial measurement, if the transaction price differs from the fair value, the Bank immediately recognise the difference between the transaction price and fair value (a “Day 1” profit or loss) in “investment and trading income” provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

**(b) Financial assets – classification and subsequent measurement**

The Bank classify its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

The classification requirements for debt and equity instruments are described below:

**(i) Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

**Business model**

The business model reflects how the Bank manage the financial assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Bank in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(b) Financial assets – classification and subsequent measurement (Cont'd.)**

**(i) Debt instruments (Cont'd.)**

**Cash flow characteristics**

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Bank assess whether the financial assets' contractual cash flows represent solely payment of principal and profit ("SPPI"). In making this assessment, the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Based on these factors, the Bank classify the debt instruments into one of the following three measurement categories:

**Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost using the effective profit method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the methodology described in Note A1.2(g). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate ("EPR"). The EPR amortisation is included in "profit income" in profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in "impairment losses on financial investments" for sukuk, "impairment losses on financing and advances" for financing and advances or "doubtful receivables" for losses other than sukuk, financing and advances.

**FVOCI**

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through other comprehensive income, except for the recognition of impairment losses (measured using the methodology described in Note A1.2(g)), profit income and foreign exchange gains or losses on the assets' amortised cost which are recognised in profit or loss. Profit earned whilst holding the assets are reported as "profit income" using the effective profit method. The losses arising from impairment are reclassified from other comprehensive income to profit or loss in "impairment losses on financial investments". When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in "other operating income".

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(b) Financial assets – classification and subsequent measurement (Cont'd.)**

**(i) Debt instruments (Cont'd.)**

**FVTPL**

Financial assets that do not meet the criteria for amortised cost or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented within "investment and trading income". Profit earned whilst holding the assets are reported as "profit income" using the effective profit method.

In addition, financial assets that meet the criteria for amortised cost or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in profit or loss and presented within "investment and trading income". Profit earned are recognised in "profit income" using the effective profit method.

**(ii) Reclassification of debt investments**

The Bank reclassify debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial period.

**(c) Financial liabilities – classification and subsequent measurement**

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at FVTPL; and
- financial guarantee contracts and financing commitments (see Note A1.2(j)).

**(i) Amortised cost**

Financial liabilities issued by the Bank, that are not designated at FVTPL, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(c) Financial liabilities – classification and subsequent measurement (Cont'd.)**

**(i) Amortised cost (Cont'd.)**

After initial measurement, term funding, debt capital and other borrowings are subsequently measured at amortised cost using the effective profit method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

**(ii) FVTPL**

This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in other comprehensive income (being the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability) and partially in profit or loss (i.e. the remaining amount of change in fair value of the liability). This is unless such presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

**(d) Derecognition of financial instruments**

**(i) Derecognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Bank have transferred rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
  - the Bank have transferred substantially all the risks and rewards of the asset, or
  - the Bank have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(d) Derecognition of financial instruments (Cont'd.)**

**(i) Derecognition of financial assets (Cont'd.)**

When the Bank have transferred rights to receive cash flows from an asset or have entered into a pass-through arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank have retained.

**(ii) Modification of financing**

The Bank sometime renegotiate or otherwise modify the contractual cash flows of financing to customers. When this happens, the Bank assess whether or not the new terms are substantially different to the original terms. The Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the financing
- Significant extension of the financing term when the borrower is not in financial difficulty
- Significant change in the profit rate
- Change in the currency the financing is denominated in
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing

If the terms are substantially different, the Bank derecognises the original financial asset and recognise a "new" asset at fair value and recalculate a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the borrower being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(d) Derecognition of financial instruments (Cont'd.)**

**(iii) Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective profit rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. The difference in the respective carrying amount of the original financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the financial liability and are amortised over the remaining term of the modified financial liability.

**(e) Repurchase and reverse repurchase agreements**

Securities sold under repurchase agreements at a specified future date are not derecognised from the statement of financial position as the Bank retain substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued profit, as a liability within "securities sold under repurchase agreements", reflecting the transaction's economic substance as a financing to the Bank. The difference between the sale and repurchase prices is treated as profit expense and is accrued over the life of the agreement using the EPR. When the counterparty has the right to sell or repledge the securities, the Bank reclassify those securities in its statement of financial position to "financial assets at FVTPL pledged as collateral" or to "financial investments at FVOCI pledged as collateral", as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued profit, is recorded in the statement of financial position, within "securities purchased under reverse repurchase agreements", reflecting the transaction's economic substance as a financing by the Bank. The difference between the purchase and resale prices is recorded in "profit income" and is accrued over the life of the agreement using the EPR.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(e) Repurchase and reverse repurchase agreements (Cont'd.)**

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities at FVTPL" and measured at fair value with any gains or losses included in "investment and trading income".

**(f) Securities lending and borrowing**

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised on the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "investment and trading income".

**(g) Financial instruments - expected credit losses**

The Bank assess on a forward-looking basis the expected credit losses ("ECL") associated with their debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from financing commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Profit income continues to be accrued in profit or loss on the reduced carrying amount and is accrued using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(g) Financial instruments - expected credit losses (Cont'd.)**

Financing together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery, and all collateral has been realised or has been transferred to the Bank. The Bank may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

**(i) Rescheduled and restructured financing**

Where possible, the Bank seek to reschedule or restructure financing rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been rescheduled or restructured, any impairment is measured using the original EPR as calculated before the modification of terms. Management continually reviews impaired rescheduled or restructured financing for a certain period to ensure all terms are adhered to and that future payments are likely to occur before reclassification back to performing status.

**(ii) Collateral valuation**

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements and other independent sources.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(h) Hedge accounting**

The Bank make use of derivative instruments to manage exposures to profit rate, foreign currency and credit risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, the Bank apply hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Bank formally document the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Hedge ineffectiveness is recognised in profit or loss. For situations where the hedged item is a forecast transaction, the Bank also assess whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

**(i) Fair value hedges**

The change in the fair value of a hedging derivative is recognised in "investment and trading income" in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in "investment and trading income" in the statement of profit or loss.

For fair value hedges relating to items recorded at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective profit method. EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(i) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(j) Financial guarantee contracts and financing commitments**

Financial guarantee contracts issued by the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance (calculated as described in Note A1.2(g)) and the premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Financing commitments provided by the Bank are measured at the amount of the loss allowance (calculated as described in Note A1.2(g)).

**(k) Recognition of income and expenses relating to financial instruments**

**(i) financing income and similar income and expense**

For all profit-bearing financial assets and financial liabilities measured at amortised cost, profit bearing financial investments classified at FVOCI and financial assets and financial liabilities at fair value through profit or loss, financing income or expense is calculated using the effective profit method. EPR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EPR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EPR and the change in carrying amount is recorded in profit or loss. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EPR from the date of the change in estimate.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(k) Recognition of income and expenses relating to financial instruments (Cont'd.)**

**(i) financing income and similar income and expense (Cont'd.)**

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, profit income continues to be recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

Financing commitment fees for financing that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EPR on the financing.

**(ii) Investment and trading income**

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets held-for-trading. This includes any ineffectiveness recorded in hedging transactions.

**(l) Recognition of revenue from contracts with customers**

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Bank transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Bank and its customer has approved the contract and intend to perform their respective obligations, the Bank's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Bank will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with customer, the Bank assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(l) Recognition of revenue from contracts with customers (Cont'd.)**

Revenue is measured at the amount of consideration to which the Bank expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies, the Bank estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Bank determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Revenue is recognised over time if the control over the goods or services are transferred over time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The following specific recognition criteria must be met before revenue is recognised:

**(i) Fee and commission income**

The Bank earns fee and commission income from a diverse range of services it provided to its customers. Fee income can be divided into the following two categories:

**Fee income earned from services that are provided over a period of time**

Fees earned for the provision of services over a period of time are accrued over that period by reference to the stage of completion of the services. These fees include financing arrangement, commission income, asset management, custody and other management and advisory fees. Financing commitment fees for financing that are unlikely to be drawn down are recognised over the commitment period on a straight-line basis.

**Fee income from providing transaction services**

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. Revenue from sale of unit trusts is recognised upon allotment of units, net of cost of units sold.

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

**A1.2 Summary of Significant Accounting Policies Applied from 1 April 2018 (Cont'd.)**

**(i) Recognition of revenue from contracts with customers (Cont'd.)**

**(ii) Customer loyalty programmes**

Award credits under customer loyalty programmes are accounted for as a separate performance obligation of the transaction in which the award credits are granted (i.e. a material right). The fair value of the consideration received in respect of the transaction is allocated between the award credits and the other components of the transaction on a relative stand-alone selling price basis. Revenue from the award credits is recognised when the award credits are redeemed or expired. The amount of revenue recognised when the award credits are redeemed is based on the number of award credits redeemed relative to the total number expected to be redeemed.

**A1.3 Significant changes in Regulatory Requirements**

**BNM policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the following revised policy documents which are effective for financial years beginning on or after 1 January 2018:

- (a) Financial Reporting
- (b) Financial Reporting for Islamic Banking Institutions

Certain requirements in the policy documents have been revised in response to the changes in the financing loss impairment methodology arising from the expected credit loss approach under MFRS 9. In addition, the credit-impaired classification requirements which was previously provided in BNM's policy document on Classification and Impairment Provisions for Loans/Financing have also been incorporated into the above revised policy documents.

Following the application of MFRS 9 impairment requirements, the revised policy documents require banking institutions and Islamic banking institutions to maintain, in aggregate, loss allowance for non-credit-impaired exposures (commonly referred to as Stage 1 and Stage 2 expected credit losses) and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. This revised requirement has been applied in the computation of regulatory reserves as presented in these condensed interim financial statements.

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

**A1.3 Significant changes in Regulatory Requirements (Cont'd.)**

**BNM policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions (Cont'd.)**

The revised policy documents also introduced the following new disclosure requirements in the annual financial statements. These information which are not disclosed in these condensed interim financial statements, will be presented in the Bank's annual financial statements for the financial year ending 31 March 2019:

- (i) a movement schedule of financial instruments classified as credit-impaired with a breakdown by class of financial instrument;
- (ii) a movement schedule of loss allowance with a breakdown by class of financial instrument and showing separately the loss allowance measured by different stages of expected credit loss;
- (iii) intercompany charges with a breakdown by type of services received and geographical distribution; and
- (iv) nature of the underlying assets in connection with placement of funds in an investment account with an Islamic banking institution.

**A1.4 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 2018 except for the measurement of expected credit losses under MFRS 9 which involves increased complexity and judgements.

**A2. AUDIT QUALIFICATION**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2018 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.

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

There were no unusual items during the current financial quarter.

**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 ended 30 June 2018 other than as disclosed in note A39 Financial impact arising from adoption of MFRS 9 financial instruments.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt securities during the financial quarter.

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.

**A7. DIVIDENDS**

The Directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2018 and no dividends were paid in the current financial quarter.

**A8. CASH AND SHORT-TERM FUNDS**

	Note	30 June 2018 RM'000	31 March 2018 RM'000
Cash and bank balances		44,341	41,149
Less: Expected credit losses	(a)	(4)	-
		<u>44,337</u>	<u>41,149</u>
Deposits and placements maturing within one month:			
Licensed banks		350,000	100,000
Bank Negara Malaysia		264,000	1,447,280
		<u>614,000</u>	<u>1,547,280</u>
Total		<u>658,337</u>	<u>1,588,429</u>

(a) The movements in expected credit losses are as follow:

	12-Month ECL Stage 1 RM'000
Balance at beginning of the financial year	-
- as previously stated	-
- impact of adopting MFRS 9	3
Balance at beginning of the financial year, as restated	<u>3</u>
Allowance made due to changes in credit risk	1
Balance at end of the financial period	<u>4</u>

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30 June 2018 RM'000	31 March 2018 RM'000
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Islamic Treasury bills	1,096,254	-
Malaysian Government Investment Issues	538,233	-
Bank Negara Monetary Notes	2,422,114	-
	<u>4,056,601</u>	<u>-</u>
Unquoted Securities in Malaysia:		
Sukuk	115,716	-
	<u>4,172,317</u>	<u>-</u>

**A10. FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>30 June 2018 RM'000 (Note A39)</b>	<b>31 March 2018 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Islamic Treasury bills	-	486,655
Malaysian Government Investment Issues	-	241,988
Bank Negara Monetary Notes	-	199,560
	<u>-</u>	<u>928,203</u>
Unquoted Securities in Malaysia:		
Sukuk	-	656,429
	<u>-</u>	<u>1,584,632</u>

**A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Government Investment Issues	451,599	-
Islamic Negotiable instruments of deposit	873,677	-
	<u>1,325,276</u>	<u>-</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	1,760,620	-
	<u>3,085,896</u>	<u>-</u>

The Bank had undertaken a fair value hedge on the profit rate risk of unquoted sukuk of RM350.0 million (classified as Receivables: Investment not quoted in active markets) 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:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Relating to hedged item	(855)	260
Relating to hedging instrument	954	338
	<u>99</u>	<u>598</u>

With the adoption of MFRS 9, the fair value changes on the hedge item is taken up under fair value reserve.

**A11. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)**

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

	<b>12-Month ECL Stage 1 RM'000</b>	<b>Lifetime ECL not credit impaired Stage 2 RM'000</b>	<b>Total RM'000</b>
Balance at beginning of the financial year			
- as previously stated	-	-	-
- impact of adopting MFRS 9	6,088	4,132	10,220
Balance at beginning of the financial year, as restated	6,088	4,132	10,220
Allowance made due to changes in credit risk	240	215	455
Balance at end of the financial period	<u>6,328</u>	<u>4,347</u>	<u>10,675</u>

**A12. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>30 June 2018 RM'000 (Note A39)</b>	<b>31 March 2018 RM'000</b>
<b>At fair value:</b>		
Money Market Instruments:		
Malaysian Government Investment Issues	-	223,813
Islamic Negotiable instruments of deposit	-	1,510,068
	<u>-</u>	<u>1,733,881</u>
Unquoted Securities:		
In Malaysia:		
Sukuk	-	1,104,685
	<u>-</u>	<u>2,838,566</u>

**A13. FINANCIAL INVESTMENTS AT AMORTISED COST**

	<b>Note</b>	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>At amortised cost:</b>			
Money Market Instruments:			
Malaysian Government Investment Issues		260,525	-
Unquoted Securities:			
In Malaysia:			
Sukuk		1,439,136	-
Less: Expected credit losses	(a)	<u>(212)</u>	<u>-</u>
		<u>1,699,449</u>	<u>-</u>

**A13. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D.)**

(a) The movements in expected credit losses are as follow:

	<b>12-Month ECL Stage 1 RM'000</b>
Balance at beginning of the financial year	-
- as previously stated	-
- impact of adopting MFRS 9	201
Balance at beginning of the financial year, as restated	<u>201</u>
Allowance made due to changes in credit risk	11
Balance at end of the financial period	<u><u>212</u></u>

**A14. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>30 June 2018 RM'000 (Note A39)</b>	<b>31 March 2018 RM'000</b>
<b>At amortised cost:</b>		
Unquoted Securities:		
In Malaysia:		
Sukuk	-	<u>1,090,010</u>

**A15. FINANCING AND ADVANCES**

A15a. Financing and advances by type and Shariah contracts are as follows:

**30 June 2018**

	Bai' Bithaman		Musharakah	Al-Ijarah Thummah Al	Bai' Inah	Others	Total
	Ajil	Murabahah	Mutanaqisah	-Bai' ("AITAB")			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost:</b>							
Cash lines	-	281,587	-	-	1,094,313	-	1,375,900
Term financing	1,289,634	5,154,195	10,489	-	2,764,705	62,715	9,281,738
Revolving credit	62,103	2,934,175	-	-	1,740,051	-	4,736,329
Housing financing	3,042,500	2,253,465	50,577	-	-	-	5,346,542
Hire purchase receivables	4	-	-	5,593,439	-	-	5,593,443
Bills receivables	-	47,000	-	-	-	-	47,000
Credit card receivables	-	-	-	-	-	460,646	460,646
Trust receipts	-	135,781	-	-	-	-	135,781
Claims on customers under acceptance credits	-	1,276,342	-	-	-	186,611	1,462,953
Gross financing and advances*	<u>4,394,241</u>	<u>12,082,545</u>	<u>61,066</u>	<u>5,593,439</u>	<u>5,599,069</u>	<u>709,972</u>	<u>28,440,332</u>
Allowance for impairment on financing and advances							
- Individual allowance							(51,131)
- Collective allowance							(332,226)
Net financing and advances							<u>28,056,975</u>

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

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15a. Financing and advances by type and Shariah contracts are as follows (Cont'd.):

**31 March 2018**

	Bai' Bithaman		Musharakah	Al-Ijarah	Bai' Inah	Others	Total
	Ajil	Murabahah	Mutanaqisah	Thummah Al			
	RM'000	RM'000	RM'000	-Bai' ("AITAB")	RM'000	RM'000	RM'000
<b>At amortised cost:</b>							
Cash lines	-	243,060	-	-	1,146,215	-	1,389,275
Term financing	1,327,945	4,731,464	10,579	-	2,920,051	64,707	9,054,746
Revolving credit	62,100	2,859,554	-	-	1,692,374	-	4,614,028
Housing financing	3,047,080	1,819,335	50,636	-	-	-	4,917,051
Hire purchase receivables	4	-	-	6,051,229	-	-	6,051,233
Bills receivables	-	27,086	-	-	-	271	27,357
Credit card receivables	-	-	-	-	-	423,920	423,920
Trust receipts	-	130,910	-	-	-	-	130,910
Claims on customers under acceptance credits	-	1,241,342	-	-	-	184,560	1,425,902
Gross financing and advances*	<u>4,437,129</u>	<u>11,052,751</u>	<u>61,215</u>	<u>6,051,229</u>	<u>5,758,640</u>	<u>673,458</u>	<u>28,034,422</u>
Allowance for impairment on financing and advances							
- Individual allowance							(25,314)
- Collective allowance							(233,272)
Net financing and advances							<u>27,775,836</u>

\* Included in financing and advances are exposures to the Restricted Investment Account ("RIA") arrangement between the Bank and AmBank (M) Berhad ("AmBank") amounting to RM1,852.2 million (31 March 2018: RM2,869.6 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 A21.

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15b. Gross financing and advances analysed by type of customer are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Domestic non-bank financial institutions	1,247,713	1,192,612
Domestic business enterprises		
- Small medium enterprises ("SME")	5,254,381	5,294,379
- Others	7,344,102	7,357,710
Government and statutory bodies	807,368	716,111
Individuals	13,697,687	13,384,249
Other domestic entities	1,199	1,344
Foreign individuals and entities	87,882	88,017
	<u>28,440,332</u>	<u>28,034,422</u>

A15c. All financing and advances reside in Malaysia.

A15d. Gross financing and advances analysed by profit rate sensitivity are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Fixed rate		
- Housing financing	200,251	205,376
- Hire purchase receivables	5,267,744	5,686,447
- Other financing	2,747,978	2,703,476
Variable rate		
- Base rate and base financing rate plus	9,372,160	8,726,336
- Cost plus	8,925,414	8,817,540
- Other variable rates	1,926,785	1,895,247
	<u>28,440,332</u>	<u>28,034,422</u>

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15e. Gross financing and advances analysed by sector are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Agriculture	1,654,151	1,696,977
Mining and quarrying	1,071,796	1,041,439
Manufacturing	3,284,504	3,322,092
Electricity, gas and water	314,989	313,429
Construction	901,868	883,579
Wholesale and retail trade and hotel and restaurants	1,427,322	1,320,133
Transport, storage and communication	882,854	939,582
Finance and insurance	1,247,716	1,192,616
Real estate	2,190,336	2,288,154
Business activities	478,687	432,013
Education and health	1,195,811	1,127,642
Household of which:	13,785,538	13,471,899
- Purchase of residential properties	5,302,694	4,874,534
- Purchase of transport vehicles	5,314,477	5,759,757
- Others	3,168,367	2,837,608
Others	4,760	4,867
	28,440,332	28,034,422

A15f. Gross financing and advances analysed by residual contractual maturity are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Maturing within one year	9,864,563	9,900,413
Over one year to three years	3,236,199	3,124,095
Over three years to five years	4,020,891	4,182,047
Over five years	11,318,679	10,827,867
	28,440,332	28,034,422

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15g. Movements in financing and advances are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Balance at beginning of the financial year	582,538	488,700
Impaired during the period/year	89,370	359,171
Reclassified as non-impaired	(40,852)	(25,231)
Recoveries	(2,928)	(63,456)
Amount written off	(62,679)	(176,646)
Balance at end of the financial period/year	<u>565,449</u>	<u>582,538</u>
Gross impaired financing and advances as % of gross financing and advances	<u>1.99%</u>	<u>2.08%</u>
Financing loss coverage (including regulatory reserve) *	<u>100.0%</u>	<u>100.6%</u>

\* Effective 1 April 2018, financing loss coverage includes provision for commitment and contingencies for financing commitments and financial guarantees.

A15h. All impaired financing and advances reside in Malaysia.

A15i. Impaired financing and advances by sector are as follows:

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Agriculture	14	571
Mining and quarrying	2,481	3,806
Manufacturing	5,033	1,863
Electricity, gas and water	5,496	7,030
Construction	21,698	8,807
Wholesale and retail trade and hotel and restaurants	10,198	15,890
Transport, storage and communication	70,791	76,990
Real estate	291,089	308,100
Business activities	660	1,659
Education and health	5,943	5,859
Household of which :	151,936	151,832
- Purchase of residential properties	47,446	48,899
- Purchase of transport vehicles	73,028	75,209
- Others	31,462	27,724
Others	110	131
	<u>565,449</u>	<u>582,538</u>

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15j. Movements in the allowances for financing and advances are as follows:

Movements in collective assessment allowances which reflect the ECL model on impairment are as follows:

	<b>12-month ECL Stage 1 RM'000</b>	<b>Lifetime ECL Not Credit Impaired Stage 2 RM'000</b>	<b>Lifetime ECL Credit Impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>30 June 2018</b>				
<b>Collective assesment allowance</b>				
Balance at beginning of the financial period				
- as previously stated	-	-	-	233,272
- effects of adoption of MFRS 9	-	-	-	100,745
Balance at beginning of the financial period, as restated	72,384	204,922	56,711	334,017
Changes due to financing and advances movements:	(843)	(297)	7,720	6,580
- Transfer to 12 month ECL (Stage 1)	3,125	(19,984)	(1,124)	(17,983)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(3,821)	27,968	(9,713)	14,434
- Transfer to Lifetime ECL credit impaired (Stage 3)	(147)	(8,281)	18,557	10,129
New financial assets originated	8,828	51,540	9,419	69,787
Changes in credit risk	(3,291)	(51,865)	31,332	(23,824)
Financial assets derecognised	(3,922)	(3,013)	(6,271)	(13,206)
Foreign exchange difference	4	-	-	4
Amount written-off	-	-	(41,132)	(41,132)
Balance at end of the financial period	73,160	201,287	57,779	332,226

**A15. FINANCING AND ADVANCES (CONT'D.)**

A15j. Movements in the allowances for financing and advances are as follows (Cont'd.):

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>Individual allowance</b>		
Balance at beginning of the financial year		
- as previously stated	25,314	16,041
- impact of adopting MFRS 9	43,219	-
Balance at beginning of the financial year, as restated	<u>68,533</u>	<u>16,041</u>
Allowance during the period/year, net	4,145	29,090
Amount written off	<u>(21,547)</u>	<u>(19,817)</u>
Balance at end of the financial period	<u><u>51,131</u></u>	<u><u>25,314</u></u>
<b>Collective allowance</b>		
Balance at beginning of the financial year		
- as previously stated	233,272	252,280
- effects of adoption of MFRS 9	<u>(233,272)</u>	-
Balance at beginning of the financial year, as restated	-	252,280
Allowance made during the period/year, net	-	137,829
Amount written off	-	(156,829)
Foreign exchange differences	-	(8)
Balance at end of the financial period	<u><u>-</u></u>	<u><u>233,272</u></u>
Collective allowance (including regulatory reserve) as % of gross financing and advances excluding RIA financing less individual allowance		<u>2.23%</u>

**A16. RECEIVABLES: INVESTMENTS NOT QUOTED IN ACTIVE MARKETS**

	<b>30 June 2018 RM'000 (Note A39)</b>	<b>31 March 2018 RM'000</b>
Unquoted sukuk in Malaysia	-	782,502
Fair value changes arising from fair value hedge	-	8,331
	<u>-</u>	<u>790,833</u>

**A17. OTHER ASSETS**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Other receivables, deposits and prepayments	26,714	21,927
Amount due from related companies	-	140,755
Amount due from originators	19,913	20,398
Profit receivable	63,810	34,411
Deferred charges	62,825	53,240
	<u>173,262</u>	<u>270,731</u>

**A18. DEPOSITS FROM CUSTOMERS**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
(i) By type of deposit:		
Savings deposit		
Commodity Murabahah	2,012,944	2,005,599
Qard	14,652	14,279
Demand deposit		
Commodity Murabahah	5,276,273	4,841,876
Qard	15,841	22,777
Term Deposits:		
Commodity Murabahah	20,576,354	19,373,738
Qard	610,096	235,533
Total	<u>28,506,160</u>	<u>26,493,802</u>

**A18. DEPOSITS FROM CUSTOMERS (CONT'D.)**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
(ii) The deposits are sourced from the following types of customers:		
Government and statutory bodies	4,748,822	4,614,846
Business enterprises	11,727,187	10,150,411
Individuals	11,368,731	11,051,343
Others	661,420	677,202
	<u>28,506,160</u>	<u>26,493,802</u>
(iii) The maturity structure of all term deposits is as follows:		
Due within six months	15,497,312	12,235,496
Over six months to one year	4,337,363	6,006,987
Over one year to three years	370,025	369,329
Over three years to five years	981,750	997,459
	<u>21,186,450</u>	<u>19,609,271</u>

**A19. INVESTMENT ACCOUNTS OF CUSTOMERS**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Unrestricted investment account:		
Without maturity		
- Wakalah	20,594	20,387
With maturity		
- Mudarabah	170,012	118,569
	<u>190,606</u>	<u>138,956</u>
The investments accounts are sourced from the following types of customers:		
Business enterprises	170,319	118,793
Individuals	20,287	20,163
	<u>190,606</u>	<u>138,956</u>

**A19. 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		
	Average profit sharing ratio (%)	Average rate of return (%)	Average performance incentive fee (%)
<b>30 June 2018</b> Maturity : less than 3 months	83.60	2.60	3.24
<b>31 March 2018</b> Maturity : less than 3 months	83.98	0.20	3.01

**A20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<u>Non-Mudarabah</u>		
Licensed Islamic banks	618,047	399,256
Licensed investment bank	656,511	339,430
Other financial institutions	1,043,777	479,050
Bank Negara Malaysia	5,701	5,788
Total	<u>2,324,036</u>	<u>1,223,524</u>

**A21. INVESTMENT ACCOUNT DUE TO A LICENSED BANK**

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<u>Restricted investment account</u>		
- Mudarabah Muqayyadah	<u>1,846,698</u>	<u>2,859,110</u>
Investment asset:		
Financing	<u>1,846,698</u>	<u>2,859,110</u>
Total investment	<u>1,846,698</u>	<u>2,859,110</u>

**A21. 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		
		30 June 2018	31 March 2018
	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	1.56	4.55
over 2 years to 5 years	90	4.60	4.40
more than 5 years	90	3.75	4.77

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.

During the current financial period on 30 April 2018 and 14 May 2018, AmBank early redeemed a placement which amounted to RM 517.4 million and RM480.7 million respectively.

As at 30 June 2018, collective allowance for the investment asset borne by AmBank amounted to RM3.2 million (31 March 2018: RM2.7 million).

As at 30 June 2018, the tenure of the RIA contracts is for a period of 1 year to 11 years (31 March 2018: 6 months to 13 years).

**A22. OTHER LIABILITIES**

	Note	30 June 2018 RM'000	31 March 2018 RM'000
Profit payable		246,513	217,072
Other creditors and accruals		43,046	42,458
Deferred income		18,709	15,165
Advance rental		2,674	2,568
Amount due to related companies		63,153	179
Provision for commitments and contingencies	(a)	17,056	10,698
Provision for taxation		13,300	6,133
		<u>404,451</u>	<u>294,273</u>

**A22. OTHER LIABILITIES (CONT'D.)**

(a) The movements in provision for commitments and contingencies are as follow:

	<b>12-month ECL Stage 1 RM'000</b>	<b>Lifetime ECL Not Credit Impaired Stage 2 RM'000</b>	<b>Lifetime ECL Credit Impaired Stage 3 RM'000</b>	<b>Total RM'000</b>
Balance at beginning of the financial period				
- as previously stated	-	-	-	10,698
- impact of adopting MFRS 9	-	-	-	4,065
Balance at beginning of the financial period, as restated	8,817	5,911	35	14,763
Changes due to financing and advances recognised as at beginning of the financial year:	(153)	164	-	11
- Transfer to 12 month ECL (Stage 1)	204	(1,185)	-	(981)
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(351)	1,529	-	1,178
- Transfer to Lifetime ECL credit impaired (Stage 3)	(6)	(180)	-	(186)
New financial instruments originated	1,566	300		1,866
Changes in credit risk	893	948		1,841
Financial instruments derecognised	(953)	(478)		(1,431)
Exchange difference	3	3		6
Balance at end of the financial period	<u>10,173</u>	<u>6,848</u>	<u>35</u>	<u>17,056</u>

**A23. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	317,191	345,314	317,191	345,314
- Financing income on impaired financing	692	75	692	75
Financial assets at fair value through profit or loss	20,424	-	20,424	-
Financial assets held-for-trading	-	7,822	-	7,822
Financial investments at fair value through other comprehensive income	36,656	-	36,656	-
Financial investments at amortised cost	14,482	-	14,482	-
Financial investments held-to-maturity	-	14,059	-	14,059
Deposits and placements with banks and other financial institutions	12,516	18,401	12,516	18,401
Receivables: Investments not quoted in active markets	-	12,611	-	12,611
Total finance income and hibah	<u>401,961</u>	<u>398,282</u>	<u>401,961</u>	<u>398,282</u>

**A23. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONT'D.)**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
<u>Other operating income:</u>				
Fee and commission income:				
- Fees on financing, advances and securities	8,853	6,044	8,853	6,044
- Guarantee fees	2,979	2,805	2,979	2,805
- Remittances	31	22	31	22
- Service charges and fees	502	698	502	698
- Others	1,030	1,069	1,030	1,069
Foreign exchange	2,524	4,683	2,524	4,683
Gain from disposal of financial assets at fair value through profit or loss	392	-	392	-
Gain from disposal of financial assets held-for-trading	-	1,866	-	1,866
Loss on revaluation of financial assets at fair value through profit or loss	(915)	-	(915)	-
Loss on revaluation of financial assets held-for-trading	-	(728)	-	(728)
Loss from disposal of financial investments at fair value through other comprehensive income	(1)	-	(1)	-
Net gain on derivatives	212	1,553	212	1,553
Others	(26)	20	(26)	20
Total other operating income	<u>15,581</u>	<u>18,032</u>	<u>15,581</u>	<u>18,032</u>
Total	<u>417,542</u>	<u>416,314</u>	<u>417,542</u>	<u>416,314</u>

**A24. INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
- Restricted investment account	29,149	18,826	29,149	18,826
- Unrestricted investment accounts	2,122	182	2,122	182
	<u>31,271</u>	<u>19,008</u>	<u>31,271</u>	<u>19,008</u>

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

Finance income and hibah:

Financing and advances

- Financing income	29,149	18,826	29,149	18,826
Total finance income and hibah	<u>29,149</u>	<u>18,826</u>	<u>29,149</u>	<u>18,826</u>

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

Finance income and hibah:

Financing and advances

- Financing income	1,953	-	1,953	-
Deposits and placements with banks and other financial institutions	169	182	169	182
Total finance income and hibah	<u>2,122</u>	<u>182</u>	<u>2,122</u>	<u>182</u>

**A25. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
<u>Finance income and hibah:</u>				
Financing and advances				
- Financing income	30,411	-	30,411	-
- Financing income on impaired financing	66	-	66	-
Financial assets at fair value through profit or loss	1,958	-	1,958	-
Financial investments at fair value through other comprehensive income	3,515	-	3,515	-
Financial investments available-for-sale	-	21,043	-	21,043
Financial investments at amortised cost	1,388	-	1,388	-
Deposits and placements with banks and other financial institutions	1,200	-	1,200	-
Total finance income and hibah	<u>38,538</u>	<u>21,043</u>	<u>38,538</u>	<u>21,043</u>
<u>Other operating income:</u>				
Fee and commission income:				
- Bancassurance commission	2,634	3,335	2,634	3,335
- Fees on financing, advances and securities	863	-	863	-
- Guarantee fees	286	-	286	-
- Remittances	702	720	702	720
- Service charges and fees	806	705	806	705
- Others	669	1	669	1
Foreign exchange	242	-	242	-
Gain from disposal of financial assets at fair value through profit or loss	38	-	38	-
Loss on revaluation of financial assets at fair value through profit or loss	(88)	-	(88)	-
Gain from disposal of financial investments available-for-sale	-	8	-	8
Net gain/(loss) on derivatives	20	(761)	20	(761)
Others	(2)	-	(2)	-
Total other operating income	<u>6,170</u>	<u>4,008</u>	<u>6,170</u>	<u>4,008</u>
Total	<u>44,708</u>	<u>25,051</u>	<u>44,708</u>	<u>25,051</u>

**A26. IMPAIRMENT ON FINANCING AND ADVANCES**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment on financing and advances:				
Individual allowance, net	4,145	3,346	4,145	3,346
Collective allowance	39,337	57,069	39,337	57,069
Impaired financing and advances recovered, net	(19,766)	(28,050)	(19,766)	(28,050)
Total	<u>23,716</u>	<u>32,365</u>	<u>23,716</u>	<u>32,365</u>

**A27. WRITE BACK OF IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Financial investments at amortised cost - sukuk	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>
Financial investments at fair value through other comprehensive income - sukuk	<u>455</u>	<u>-</u>	<u>455</u>	<u>-</u>
Total	<u>466</u>	<u>-</u>	<u>466</u>	<u>-</u>

**A28. PROVISION FOR COMMITMENTS AND CONTINGENCIES**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Provision for commitments and contingencies - financial commitments and financial guarantee contracts	<u>2,288</u>	<u>(1,924)</u>	<u>2,288</u>	<u>(1,924)</u>

**A29. INCOME ATTRIBUTABLE TO THE DEPOSITORS AND OTHERS**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
<u>Non-Mudarabah fund</u>				
Deposit from customers	216,931	202,906	216,931	202,906
Deposits and placements of banks and other financial institutions	17,763	7,948	17,763	7,948
	<u>234,694</u>	<u>210,854</u>	<u>234,694</u>	<u>210,854</u>
Others	7,549	9,094	7,549	9,094
Total	<u>242,243</u>	<u>219,948</u>	<u>242,243</u>	<u>219,948</u>

**A30. INCOME ATTRIBUTABLE TO THE INVESTMENT ACCOUNT HOLDERS**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
<u>Unrestricted</u>				
Customers - investment accounts	1,634	3	1,634	3
<u>Restricted</u>				
Licensed bank - investment account	23,552	16,943	23,552	16,943
	<u>25,186</u>	<u>16,946</u>	<u>25,186</u>	<u>16,946</u>

**A31. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Personnel costs:				
- Salaries, allowances and bonuses	3,279	3,130	3,279	3,130
- Amortisation for share and options granted under AMMB ESS - write back	(169)	(189)	(169)	(189)
- Contributions to EPF/Private Retirement Scheme	690	493	690	493
- Social security cost	19	18	19	18
- Others	1,376	1,195	1,376	1,195
	<u>5,195</u>	<u>4,647</u>	<u>5,195</u>	<u>4,647</u>
Establishment costs:				
- Amortisation of intangible assets	74	15	74	15
- Cleaning, maintenance and security	10	11	10	11
- Computerisation costs	319	57	319	57
- Depreciation of property and equipment	30	20	30	20
- Rental of premises	219	169	219	169
- Others	10	11	10	11
	<u>662</u>	<u>283</u>	<u>662</u>	<u>283</u>
Marketing and communication expenses:				
- Communication, advertising and marketing	1,372	353	1,372	353
- Others	28	35	28	35
	<u>1,400</u>	<u>388</u>	<u>1,400</u>	<u>388</u>
Administration and general expenses:				
- Professional services	1,251	8,352	1,251	8,352
- Others	5,151	9,026	5,151	9,026
	<u>6,402</u>	<u>17,378</u>	<u>6,402</u>	<u>17,378</u>
Service transfer pricing expense, net	<u>72,503</u>	<u>88,377</u>	<u>72,503</u>	<u>88,377</u>
	<u>86,162</u>	<u>111,073</u>	<u>86,162</u>	<u>111,073</u>

**A32. 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit attributable to equity holder of the Bank (RM'000)	69,869	38,596	69,869	38,596
Number of ordinary shares at beginning of the financial year and end of the financial period ('000)	494,369	462,922	494,369	462,922
Basic/Diluted earnings per share (sen)	<b>14.13</b>	<b>8.34</b>	<b>14.13</b>	<b>8.34</b>

### **A33. 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 financing, credit cards, small business financing, priority banking services, wealth management, remittance services and deposits.

(b) Wholesale Banking

Wholesale Banking comprises Corporate and Commercial Banking and Markets:

(i) Corporate and Commercial Banking

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

(ii) 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) Business Banking ("BB") focuses on the small and medium sized enterprises segment, which comprises Enterprise Banking and Commercial Banking. Solutions offered to Enterprise Banking customers encompass Capital Expenditure ("CAPEX") financing, Working Capital financing and Cash Management, and while Commercial Banking offers the same suite of products, it also provides more sophisticated structures such as Contract Financing, Development Financing, and Project Financing. Previously, BB was not disclosed as a reputable segment and included in Wholesale Banking division in review of its contribution to the Group in terms of revenue, profit and total assets. Accordingly, the comparatives have been restated to conform with current presentation.

(d) 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 financial information by geographical segment is not presented as the Bank's activities are principally conducted in Malaysia.

A33. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 June 2018

	Wholesale banking						Total RM'000
	Retail Banking RM'000	Business Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Islamic Capital Markets RM'000	Group Funding and Others RM'000	
External revenue	195,890	36,741	173,196	44,748	1,044	41,902	493,521
Revenue from other segments	5,935	(14,277)	(97,793)	61,936	(3)	44,202	-
Total operating revenue	201,825	22,464	75,403	106,684	1,041	86,104	493,521
Net finance income	84,118	13,709	53,701	7,476	(3)	21,634	180,635
Other income	9,412	2,240	7,686	(858)	1,044	1,854	21,378
Net income	93,530	15,949	61,387	6,618	1,041	23,488	202,013
Other operating expenses of which:	(57,079)	(254)	(13,144)	(1,395)	3	(14,293)	(86,162)
<i>Depreciation of Property and Equipment</i>	-	-	-	-	-	(30)	(30)
<i>Amortisation of Intangible Assets</i>	(3)	-	-	-	-	(71)	(74)
Profit before impairment losses (Allowance)/Writeback for impairment on financing and advances	36,451 (19,442)	15,695 719	48,243 (3,565)	5,223 -	1,044 -	9,195 (1,428)	115,851 (23,716)
Impairment on financial investments - (charge)/writeback	1	(2)	(589)	238	-	(114)	(466)
Provision for commitments and contingencies - charge	(456)	(166)	(1,666)	-	-	-	(2,288)
Profit before zakat and taxation	16,554	16,246	42,423	5,461	1,044	7,653	89,381
Zakat and taxation	(3,973)	(3,899)	(10,181)	(1,311)	(251)	103	(19,512)
Profit for the financial period	12,581	12,347	32,242	4,150	793	7,756	69,869
<b>Other information</b>							
Total segment assets	13,836,183	2,373,228	12,428,078	6,618,095	119	4,086,625	39,342,328
Total segment liabilities	15,025,451	1,007,714	2,988,220	11,487,120	-	5,534,683	36,043,188
Cost to income ratio	61.0%	1.6%	21.4%	21.1%	-0.3%	60.9%	42.7%
Gross financing and advances	13,994,722	2,383,985	12,061,625	-	-	-	28,440,332
Net financing and advances	13,764,310	2,371,697	11,929,445	-	-	(8,477)	28,056,975
Impaired financing and advances	169,424	69,789	326,236	-	-	-	565,449
Total deposits	14,868,972	984,056	2,932,134	10,974,474	-	1,070,560	30,830,196
Additions to :							
Property and Equipment	-	-	-	-	-	394	394
Intangible assets	-	-	-	-	-	194	194

A33. BUSINESS SEGMENT ANALYSIS (CONT'D.)

For the financial period ended 30 June 2017 (Restated)

	Wholesale banking						Total RM'000
	Retail Banking RM'000	Business Banking RM'000	Corporate and Commercial Banking RM'000	Global Markets RM'000	Islamic Capital Markets RM'000	Group Funding and Others RM'000	
External revenue	182,300	26,144	173,017	28,392	393	50,127	460,373
Revenue from other segments	(1,773)	(8,493)	(100,362)	80,221	(128)	30,535	-
Total operating revenue	180,527	17,651	72,655	108,613	265	80,662	460,373
Net finance income	81,622	10,737	54,205	4,809	66	18,359	169,798
Other income	8,333	1,719	5,226	967	199	4,599	21,043
Net income	89,955	12,456	59,431	5,776	265	22,958	190,841
Other operating expenses of which:	(71,812)	(701)	(13,990)	(1,434)	-	(23,136)	(111,073)
<i>Depreciation of Property and Equipment</i>	-	-	-	-	-	(20)	(20)
<i>Amortisation of Intangible Assets</i>	(2)	-	-	-	-	(13)	(15)
Profit/(Loss) before impairment losses and provision (Allowance)/Writeback for impairment on financing and advances	18,143	11,755	45,441	4,342	265	(178)	79,768
Provision for commitments and contingencies - (charge)/writeback	(11,559)	(7,936)	(17,038)	-	-	4,168	(32,365)
Profit before zakat and taxation	6,454	3,900	30,376	4,342	265	3,990	49,327
Zakat and taxation	(1,549)	(936)	(7,290)	(1,042)	(64)	150	(10,731)
Profit for the financial period	4,905	2,964	23,086	3,300	201	4,140	38,596
<b>Other information</b>							
Total segment assets	12,711,141	1,762,006	13,534,140	2,409,620	243	7,135,578	37,552,728
Total segment liabilities	13,472,417	709,981	2,528,818	12,794,158	(63,669)	5,166,388	34,608,093
Cost to income ratio	79.8%	5.6%	23.5%	24.8%	0.0%	100.8%	58.2%
Gross financing and advances	12,833,079	1,777,592	13,122,329	-	-	(35,657)	27,697,343
Net financing and advances	12,675,437	1,762,003	13,066,148	-	-	(95,726)	27,407,862
Impaired financing and advances	167,469	77,895	347,523	-	-	-	592,887
Total deposits	13,360,081	700,693	2,383,036	12,406,726	-	27,700	28,878,236
Additions to :							
Property and Equipment	-	-	-	-	-	14	14
Intangible assets	-	-	-	-	-	270	270

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.

**A34a. PERFORMANCE REVIEW FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

The Bank reported a higher profit before zakat and taxation of RM89.4 million for the financial period ended 30 June 2018 which was RM40.1 million or 81.2% higher as compared to the corresponding period ended 30 June 2017 of RM49.3 million. The higher profit was mainly due to lower other operating expenses of RM24.9 million, higher net finance income of RM10.8 million and lower allowance for impairment on financing and advances of RM8.6 million (mainly from lower collective impairment for financing and advances) offset by higher provision for commitment and contingencies of RM4.2 million.

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.

**A34b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2019**

Following the below-than-expected 2Q2018 Gross Domestic Product ("GDP") of 4.5% dragged by commodity shocks coming from both mining and agricultural and public investment, growth was supported by private expenditure and exports. Hence the 1H2018 GDP grew 5.0%. For the full year, our revised projection is between 4.8% to 5.0% from our previous projection of 5.3% to 5.6% supported by domestic activities and exports.

Inflation in 2Q2018 was 1.3%, thus bringing the 1H2018 to average at 1.6% following the introduction of fuel subsidy and removal of Goods and Service Tax ("GST") which is replaced with Sales and Service Tax ("SST") that now covers 38% of Consumer Price Index (CPI) basket of goods versus 60% with the GST. Inflation is projected to average around 1.5% in 2018.

The banking system's loans expanded by 4.1% in 2017 following a stable growth in retail loans while business loans were impacted by repayments. For 2018, loans is projected to grow circa 5% based on our view that GDP will continue to expand by 4.8% to 5.0% in 2018.

Banks have sufficient liquid assets with an industry liquidity coverage ratio of 138.0% as at end June 2018, well above the regulatory requirement of 100.0%. Funding profiles of banks have been well diversified with the industry's loan-to-fund ratio and loan-to-fund and equity ratio standing at 83.9% and 73.2% respectively as at June 2018.

We anticipate Net Finance Margin ("NFM") of banks to taper from 1Q18 that was boosted by an Overnight Policy Rate ("OPR") hike of 25bps in January 2018. The lagged repricing of banks' deposit rates adjusting to the increase in OPR coupled with keener competition for deposits compared to 1H18 as the sector moves closer towards the implementation of Net Stable Funding Ratio ("NSFR") will be the contributing factors.

We expect Bank Negara to maintain its current 3.25% OPR for the rest of 2018. The accommodative monetary policy is envisaged to support domestic activities in an environment of low inflation and undervalued ringgit which is seen as one of the best performing currency.

**A34b. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2019 (CONT'D.)**

For FY2019, our financial priorities will be centred on the following:

- Revenue growth: We will continue to focus on driving our income growth momentum, in line with our key segments and products strategies. CASA growth is one of our key priorities this year.
- Business efficiency transformation (BET 300): This is a 3-year business efficiency programme, which aims to achieve RM300 million gross cost efficiencies across the Group and help us achieve our cost-to-income ratio target of 55% in FY2019. We will continue to keep a tight rein on cost, pacing our investments while continuing to look for operational efficiencies.
- Capital accretive growth: We aim to strengthen our capital position further and deliver sustainable dividend payout to our shareholders. To achieve this, we are driving initiatives to improve our capital efficiency and return on risk-weighted assets.

**A35. VALUATION OF PROPERTY AND EQUIPMENT**

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

**A36. 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>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>Contingent Liabilities</b>		
Direct credit substitutes	513,415	327,186
Transaction related contingent items	929,940	821,035
Short-term self liquidating trade-related contingencies	69,859	54,608
	<u>1,513,214</u>	<u>1,202,829</u>
<b>Commitments</b>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,708,148	4,991,310
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	577,355	809,748
Unutilised credit card lines	1,450,903	1,289,967
Forward asset purchase	-	213,975
	<u>6,736,406</u>	<u>7,305,000</u>
<b>Derivative Financial Instruments</b>		
Foreign exchange related contracts:		
- One year or less	2,442,385	1,539,601
- Over one year to five years	805,402	689,469
Profit rate related contracts		
- Over one year to five years	660,000	260,000
- Over five years	350,000	350,000
	<u>4,257,787</u>	<u>2,839,070</u>
<b>Total</b>	<u>12,507,407</u>	<u>11,346,899</u>

### **A37. 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.

**A37. 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 RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>30 June 2018</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	64,641	-	64,641
Financial assets at fair value through profit or loss				
- Money market securities	-	4,056,601	-	4,056,601
- Unquoted sukuk	-	115,716	-	115,716
Financial investments at fair value through other comprehensive income				
- Money market securities	-	1,325,276	-	1,325,276
- Unquoted sukuk	-	1,760,620	-	1,760,620
	-	7,322,854	-	7,322,854
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	69,284	-	69,284
<b>31 March 2018</b>				
<b>Assets measured at fair value</b>				
Derivative financial assets	-	87,408	-	87,408
Financial assets held-for-trading				
- Money market securities	-	928,203	-	928,203
- Unquoted sukuk	-	656,429	-	656,429
Financial investments available-for-sale				
- Money market securities	-	1,733,881	-	1,733,881
- Unquoted sukuk	-	1,104,685	-	1,104,685
	-	4,510,606	-	4,510,606
<b>Liabilities measured at fair value</b>				
Derivative financial liabilities	-	92,939	-	92,939

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

**A38. CAPITAL ADEQUACY**

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

	<b>30 June 2018</b>	<b>31 March 2018</b>
Common Equity Tier 1 ("CET 1") Capital ratio	11.437%	11.561%
Tier 1 Capital ratio	11.437%	11.561%
Total Capital ratio	16.300%	16.569%

Notes:

- (i) The capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 2 February 2018 (replacing the same guidelines issued previously 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 the BNM's Guidelines on Capital Adequacy Framework for Islamic Banks (Basel II - Risk-Weighted Assets).
- (ii) Pursuant to the revised BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 2 February 2018, the minimum capital adequacy ratio maintained under the guidelines remain consistent at 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%

**A38. 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>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b><u>Common Equity Tier 1 Capital</u></b>		
Ordinary shares	1,387,107	1,387,107
Retained earnings	1,741,282	1,632,472
Fair value reserve	5,714	-
Available for sale deficit	-	(5,492)
Regulatory reserve	165,037	327,683
Less : Regulatory adjustments applied on CET1 Capital		
- Intangible assets	(1,328)	(1,207)
- Deferred tax assets	(28,524)	-
- Regulatory reserve attributable to financing and advances	(165,037)	(327,683)
- 55% of cumulative gains of financial instruments at FVOCI	(3,143)	-
<b>CET 1 Capital/ Tier 1 Capital</b>	<b>3,101,108</b>	<b>3,012,880</b>
<b><u>Tier 2 Capital</u></b>		
Tier 2 Capital instruments meeting all relevant criteria for inclusion	1,000,000	1,000,000
Collective allowance and regulatory reserve	318,597	305,028
<b>Tier 2 Capital</b>	<b>1,318,597</b>	<b>1,305,028</b>
<b>Total Capital</b>	<b>4,419,705</b>	<b>4,317,908</b>

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

	<b>30 June 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Credit RWA	27,510,011	27,390,400
Less : Credit RWA absorbed by Restricted Investment Account	(2,022,235)	(2,988,135)
Total Credit RWA	25,487,776	24,402,265
Market RWA	237,406	277,093
Operational RWA	1,390,368	1,380,469
<b>Total Risk Weighted Assets</b>	<b>27,115,550</b>	<b>26,059,827</b>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS**

**Adoption of new standards and amendments to published standards**

**MFRS 9 Financial Instruments**

i. Classification and measurement of financial instruments

On 1 April 2018, the Bank management has assessed which business models apply to the financial assets held by the Bank at the date of initial application of MFRS 9 (1 April 2018) and has classified its financial instruments into the appropriate MFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Measurement category		Carrying amount		
	Under MFRS 139	Under MFRS 9	Under MFRS 139 RM'000	Remeasur-ment and Impairment RM'000	Under MFRS 9 RM'000
<b>Financial assets</b>					
Cash and short-term funds	Amortised cost (Financing and receivables)	Amortised cost	1,588,429	(3)	1,588,426
Financial assets held-for-trading	FVTPL (HFT)	FVTPL	1,584,632	-	1,584,632
Financial investments available-for-sale	FVOCI (AFS)	Amortised cost	341,935	5,167	347,102
Financial investments available-for-sale	FVOCI (AFS)	FVOCI (Debt)	2,496,631	-	2,496,631
Financial investments held-to-maturity	Amortised Cost (HTM)	Amortised cost	1,090,010	(201)	1,089,809
Financing and advances	Amortised cost (Financing and receivables)	Amortised cost	27,775,836	(143,964)	27,631,872
Receivables: Investments not quoted in active markets	Amortised cost (Financing and receivables)	FVTPL	7,649	(1,160)	6,489
Receivables: Investments not quoted in active markets	Amortised cost (Financing and receivables)	FVOCI	783,184	9,053	792,237

There were no changes to the classification and measurement of financial liabilities.

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

**Adoption of new standards and amendments to published standards (Cont'd.)**

**MFRS 9 Financial Instruments (Cont'd.)**

ii. Reconciliation of financial instruments from MFRS 139 to MFRS 9

	<b>Amount RM'000</b>
<u>Amortised costs</u>	
Cash and short-term funds	
Closing balance under MFRS 139 as at 31 March 2018	1,588,429
Allowance for ECL	(3)
Opening balance under MFRS 9 as at 1 April 2018	<u>1,588,426</u>
Financial investments held-to-maturity	
Closing balance under MFRS 139 as at 31 March 2018	1,090,010
Reclassification to Financial Investments at amortised cost	<u>(1,090,010)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
Financing and advances	
Closing balance under MFRS 139 as at 31 March 2018	27,775,836
Allowance for ECL	(143,964)
Opening balance under MFRS 9 as at 1 April 2018	<u>27,631,872</u>
Receivables: Investments not quoted in active markets	
Closing balance under MFRS 139 as at 31 March 2018	790,833
Reclassification to Financial assets at FVTPL	(7,649)
Reclassification to Financial investments at FVOCI (debt)	<u>(783,184)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
Financial assets at amortised costs	
Closing balance under MFRS 139 as at 31 March 2018	-
Reclassification from Financial investments held-to-maturity	1,090,010
Reclassification from Financial investments available-for-sale	341,935
Remeasurement from FV to amortised cost	5,167
Allowance for ECL	(201)
Opening balance under MFRS 9 as at 1 April 2018	<u>1,436,911</u>
<b>Total financial assets measured at amortised cost</b>	<u><u>30,657,209</u></u>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

**Adoption of new standards and amendments to published standards (Cont'd.)**

**MFRS 9 Financial Instruments (Cont'd.)**

ii. Reconciliation of financial instruments from MFRS 139 to MFRS 9 (Cont'd.)

	<b>Amount RM'000</b>
<u>Fair value through profit and loss (FVTPL)</u>	
Financial assets held-for-trading	
Closing balance under MFRS 139 as at 31 March 2018	1,584,632
Reclassification to Financial assets at FVTPL	<u>(1,584,632)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
Financial assets at FVTPL	
Closing balance under MFRS 139 as at 31 March 2018	-
Reclassification from Financial assets held-for-trading	1,584,632
Reclassification from Receivables: Investments not quoted in active markets	7,649
Remeasurement for reclassification	<u>(1,160)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>1,591,121</u>
<b>Total financial assets measured at fair value through profit or loss</b>	<u>1,591,121</u>
	<b>Amount RM'000</b>
<u>Fair value through other comprehensive income (FVOCI)</u>	
Financial assets available-for-sale	
Closing balance under MFRS 139 as at 31 March 2018	2,838,566
Reclassification to Financial investments at amortised cost	(341,935)
Reclassification to Financial investments at FVOCI (debt)	<u>(2,496,631)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
Financial assets at FVOCI (debt)	
Closing balance under MFRS 139 as at 31 March 2018	-
Reclassification from Financial investments available-for-sale	2,496,631
Reclassification from Receivables: Investments not quoted in active markets	783,184
Remeasurement from amortised cost to FV	<u>9,053</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>3,288,868</u>
<b>Total financial assets measured at fair value through other comprehensive income</b>	<u>3,288,868</u>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

**Adoption of new standards and amendments to published standards (Cont'd.)**

**MFRS 9 Financial Instruments (Cont'd.)**

ii. Reconciliation of financial instruments from MFRS 139 to MFRS 9 (Cont'd.)

	<b>Amount RM'000</b>
<b>Deferred tax assets</b>	
Closing balance under MFRS 139 as at 31 March 2018	-
Tax impact on unrealised gain on FVOCI reserve	(3,413)
Tax impact on impairment	<u>32,752</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>29,339</u>
<b>Deferred tax liabilities</b>	
Closing balance under MFRS 139 as at 31 March 2018	2,947
Tax impact on impairment	<u>(2,947)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
<b>Other liabilities</b>	
Closing balance under MFRS 139 as at 31 March 2018	294,273
Allowance for ECL for provision for commitments and contingencies	4,065
Tax impact on remeasurement of investments to FVTPL	<u>(278)</u>
Opening balance under MFRS 9 as at 1 April 2018	<u>298,060</u>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

**Adoption of new standards and amendments to published standards (Cont'd.)**

**MFRS 9 Financial Instruments (Cont'd.)**

iii. Reconciliation of impairment allowances balance

The following table reconciles the prior period's closing impairment allowance measured in accordance with the MFRS139 incurred loss model or provision under MFRS137 to the new impairment allowance measured in accordance with the MFRS9 expected loss model at 1 April 2018:

	<b>Loss allowance under MFRS139/ Provision under MFRS137 RM'000</b>	<b>Remeasurements RM'000</b>	<b>Loss allowance under MFRS9 RM'000</b>
<b>Financing and receivables and held-to-maturity under MFRS 139/ Financial assets at amortised cost under MFRS 9</b>			
Cash and short-term funds	-	3	3
Financial investments at amortised cost	-	201	201
Financing and advances	258,586	143,964	402,550
<b>Total</b>	<b>258,586</b>	<b>144,168</b>	<b>402,754</b>
<b>Available-for-sale under MFRS 9/ Financial assets at FVOCI under MFRS 9</b>			
Financial investments at FVOCI	-	10,220	10,220
<b>Total</b>	<b>-</b>	<b>10,220</b>	<b>10,220</b>
<b>Financing commitments and financial guarantee contracts issued</b>			
Financing commitments	9,466	4,161	13,627
Financial guarantee contracts	1,232	(96)	1,136
<b>Total</b>	<b>10,698</b>	<b>4,065</b>	<b>14,763</b>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

The adoption of MFRS 9 resulted in the following financial effects to the statement of financial position of the Bank:

**(i) Reconciliation of statement of financial position**

	31 March 2018 RM'000	Reclassification and remeasurement RM'000	Impairment RM'000	1 April 2018 RM'000
<b>ASSETS</b>				
Cash and short-term funds	1,588,429	-	(3)	1,588,426
Deposits and placements with banks and other financial institutions	200,000	-	-	200,000
Derivative financial assets	87,408	-	-	87,408
Financial assets at fair value through profit or loss	-	1,591,121	-	1,591,121
Financial assets held-for-trading	1,584,632	(1,584,632)	-	-
Financial investments at fair value through other comprehensive income	-	3,288,868	-	3,288,868
Financial investments available-for-sale	2,838,566	(2,838,566)	-	-
Financial investments at amortised cost	-	1,437,112	(201)	1,436,911
Financial investments held-to-maturity	1,090,010	(1,090,010)	-	-
Financing and advances	27,775,836	-	(143,964)	27,631,872
Receivables: Investments not quoted in active markets	790,833	(790,833)	-	-
Statutory deposit with Bank Negara Malaysia	821,000	-	-	821,000
Deferred tax asset	-	(3,413)	32,752	29,339
Other assets	270,731	-	-	270,731
Property and equipment	426	-	-	426
Intangible assets	1,207	-	-	1,207
<b>TOTAL ASSETS</b>	<b>37,049,078</b>	<b>9,647</b>	<b>(111,416)</b>	<b>36,947,309</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	26,493,802	-	-	26,493,802
Investment accounts of customers	138,956	-	-	138,956
Deposits and placements of banks and other financial institutions	1,223,524	-	-	1,223,524
Investment account due to a licensed bank	2,859,110	-	-	2,859,110
Recourse obligation on financing sold to Cagamas Berhad	520,405	-	-	520,405
Derivative financial liabilities	92,939	-	-	92,939
Term funding	1,080,000	-	-	1,080,000
Subordinated Sukuk	999,839	-	-	999,839
Deferred tax liability	2,947	-	(2,947)	-
Other liabilities	294,273	(278)	4,065	298,060
Provision for zakat	1,513	-	-	1,513
<b>TOTAL LIABILITIES</b>	<b>33,707,308</b>	<b>(278)</b>	<b>1,118</b>	<b>33,708,148</b>
Share capital	1,387,107	-	-	1,387,107
Reserves	1,954,663	9,925	(112,534)	1,852,054
<i>Retained earnings</i>	1,632,472	(882)	39,776	1,671,366
<i>Regulatory reserve</i>	327,683	-	(162,530)	165,153
<i>AFS reserve/(deficit)</i>	(5,492)	5,492	-	-
<i>Fair value reserve</i>	-	5,315	10,220	15,535
<b>Equity attributable to equity holder of the Bank</b>	<b>3,341,770</b>	<b>9,925</b>	<b>(112,534)</b>	<b>3,239,161</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,049,078</b>	<b>9,647</b>	<b>(111,416)</b>	<b>36,947,309</b>

**A39. FINANCIAL IMPACT ARISING FROM ADOPTION OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)**

(ii) The adoption of MFRS 9 resulted in the following financial effects to reserves of the the Bank:

	<b>Impact of adoption of MFRS 9 RM'000</b>
<b>Retained earnings</b>	
Closing balance under MFRS 139 as at 31 March 2018	1,632,472
Recognition of allowance for ECL	(158,452)
Tax impact on allowance for ECL	35,698
Transfer from regulatory reserve	162,530
Fair value changes on financial assets at FVTPL	(1,160)
Tax impact on remeasurement of assets to FVTPL	278
Opening balance under MFRS 9 as at 1 April 2018	<u>1,671,366</u>
<b>Regulatory reserve</b>	
Closing balance under MFRS 139 as at 31 March 2018	327,683
Transfer to retained earnings	(162,530)
Opening balance under MFRS 9 as at 1 April 2018	<u>165,153</u>
<b>Available-for-sale deficit</b>	
Closing balance under MFRS 139 as at 31 March 2018	(5,492)
Transfer to fair value reserve	5,492
Opening balance under MFRS 9 as at 1 April 2018	<u>-</u>
<b>Fair value reserve</b>	
Closing balance under MFRS 139 as at 31 March 2018	-
Transfer from available-for-sale deficit	(5,492)
Fair value changes for financial investments available-for-sale reclassified to financial investments at amortised cost	5,167
Fair value changes for Receivables: Investment not quoted in active markets reclassified to financial investments at FVOCI	9,053
Fair value changes on financial investments at FVOCI	10,220
Recognition of allowance for ECL	(3,413)
Tax impact on unrealised fair value changes	(3,413)
Opening balance under MFRS 9 as at 1 April 2018	<u>15,535</u>

(iii) The adoption of MFRS 9 resulted in the following financial effects to capital adequacy ratio of the the Bank:

	<b>31 March 2018</b>	<b>Impact of adoption of MFRS 9</b>	<b>1 April 2018</b>
CET 1 Capital (RM'000)	3,012,880	22,039	3,034,919
Tier 1 Capital (RM'000)	3,012,880	22,039	3,034,919
Total Capital (RM'000)	4,317,908	21,674	4,339,582
Risk weighted assets (RM'000)	26,059,827	(29,148)	26,030,679
CET 1 Capital Ratio	11.561%	0.098%	11.659%
Tier 1 Capital Ratio	11.561%	0.098%	11.659%
Total Capital Ratio	16.569%	0.102%	16.671%